



FBD HOLDINGS PLC
Half Yearly Report
For the Six Months Ended 30 June 2017

KEY HIGHLIGHTS

- Profit before tax of €11.9m
- Gross Written Premium up 4.9% to €189.7m (2016: €180.8m)
- Combined Operating Ratio (“COR”) of 93.1% including a one-time €5.6m MIBI provision release following the Setanta Supreme Court judgement (“the MIBI levy release”)
- Underlying improvement in loss ratios from better risk selection and improved price adequacy
- Further strong progress on our strategic objectives. FBD is on track to deliver targeted returns on capital following:
 - Successful new brand launch with positive impact on customer retention and new business
 - Strengthening Solvency II capital ratio
 - New reinsurance programme in place expected to provide greater protection at lower cost
 - Return to profitability of Financial Solutions business following significant restructuring
 - Successful implementation of new IT policy administration system

FINANCIAL SUMMARY

	2017	2016
	€'000s	€'000s
Gross written premium	189,650	180,845
Underwriting profit/(loss)	11,072	(1,595)
Profit/(loss) before taxation	11,919	(3,652)
Loss ratio	70.5%	78.9%
Expense ratio	22.6%	22.1%
Combined operating ratio	93.1%	101.0%
	Cent	Cent
Basic earnings/loss per share	30	(9)
Net asset value per share	688	607

- Gross written premium increased €8.9m to €189.7m with both strong retention and new business performance in our Farm, Small Business and Consumer lines
- Average premium rate increases of 5%
- Profit before tax of €11.9m compared to a loss of €3.7m in 2016
- COR of 93.1% compared to 101% in the same period last year
- Annualised total investment return of 0.7%, reflecting on-going low-return environment with increases in core bond yields driving modest unrealised mark to market losses of 0.3%

Fiona Muldoon, Group Chief Executive, said:

“This is a good set of results and reflects the strong actions taken in the last few years. Our focus on delivery for our farm, small business and consumer customers has returned our business to profit. Our nationwide network of offices and our midlands-based service centre delivers real value and service to our customers and is why they choose to give us their business in a difficult pricing environment.

While we welcome the Government report on reducing the cost of claims for all insurance users, we believe we need urgent reforms to tackle injury claims payouts and to address the impact claims costs are having on the affordability of insurance for farmers, small businesses and consumers up and down the country. In the absence of reform all insurance customers will continue to pay the too-high cost of these awards through higher insurance premiums.”

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

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About FBD Holdings plc ("FBD")

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

The results for the first half of 2017 are strong and represent a solid start to the year, providing further evidence that FBD is on a clear path to the achievement of our targeted returns on equity. The Group recorded an increase in gross written premiums during the period of €8.9m or 4.9% to €189.7m (2016: €180.8m), a profit before tax of €11.9m (2016: €3.7m loss) and an underwriting profit of €11.1m (2016: €1.6m loss).

UNDERWRITING

Premium Income

The Group continues to focus on its core farm, small business and consumer customers. Gross written premium for the first six months of 2017 increased by €8.9m or 4.9% to €189.7m, compared to €180.8m for the same period last year. Gross written premium in our direct operations increased by €9.3m or 5.5%, while gross written premium written through brokers decreased by €0.5m or 4.0%.

New business volumes have increased by 15% compared to the second half of 2016 and 12% on the same period last year. Overall policy volumes have now stabilised, with a 0.3% decline in policies written compared to the first half of 2016. Average premium rates increased by 2% in the period and 5% since the first half of 2016. The Group is now targeting modest growth in our core areas while continuing to apply underwriting discipline.

Reinsurance

The Group amended its reinsurance arrangements at the outset of 2017 to what it believes is a more effective programme providing better cover in extreme events, while accepting more attritional property risk. The impact of this has been an increase in net earned premium, partially offset by a reduction in reinsurance commission received.

Claims

Net claims incurred, including claims handling expenses and movement in MIBI provisions, amounted to €112.0m for the period (2016: €120.0m).

Claims reserves overall are continuing to develop in line with expectations. There was modest positive prior year development experienced in the period which arose mainly in motor injury.

The Group incurred €0.1m (2016: €5.0m) relating to its MIBI levy obligation for the first six months of 2017. The MIBI levy is calculated based on the Group's expected share of the motor market for 2017 and the estimated levy call which will be made by the MIBI. The charge includes the MIBI levy release of €5.6m following the recent Supreme Court ruling on the "Setanta" case which found that the MIBI was not liable for third party claims from motor insurer insolvencies.

The Group has reclassified claims handling expenses from other underwriting expenses to net claims incurred in the current period. Claims handling expenses for the first six months of 2017 amounted to €4.8m (2016: €5.1m). Prior year numbers have been similarly reclassified. This treatment brings the Group in line with normal industry practice.

Claims Environment

The claims environment has stabilised somewhat during 2017 with claims inflation continuing to moderate from the very high levels seen in 2014 and 2015. While it is difficult yet to assess the impact of the introduction last year of the new Book of Quantum, average Injury Board awards for FBD have increased by approximately 10% since early 2016. A wide variation in court awards for similar injury types is also evident as well as the early involvement of solicitors in all claims including those seen by the Injuries Board.

The Group welcomes the progress being made by the Cost of Insurance Working Group, in particular the establishment of the Personal Injuries Commission, the commencement of work on assessing the impact of changes in court jurisdictional limits on claim costs, and the beginning of work to establish a framework to provide reliable data for assessing the impact of legal and other fees on personal injury awards. The Group also notes the publication of the general scheme of the Personal Injuries Assessment Board (Amendment) Bill.

The Group welcomes the proposed strengthening of the powers of the Personal Injuries Assessment Board to enable claims settlement in a more efficient and expedient manner for all parties. Serious reform is required to tackle the cost of claims and enable reductions in premiums for insurance customers.

Other uncertainties in the claims environment include the challenge by the Department of Social Protection to the operation of the Recovery Benefit Assistance scheme and the impact of measures taken to reduce delays with finalisation of legal costs. Both areas have the potential to adversely impact costs for insurers.

Weather, Claims Frequency and Large Claims

Weather in the first half of 2017 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 yield results.

The gross cost of large claims (greater than €500k) of €19m is largely in line with the average of the past five years. On a net of reinsurance basis, our large claims cost is €4m lower than the five year average as a result of the lower retentions in our reinsurance programme.

Other Underwriting Expenses

The Group's expense ratio was 22.6% for the period (2016: 22.1%). Other underwriting expenses were €35.9m an increase of €2.2m. This was largely due to an increase in the depreciation charge from the Group's new policy administration system.

The reclassification of claims handling expenses has reduced the reported expense ratio by 3.0 percentage points (2016: 3.4 percentage points) and increased the loss ratio by the same amount.

The new reinsurance programme in place for 2017 resulted in lower reinsurance commissions of €4.1m in the period. This had an adverse impact on the expense ratio of approximately 2.6 percentage points. This impact has been offset in the first half of 2017 by the one-time release of previously deferred commissions receivable related to the commutation of the property reinsurance surplus treaty.

General

FBD's combined operating ratio was 93.1% for the period, generating an underwriting profit of €11.1m (2016: €1.6m loss).

Investment Return

The Group's total investment return for the first six months of 2017 was an annualised 0.68% (2016: 1.92%), with 0.77% (2016: 0.06%) recognised in the income statement and -0.09% (2016: 1.86%) recognised in the statement of other comprehensive income. The investment return reflects the continuing low interest rate environment and the Group's low risk investment allocation, with increases in core bond yields in late June driving modest unrealised mark to market losses which impacted the annualised return by approximately 0.3%.

Financial Services

The Group's financial services business delivered a profit of €1.8m for the period (2016: €0.5m before restructuring charges), a solid performance in a difficult environment. The Group's financial services operations include premium instalment services and life, pension and investment broking (FBD Financial Solutions), less holding company costs. The Financial Solutions business generated a profit in this half year following our 2016 restructuring.

Profit per share

The Group recorded a diluted profit per share of 30 cent per ordinary share in the first half of 2017, compared to a loss of 9 cent per ordinary share in the same period in 2016.

STATEMENT OF FINANCIAL POSITION

Capital position

Ordinary shareholders' funds at 30 June 2017 amounted to €238.5m (December 2016: €225.5m). The increase in shareholders' funds is mainly attributable to the following:

- profit after taxation for the period of €10.3m
- the movement in the defined benefit pension scheme obligation of €2.5m, net of tax, following a 30bps increase in the discount rate to 2.0%
- offset by mark to market losses on the Group's Available for Sale investments of €0.4m after tax recognised in the statement of other comprehensive income
- share based payments of €0.6m.

Net assets per ordinary share are 688 cent, compared to 651 cent per share at 31 December 2016.

Solvency

As disclosed in the 31st December 2016 Solvency & Financial Condition Report issued in May, the solvency position of the Group was 126% of the required amount. The Group is committed to maintaining a strong solvency position.

Investment Allocation

The Group has continued a policy of low risk investment allocation during the period, increasing the allocation of funds to Government bonds and reducing exposure to term deposits.

Details of the allocation of the Groups underwriting investment assets is as follows:

Underwriting Investment Assets	30 June 2017		31 December 2016	
	€'m	%	€'m	%
Deposits & cash	220	22%	270	27%
Corporate bonds	494	48%	493	49%
Government bonds	242	24%	177	18%
Equities	22	2%	24	2%
Unit trusts	24	2%	24	2%
Investment Property	16	2%	16	2%
Underwriting investment assets	1,018	100%	1,004	100%

We are continuing to increase our exposure to Government bonds up to our Strategic Asset Allocation target of 30% of the portfolio.

OUTLOOK

The results of the first half of 2017 are good and it is now evident that FBD has stabilised. The Group looks forward to developing on this success, targeting modest profitable growth and continued stabilisation in policy volumes in the second half of 2017.

Our combined operating ratio was driven mainly by good current year accident frequency and the MIBI levy release. We believe our amended reinsurance programme has resulted in a more efficient programme, providing better cover in extreme events and higher retained premiums. Strong progress continues to be made on all strategic objectives.

There is still uncertainty evident in the claims environment which in the absence of meaningful reform means the Group does not see any downward momentum in underlying claims costs.

The Group's ambition is to deliver sustainable shareholder value with continuing progression towards a return on equity ("ROE") in the low teens, delivered through careful growth in its farm, small business and consumer operations, within risk appetite and in line with Irish economic growth generally. While the Irish economy continues to grow, Brexit remains a substantial risk with business and trading uncertainty prevalent for all Irish indigenous businesses such as ours and our customers'.

The Group will continue to focus on its farm, small business and consumer customers, concentrating on those markets where it has developed a significant competitive advantage, with superior customer service through our nationwide local branch network and midlands-based service centre. On-going investment in enhancing our digital capabilities to reflect changing buying patterns, together with improvements in pricing sophistication and risk selection will be key priorities in the immediate future.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2017

	Notes	Half year ended 30/06/17 (unaudited) €000s	Adjusted ¹ Half year ended 30/06/16 (unaudited) €000s	Adjusted ¹ Year ended 31/12/16 (audited) €000s
Revenue	3	202,524	198,179	397,003
Income				
Gross premium written		189,650	180,845	361,799
Reinsurance premiums		(7,446)	(25,415)	(50,086)
Net premium written		182,204	155,430	311,713
Change in provision for unearned premiums		(23,273)	(3,410)	(3,487)
Net premium earned		158,931	152,020	308,226
Net investment return		3,898	271	8,338
Financial services income		4,391	3,888	8,542
Total income		167,220	156,179	325,106
Expenses				
Net claims and benefits ¹		(111,971)	(114,955)	(227,853)
Other underwriting expenses ¹	4	(35,862)	(33,662)	(69,406)
Movement in MIBI Levy		(26)	(4,998)	(7,747)
Financial services expenses		(2,633)	(3,348)	(6,592)
Restructuring and other costs		(1,717)	(1,266)	(2,794)
Finance costs		(3,092)	(3,255)	(6,156)
Revaluation of property, plant and equipment		-	-	(330)
Pension curtailment		-	-	7,214
Result before taxation		11,919	(5,305)	11,442
Income taxation (charge)/credit		(1,608)	542	(2,415)
Result for the period from continuing operations		10,311	(4,763)	9,027
Discontinued operations				
Result for period from discontinued operations including profit/(loss) from sale		-	1,653	1,653
Result for the period		10,311	(3,110)	10,680
Attributable to:				
Equity holders of the parent		10,311	(3,031)	10,759
Non-controlling interests		-	(79)	(79)
		10,311	(3,110)	10,680

¹Adjusted: Claims handling expenses are now reflected in Net claims and benefits rather than Other underwriting expenses. Adjustments have been made to comparative periods to reflect this.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2017

	Notes	Half year ended 30/06/17 (unaudited) Cent	Half year ended 30/06/16 (unaudited) Cent	Year ended 31/12/16 (audited) Cent
Earnings/(loss) per share				
From continuing operations				
Basic	8	<u>30</u>	<u>(14)</u>	<u>26</u>
Diluted	8	<u>30</u>	<u>(14)</u>	<u>26</u>
From continuing and discontinued operations				
Basic	8	<u>30</u>	<u>(9)</u>	<u>31</u>
Diluted	8	<u>30</u>	<u>(9)</u>	<u>31</u>

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2017

	Half year ended 30/06/17 (unaudited) €000s	Half year ended 30/06/16 (unaudited) €000s	Year ended 31/12/16 (audited) €000s
Result for the period	10,311	(3,110)	10,680
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on available for sale assets	(423)	9,161	10,371
Taxation credit/(charge) relating to items that will or may be reclassified to profit or loss in subsequent periods	53	(1,145)	(1,296)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain/(loss) on retirement benefit obligations	2,808	(12,320)	(12,233)
Taxation (charge)/credit relating to items not to be reclassified in subsequent periods	(351)	1,540	1,529
Other comprehensive income/(expense) after taxation	2,087	(2,764)	(1,629)
Total comprehensive income/(expense) for the period	12,398	(5,874)	9,051
Attributable to:			
Equity holders of the parent	12,398	(5,795)	9,130
Non-controlling interests	-	(79)	(79)
	12,398	(5,874)	9,051

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2017

ASSETS	Notes	30/06/17 (unaudited) €000s	30/06/16 (unaudited) €000s	31/12/16 (audited) €000s
Property, plant and equipment		70,188	74,351	72,994
Investment property		16,400	14,550	16,400
Loans		705	752	732
Deferred taxation asset		10,485	12,938	12,234
Financial assets				
Available for sale investments		736,483	548,010	629,498
Investments held for trading		46,159	88,571	90,302
Deposits with banks		185,781	305,676	236,897
		968,423	942,257	956,697
Reinsurance assets				
Provision for unearned premiums		4	14,821	13,954
Claims outstanding		70,714	62,484	69,260
		70,718	77,305	83,214
Retirement benefit asset		12,500	-	8,715
Current taxation asset		4,103	4,557	4,162
Deferred acquisition costs		30,355	25,695	25,004
Other receivables		71,161	63,891	62,770
Cash and cash equivalents		31,516	31,606	26,561
Total assets		1,286,554	1,247,902	1,269,483

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2017

EQUITY AND LIABILITIES	Notes	30/06/17 (unaudited) €000s	30/06/16 (unaudited) €000s	31/12/16 (audited) €000s
Equity				
Ordinary share capital	7	21,409	21,409	21,409
Capital reserves		19,625	18,964	19,041
Retained earnings		179,264	151,875	166,866
Other reserves		18,232	18,232	18,232
Shareholders' funds – ordinary equity interests		238,530	210,480	225,548
Preference share capital		2,923	2,923	2,923
Total Equity		241,453	213,403	228,471
Liabilities				
Insurance contract liabilities				
Provision for unearned premiums		190,020	181,483	180,692
Claims outstanding		759,233	739,033	745,490
		949,253	920,516	926,182
Other provisions		10,209	12,361	11,247
Convertible debt		51,807	50,647	51,136
Retirement benefit obligation		-	3,202	-
Deferred taxation liability		3,430	1,851	3,347
Payables		30,402	45,922	49,100
Total liabilities		1,045,101	1,034,499	1,041,012
Total equity and liabilities		1,286,554	1,247,902	1,269,483

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2017

	Half year ended 30/06/17 (unaudited) €000s	Half year ended 30/06/16 (unaudited) €000s	Year ended 31/12/16 (audited) €000s
Cash flows from operating activities			
Result before taxation	11,919	(3,652)	13,095
Adjustments for:			
(Profit)/Loss on disposal of investments held for trading	(1,070)	4,999	2,596
Loss on investments available for sale	3,173	1,428	4,467
Interest and dividend income	(7,696)	(3,806)	(14,233)
Depreciation of property, plant and equipment	6,198	4,232	10,795
Share-based payment expense/(credit)	585	411	488
Revaluation of investment property	-	-	(1,850)
Revaluation of property, plant and equipment	-	-	330
Increase/(Decrease) in insurance contract liabilities	35,567	(3,433)	(3,677)
Increase in other provisions	(1,038)	1,424	309
Profit on disposal of discontinued operation	-	(1,916)	(1,916)
Operating cash flows before movement in working capital	47,638	(313)	10,404
(Increase)/decrease in receivables and deferred acquisition costs	(12,726)	(4,647)	64
(Decrease)/increase in payables	(19,079)	(7,156)	(17,252)
Purchase of investments held for trading	(282)	(6,506)	(13,996)
Sale of investments held for trading	45,495	7,312	15,473
Cash generated from/(used in) operations	61,046	(11,310)	(5,307)
Interest and dividend income received	6,677	5,923	13,441
Income taxes refunded	59	4,257	5,561
Net cash generated from/(used in) operating activities	67,782	(1,130)	13,695
Cash flows from investing activities			
Purchase of available for sale investments	(164,398)	(211,231)	(322,503)
Sale of available for sale investments	53,820	160,792	188,746
Purchase of property, plant and equipment	(3,427)	(6,502)	(12,113)
Sale of property, plant and equipment	35	-	80
Decrease/(increase) in loans and advances	27	80	100
Decrease in deposits invested with banks	51,116	65,656	134,436
Cash inflow from sale of discontinued operation (net)	-	1,930	1,930
Net cash (used in)/provided by investing activities	(62,827)	10,725	(9,324)
Cash flows from financing activities			
Ordinary and preference dividends paid	-	(113)	-
Dividends paid to non-controlling interests	-	(120)	(120)
Proceeds of re-issue of ordinary shares	-	-	66
Net cash (used in)/generated from financing activities	-	(233)	(54)
Net increase/(decrease) in cash and cash equivalents	4,955	9,362	4,317
Cash and cash equivalents at the beginning of the period	26,561	22,244	22,244
Cash and cash equivalents at the end of the period	31,516	31,606	26,561

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the half year ended 30 June 2017

	Ordinary share capital €000s	Capital reserves €000s	Retained earnings €000s	Other Reserves €000s	Attributable to Ordinary shareholders €000s	Preference share capital €000s	Non-controlling interests €'000	Total equity €000s
Balance at 1 January 2017	21,409	19,041	166,866	18,232	225,548	2,923	-	228,471
Result after taxation	-	-	10,311	-	10,311	-	-	10,311
Other comprehensive income	-	-	2,087	-	2,087	-	-	2,087
Total comprehensive income for the period	21,409	19,041	179,264	18,232	237,946	2,923	-	240,869
Recognition of share based payments	-	584	-	-	584	-	-	584
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-
Balance at 30 June 2017	21,409	19,625	179,264	18,232	238,530	2,923	-	241,453
Balance at 1 January 2016	21,409	18,553	157,670	18,232	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	151,875	18,232	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	151,875	18,232	210,480	2,923	-	213,403

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

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 2017 does not constitute the statutory financial statements of the company;
- the statutory financial statements for the financial year ended 31 December 2016 have been annexed to the annual return and delivered to the Registrar;
- the statutory auditors of the company have made a report under section 391 Companies Act 2014 in respect of the statutory financial statements for year ended 31 December 2016; 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 2017 are the same as those used to prepare the Group Annual Report for the year ended 31 December 2016 except as described below.

To align with industry practice the Group has reclassified claims handling expenses to net claims incurred from other underwriting expenses. This has had no impact on previously reported profit or equity.

There have been no new standards or amendments to standards adopted by the Group during the six months ended 30 June 2017 which have had a material impact on the Group.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

Standards and interpretations not yet effective

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers ¹
IFRS 16	Leases ²
IFRS 17	Insurance Contracts ³

¹ Effective for annual periods on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods on or after 1 January 2019, with earlier application permitted.

³ Effective for annual periods on or after 1 January 2021, with earlier application permitted.

The Directors have reviewed the implication of the adoption of IFRS 9 and IFRS 15. The adoption of these Standards is not expected to have a material impact (other than presentation and disclosure) on the Financial Statements of the Group in future periods. The Directors are currently assessing the implications of the adoption of IFRS 16 and IFRS 17.

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 2016. 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.

Risks and uncertainties

The principal risks and uncertainties faced by the Group are outlined on pages 17-20 of the Group's Annual Financial Statements for the year ended 31 December 2016 and remain unchanged.

Note 3 – Segmental information

(a) Operating segments

The principal activities of the Group are underwriting of general insurance business and financial services. For management purposes, the Group is organised in two operating segments - underwriting and financial services. The profit earned by each segment is reported to the chief operating decision maker, the Group Chief Executive, for the purpose of resource allocation and assessment of segmental performance. Central administration costs and Directors' salaries are allocated based on actual activity. Restructuring costs and income taxation are direct costs of each segment. Discrete financial information is prepared and reviewed on a regular basis for these two segments. The accounting policies of the reportable segments are the same as the Group accounting policies. There has been no material change to the assets by reportable segment from the disclosure in the 2016 Annual Report.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

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

Half year ended 30/06/2017

	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	198,133	4,391	202,524
Result before taxation	10,154	1,765	11,919
Income taxation (charge)/credit	(1,269)	(339)	(1,608)
Result after taxation	8,885	1,426	10,311

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/(charge)	572	(30)	542
Result after taxation	(4,007)	(754)	(4,761)

Year ended 31/12/2016

	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	388,461	8,542	397,003
Result before taxation	9,102	2,340	11,442
Income taxation (charge)/credit	(2,188)	(227)	(2,415)
Result after taxation	6,914	2,113	9,027

(b) Geographical segments

The Group's operations are located in Ireland.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

Note 4 – Underwriting result

	Half year ended 30/06/17 (unaudited) €000s	Adjusted¹ Half year ended 30/06/16 (unaudited) €000s	Adjusted¹ Year ended 31/12/16 (audited) €000s
Gross premium written	189,650	180,845	361,799
Net premium earned	158,931	152,020	308,226
Net claims incurred ¹	(111,971)	(114,955)	(227,853)
Motor Insurers Bureau of Ireland Levy	(26)	(4,998)	(7,747)
	46,934	32,067	72,626
Gross management expenses ¹	(40,969)	(35,702)	(75,399)
Deferred acquisition costs	5,352	(1,850)	(2,541)
Reinsurers' share of expenses	1,491	5,643	11,660
Broker commissions payable	(1,736)	(1,753)	(3,126)
Other Underwriting expenses	(35,862)	(33,662)	(69,406)
Underwriting result	11,072	(1,595)	3,220

¹Adjusted: Claims handling expenses are now reflected in Net claims and benefits rather than Other underwriting expenses. Adjustments have been made to comparative periods to reflect this.

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

Note 5 – Discontinued operations

	Half year ended 30/06/17 (unaudited) €000s	Half year ended 30/06/16 (unaudited) €000s	Year ended 31/12/16 (audited) €000s
Passage East Ferry Company Ltd result for the period including profit on sale	-	1,653	1,653
	-	1,653	1,653

On 23 May 2016 the Group disposed of its 70% interest in the Passage East Ferry Company Limited.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

Note 6 – Dividends

There were no dividends paid in this period or in the prior year.

Note 7 – Ordinary share capital

	Number	Half year ended 30/06/17 (unaudited) €000s	Half year ended 30/06/16 (unaudited) €000s	Year ended 31/12/16 (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 2017 was 795,005. At 30 June 2016 the number held was 813,084.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

Note 8 – Earnings/(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 30/06/17 (unaudited) €000s	Half year ended 30/06/16 (unaudited) €000s	Year ended 31/12/16 (audited) €000s
Earnings/(loss)			
Result for the period	10,311	(3,110)	10,680
Non-controlling interests	-	79	79
Result for the period – attributable to equity shareholders	10,311	(3,031)	10,759
Adjustments to exclude profit from discontinued operations	-	(1,653)	(1,653)
Result for the purpose of basic and diluted earnings per share (excluding discontinued operations)	10,311	(4,684)	9,106
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	34,666,201	34,648,122	34,654,611
Weighted average number of ordinary shares for the purpose of diluted earnings per share	34,793,837	34,648,122	34,782,247
From continuing operations	Cent	Cent	Cent
Basic earnings/(loss) per share	30	(14)	26
Diluted earnings/(loss) per share	30	(14)	26
From discontinued operations	Cent	Cent	Cent
Basic earnings/(loss) per share	-	5	5
Diluted earnings/(loss) per share	-	5	5
Earnings/(loss) per share			
From continuing and discontinued operations	Cent	Cent	Cent
Basic earnings/(loss) per share	30	(9)	31
Diluted earnings/(loss) per share	30	(9)	31

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
For the half year ended 30 June 2017

Note 9 – Capital Commitments

	Half year ended 30/06/17 (unaudited) €000s	Half year ended 30/06/16 (unaudited) €000s	Year ended 31/12/16 (audited) €000s
Capital commitments at period end authorised by the Directors but not provided for in the Financial Statements:			
Contracted for	-	3,704	-
Not contracted for	-	-	-

The above capital commitment related 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 that is closed to future accrual and new entrants.

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

	30/06/17 (unaudited) €000s	30/06/16 (unaudited) €000s	31/12/16 (audited) €000s
Fair value of plan assets	98,200	122,000	99,602
Present value of defined benefit obligation	(85,700)	(125,202)	(90,887)
Net retirement plan asset/(obligation)	12,500	(3,202)	8,715

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

Note 11 – Financial Instruments and Fair Value Measurement

(a) Financial Instruments

	30/06/17 (unaudited) €000s	30/06/16 (unaudited) €000s	31/12/16 (audited) €000s
Financial Assets			
At amortised cost:			
Deposits with banks	185,781	305,676	236,897
At fair value:			
Available for sale investments – unquoted investments	844	844	844
Available for sale investments – quoted debt securities	735,639	547,166	628,654
Available for sale investments	736,483	548,010	629,498
Investments held for trading – quoted shares	21,928	21,643	24,188
Investments held for trading – quoted debt securities	-	43,038	41,956
Investments held for trading – UCITs	24,231	23,890	24,158
Investments held for trading – unquoted debt securities	-	-	-
Investments held for trading	46,159	88,571	90,302
At cost:			
Loans	705	752	732
Cash and cash equivalents	31,516	31,606	26,561
Financial Liabilities			
At amortised cost:			
Convertible debt	51,807	50,647	51,136

(b) Fair value measurement

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

	30/06/17 (unaudited) Fair value €000s	30/06/17 (unaudited) Carrying value €000s	30/06/16 (unaudited) Fair value €000s	30/06/16 (unaudited) Carrying value €000s	31/12/16 (audited) Fair value €000s	31/12/16 (audited) Carrying value €000s
Financial assets						
Loans	846	705	752	752	878	732
Financial investments	968,423	968,423	942,257	942,257	956,697	956,697
Financial liabilities						
Convertible Debt	54,880	51,807	50,647	50,647	54,880	51,136

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
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

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 2017 (unaudited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Loans	-	846	-	846
Investment property	-	16,400	-	16,400
Other receivables	-	15,905	-	15,905
Financial assets				
Investments held for trading - quoted shares	21,928	-	-	21,928
Investments held for trading - UCIT Funds	24,231	-	-	24,231
AFS ¹ investments - quoted debt securities	735,639	-	-	735,639
AFS ¹ investments - unquoted investments	-	-	844	844
Deposits with banks	185,781	-	-	185,781
Cash and cash equivalents	31,516	-	-	31,516
Total assets	999,095	33,151	844	1,033,090
Liabilities				
Convertible debt	-	54,880	-	54,880
Total liabilities	-	54,880	-	54,880

¹Available for sale

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

30 June 2016 (unaudited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Loans	-	752	-	752
Investment property	-	14,550	-	14,550
Property held for own use	-	16,350	-	16,350
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 ¹ investments - quoted debt securities	547,166	-	-	547,166
AFS ¹ investments - unquoted investments	-	-	844	844
Deposits with banks	305,676	-	-	305,676
Cash and cash equivalents	31,606	-	-	31,606
Total assets	973,019	31,652	844	1,005,515
Liabilities				
Convertible debt	-	50,647	-	50,647
Total liabilities	-	50,647	-	50,647

¹Available for sale

31 December 2016 (audited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Loans	-	878	-	878
Investment property	-	16,400	-	16,400
Property held for own use	-	15,940	-	15,940
Financial assets				
Investments held for trading - quoted shares	24,188	-	-	24,188
Investments held for trading - quoted debt securities	41,956	-	-	41,956
Investments held for trading - UCITs	24,158	-	-	24,158
AFS ¹ investments - quoted debt securities	628,654	-	-	628,654
AFS ¹ investments - unquoted investments	-	-	844	844
Deposits with banks	236,897	-	-	236,897
Cash and cash equivalents	26,561	-	-	26,561
Total assets	982,414	33,218	844	1,016,476
Liabilities				
Convertible debt	-	54,880	-	54,880
Total liabilities	-	54,880	-	54,880

¹Available for sale

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

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

	30/06/17 (unaudited) €000s	30/06/16 (unaudited) €000s	31/12/16 (audited) €000s
Opening balance Level 3 financial assets	844	844	844
Additions	-	-	-
Disposals	-	-	-
Unrealised gains/(losses) recognised in Consolidated Income Statement	-	-	-
	<hr/>	<hr/>	<hr/>
Closing balance Level 3 financial assets	844	844	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 2017 is €844,000 (30 June 2016: €844,000; 31 December 2016: €844,000).

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 2016 Annual Report. An analysis of share-based payment to key management personnel is also included in Note 38 of the 2016 Annual Report.

Note 13 – Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at 30 June 2017, 30 June 2016 or 31 December 2016.

Note 14 – Information

This half yearly report and the Annual Report for the year ended 31 December 2016 are available on the Company’s website at www.fbdgroup.com.

Note 15 – Approval of Half Yearly Report

The half yearly report was approved by the Board of Directors of FBD Holdings plc on 3 August 2017.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2017

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

Liam Herlihy
Chairman

Fiona Muldoon
Group Chief Executive

3 August 2017

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 30/06/17 (unaudited) €000s	Adjusted ¹ Half year ended 30/06/16 (unaudited) €000s	Adjusted ¹ Year ended 31/12/16 (audited) €000s
Loss ratio			
Net claims and benefits ¹	111,971	114,955	227,853
Movement in other provisions	26	4,998	7,747
Total claims incurred	<u>111,997</u>	<u>119,953</u>	<u>235,600</u>
Net premium earned	158,931	152,020	308,226
Loss ratio (Total claims incurred/Net premium earned)	<u>70.5%</u>	<u>78.9%</u>	<u>76.4%</u>
Expense ratio			
Other underwriting expenses ¹	35,862	33,662	69,406
Net premium earned	158,931	152,020	308,226
Expense ratio (Other underwriting expenses/Net premium earned)	<u>22.6%</u>	<u>22.1%</u>	<u>22.6%</u>
Combined operating ratio			
	%	%	%
Loss ratio	70.5%	78.9%	76.4%
Expense ratio	22.6%	22.1%	22.6%
Combined operating ratio (Loss ratio + Expense ratio)	<u>93.1%</u>	<u>101.0%</u>	<u>99.0%</u>
Annualised investment return			
	€000s	€000s	€000s
Investment return recognised in consolidated income statement	3,898	271	8,338
Investment return recognised in statement of comprehensive income	(423)	9,161	10,371
Total investment return	<u>3,475</u>	<u>9,432</u>	<u>18,709</u>
Average underwriting investment assets	1,033,507	984,244	991,152
Investment return (Total investment return/Average underwriting investment assets)	<u>0.7%²</u>	<u>1.9%²</u>	<u>1.9%</u>

Net asset value per share (NAV per share)	€000s	€000s	€000s
Shareholders' funds – equity interests	<u>238,530</u>	<u>210,480</u>	<u>225,548</u>
Number of shares			
Weighted average number of ordinary shares	<u>34,666,201</u>	<u>34,648,122</u>	<u>34,654,611</u>
	Cent	Cent	Cent
Net asset value per share (Shareholders funds /Weighted average number of ordinary shares)	<u>688</u>	<u>607</u>	<u>651</u>

¹Adjusted: Claims handling expenses are now reflected in Net claims and benefits rather than Other underwriting expenses. Adjustments have been made to comparative periods to reflect this.

²Annualised

Independent review report to FBD Holdings plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed FBD Holdings plc's condensed consolidated interim financial statement (the "interim financial statements") in half-yearly report of FBD Holdings plc for the six month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

What we have reviewed

The interim financial statements, comprise:

- the condensed consolidated statement of financial position as at 30 June 2017;
- the condensed consolidated income statement for the period then ended;
- the 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 interim financial statements.

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

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

Our responsibility is to express a conclusion on the 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.

What a review of 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 (Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Paraic Joyce
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

3 August 2017

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