



**FBD HOLDINGS PLC**  
**Half yearly Report**  
**For the Six Months ended 30 June 2018**

**KEY HIGHLIGHTS**

- Profit before tax of €18m
- Combined Operating Ratio ("COR") of 88.6% includes net of reinsurance Storm Emma costs of €6.6m and positive prior year reserve development of €6.0m.
- Gross Written Premium up 1% to €192m
- Half Year annualised Return On Equity (ROE) of 12%
- Careful growth and disciplined underwriting delivers excellent underwriting profits
  - Premium and new business policy count growth
  - Reinsurance program has protected from significant adverse weather
  - Digital enhancements to FBD.ie improving customer experience
  - New Dublin office on Baggot Street and ongoing investment in nationwide branch network

**FINANCIAL SUMMARY**

	<b>2018</b>	<b>2017</b>
	<b>€000s</b>	<b>€000s</b>
Gross written premium	<b>191,985</b>	<b>189,650</b>
Underwriting profit	<b>18,934</b>	<b>11,072</b>
Profit before taxation	<b>18,423</b>	<b>11,919</b>
Loss ratio	<b>63.3%</b>	<b>70.5%</b>
Expense ratio	<b>25.3%</b>	<b>22.6%</b>
Combined operating ratio	<b>88.6%</b>	<b>93.1%</b>
	<b>Cent</b>	<b>Cent</b>
Basic earnings per share	<b>46</b>	<b>30</b>
Net asset value per share	<b>800</b>	<b>688</b>

- Gross Written Premium of €192m, €2m higher than 2017 (€190m). Strong customer retention combined with increased new business in Consumer, Commercial and Farm.
- Net profit before tax of €18.4m, compared to €11.9m in 2017.
- COR of 88.6% compared to 93.1% in 2017. Includes positive prior year development of €6.0m and net Storm Emma costs of €6.6m.
- Annualised total investment return of -0.4% (2017: 0.7%)
- Expense ratio of 25.3%, 2.7% higher than last year primarily as a result of the once-off impact in 2017 of the closure of the property reinsurance surplus treaty.
- Investment returns continue to be poor in a volatile environment emphasising the need for continued underwriting discipline.

Commenting on these results Fiona Muldoon, Group Chief Executive, said:

"This is a very strong set of results for the first half of 2018 particularly in the context of a major snow storm in March. Despite adverse weather, challenging investment returns and a competitive market, the

team has delivered a healthy profit of €18m for the first half of the year. We are pleased with our new business levels and we continue to build our business in Farm, Commercial and Consumer through our quality products and our direct relationships with our customers.

The cost of injury claims remains a challenge for Irish customers. We look forward to the Personal Injuries Commission report and we urge the Government to follow up in order to provide a lower cost, sustainable claims environment for the benefit of all insurance customers particularly Irish businesses. We continue to work hard to ensure that all new proposals will deliver for Irish farmers, businesses and consumers, who continue to bear the cost of significantly higher premiums than those seen in other countries.

We were delighted to open our Baggot Street Branch last week and we will use this office as a base to offer commercial insurance to many Dublin based businesses. We are also looking forward to the launch of our motor insurance partnership with Post Insurance in the coming months. ”

The Group made an announcement on 29 June 2018 in respect of certain matters concerning the Chief Executive. The process is currently on-going. We are working to bring it to a conclusion and at this time we have no further update.

A presentation will be made to analysts at 9.00am today, a copy of which will be available on our Group website [www.fbdgroup.com](http://www.fbdgroup.com).

#### **Enquiries**

##### **FBD**

Michael Sharpe, Investor Relations

#### **Telephone**

+353 1 409 3962

#### **Powerscourt**

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 34 branches nationwide.

#### **Forward Looking Statements**

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

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

Listing	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 ID	FBH LN

## OVERVIEW

The results for the first half of 2018 show good new business growth and high retention levels with a continued focus on underwriting discipline. As we celebrate our 50<sup>th</sup> year in business FBD continues to deliver sustainable shareholder returns through growth in book value and strong underwriting discipline. The Group reported a gross written premium increase of 1% to €192.0m (2017: €189.7m), profit before tax of €18.4m (2017: €11.9m) including an underwriting profit of €18.9m (2017: €11.1m). The underwriting profit includes net costs for Storm Emma of €6.6m after reinsurance recoveries and reinsurance reinstatement premia.

## UNDERWRITING

### Premium income

Gross written premium increased by €2.3m to €192.0m (2017: €189.7m). All our main channels reported premium increases as we carefully grow the business with underlying performance remaining stable.

New business volumes grew by 21% compared to the second half of 2017 and increased by 16% on the first half of 2017. The main increases are seen in personal lines, small business and farm products. Retention remains strong as we maintain underwriting discipline while growing in our targeted areas.

### Reinsurance

Ireland has suffered two large natural catastrophe events over the 2017/2018 winter that tested our reinsurance program. It responded well, providing effective cover for these events (one in October 2017 and one in March 2018). Under the 2018 arrangements we believe we have limited further net exposure to additional significant adverse weather events in 2018.

### Claims

Net claims incurred were €104.7m (2017: €112.0m). Positive prior year reserve development of €6.0m compares to €1.9m in 2017. Property notifications increased 23% in the first half of 2018 as a result of weather claims, particularly Storm Emma.

The Group MIBI levy incurred was €2.1m (2017: €0.1m). The 2018 MIBI charge includes the release of an accrual of €1.8m for a previously anticipated earlier introduction of the 2% levy for failed insurers for which legislation is still awaited. The 2017 figure includes a MIBI reserve release of €5.6m due to the Supreme Court ruling on the “Setanta” case. The MIBI levy is calculated based on the Group’s expected share of the motor market for 2018 and the estimated levy call which will be made by MIBI.

### Claims Environment

The claims environment has moderated though inflationary pressure is still evident. The average cost of claims continues to increase with higher levels of inflation observed in lower value injury settlements. Inflationary pressure is evident in property and motor claims as increased construction activity increases labour costs and newer cars cost more to repair. We note an increase in Employer’s Liability claim frequency in the period and we are monitoring this carefully to establish if this is a shift in the underlying trend.

The enactment by the Government of the PIAB (Amendment) Bill to tackle the non-co-operation of claimants and their legal representatives with the Injuries Board is still awaited. This legislation is necessary to reduce the claimant rejection rate and lower the cost of claims.

We welcome the amendment to the Civil Liability & Courts Act where a judge can dismiss a claim if a claimant gives false evidence having provided a sworn affidavit. This change may act as a deterrent for dishonest or false claims.

In the latest report published by the Cost of Insurance Working Group one out of four actions was delivered for Q1 2018. Work is continuing on the integrated insurance fraud database and the Garda Automatic Number Plate Recognition (ANPR) system to detect uninsured drivers. In 2019, the National Claims Information Database should provide analysis of annual claims' trends of motor insurance claims.

#### Weather, Claims Frequency and Large Claims

In March a combination of snow and high wind gave rise to blizzard like conditions impacting most parts of the country. FBD received almost 1,200 claims in respect of Storm Emma with an approximate cost of €6.6m net of all reinsurance recoveries and reinstatement premia.

There is a stabilisation in motor injury frequency following reductions in 2016 and 2017. This is in line with the stabilisation of our policy count generally.

The gross cost of large claims in the first half of 2018 (greater than €0.5m) is €24m which is marginally higher than the five year average. In particular there is a large number of tractor claims in 2018.

#### Expenses

The Group's expense ratio was 25.3% (2017: 22.6%). Other underwriting expenses were €41.9m, an increase of €6m. The majority of the increase is driven by a one time reinsurance adjustment of €4.6m in 2017 on the closure of the property surplus treaty. The balance reflects an increase in costs including additional IT spend in respect of the work required for the introduction of the General Data Protection Regulation (GDPR).

#### General

FBD's Combined Operating Ratio ("COR") was 88.6% (2017: €93.1%) generating an underwriting profit of €18.9m (2017: €11.1m).

#### Investment Return

FBD's total annualised investment return for the first six months of 2018 was -0.41% (2017: 0.68%), with 0.25% (2017: 0.77%) recognised in the Consolidated Income Statement and -0.66% (2017: -0.09%) recognised in the Consolidated Statement of Other Comprehensive Income (OCI). The returns are a reflection of the challenges experienced in investment markets during H1 2018. The negative returns in OCI are driven by credit spreads widening more generally on the corporate bond portfolio and spread widening on sovereign bonds following the political turmoil in Italy and in a generally uncertain investment environment.

### **FINANCIAL SERVICES**

The Group's financial services operations delivered a profit before tax of €1.4m for the period (2017: €1.8m) and continue to deliver good results in a competitive environment. The Group's financial services operations include premium instalment services and life, pension and investment broking (FBD Financial Solutions) net of certain holding company costs.

#### Profit per share

The diluted profit per share was 44 cent per ordinary share, compared to 30 cent per ordinary share in 2017.

#### Dividend

The shareholders approved the final dividend proposed by the Board for 2017 at the Annual General Meeting on 4 May 2018 and the dividend was paid on 11 May 2018.

## STATEMENT OF FINANCIAL POSITION

### Capital position

Ordinary shareholders' funds at 30 June 2018 amounted to €277.5m (December 2017: €271.6m). The increase in shareholders' funds is mainly attributable to the following:

- Profit after tax for the half year of €16.1m
- Offset by €8.6m dividend payments
- Mark to market losses on Available for Sale investments of €3.0m after tax recognised in the statement of other comprehensive income
- Share based payments of €0.5m
- A decrease in the defined benefit pension scheme obligation of €0.9m after tax following a 5bps decrease in the assumed inflation rate to 1.70%

Net assets per ordinary share are 800 cent, compared to 784 cent per share at 31 December 2017.

### Investment Allocation

The Group adopts a conservative investment policy where it ensures that its technical reserves are well matched by cash and fixed interest securities of similar nature and duration. FBD has increased its allocation to Risk Assets by €36m to approximately €100m. This is in line with the company's current Strategic Asset Allocation framework.

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

	30 June 2018		31 December 2017	
	€m	%	€m	%
Corporate bonds	500	47%	499	47%
Government bonds	244	23%	259	25%
Deposits and cash	213	20%	230	22%
Equities	27	3%	22	2%
Investment property	18	2%	18	2%
Other risk assets	55	5%	24	2%
	1,057	100%	1,052	100%

### Solvency

The audited Solvency Capital Ratio (SCR) of 164% at 31 December 2017 was previously reported in the Solvency and Financial Condition Report in May. The Group is committed to maintaining a strong solvency position.

## OUTLOOK

The results for the first half of 2018 are strong driven by an excellent underwriting profit and modest careful growth in premium income in line with the Group's overall strategy. The Group is in a strong position with a clear strategy to deliver sustainable growth in book value through underwriting discipline and careful risk selection. The combined operating ratio of 88.6% is a direct result of this continued underwriting discipline and improved rate adequacy.

The claims environment continues to evidence some signs of moderation although inflationary pressure is still evident. FBD supports the industry's investment in a new Garda unit to investigate insurance fraud. We are committed to actively tackling fraud and delivering benefits to customers. The Cost of Insurance Working Group must also continue to implement its recommendations in order to deliver for customers.

Winter weather had a huge impact on our farming community and our customers continue to see the value of FBD's strong cover and claims paying ability. FBD paid approximately one quarter of all claims nationally

for Storm Emma. In the personal injury area, farm safety remains a key focus and an on-going significant investment for the group. In particular this year we have already seen an unusual number of large tractor claims. FBD continues to work hand in hand with farm safety organisations to educate and change on-farm behaviour in order to help mitigate the personal and financial impact of such tragic accidents on Ireland's farm families.

Complex negotiations continue around Brexit and the likely impact is still uncertain for Irish business. We remain confident in the resilience of Irish businesses and Irish farmers to navigate the challenges ahead.

The Group's objective is to deliver sustainable long-term shareholder value through careful growth in book value. We target a low double-digit return on equity ("ROE") through the cycle.

**FBD HOLDINGS PLC**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
For the half year ended 30 June 2018

	Notes	Half year ended 30/06/18 (unaudited) €000s	Half year ended 30/06/17 (unaudited) €000s	Year ended 31/12/17 (audited) €000s
<b>Revenue</b>	<b>3</b>	<b>204,261</b>	<b>202,524</b>	<b>397,741</b>
<b>Income</b>				
Gross premium written		191,985	189,650	372,459
Reinsurance premiums		(20,260)	(7,446)	(27,267)
Net premium written		171,725	182,204	345,192
Change in provision for unearned premiums		(6,215)	(23,273)	(19,260)
Net premium earned		165,510	158,931	325,932
Net investment return		1,297	3,898	9,361
Financial services income		4,548	4,391	8,733
<b>Total income</b>		<b>171,355</b>	<b>167,220</b>	<b>344,026</b>
<b>Expenses</b>				
Net claims and benefits		(102,596)	(111,971)	(203,144)
Other underwriting expenses	4	(41,873)	(35,862)	(75,908)
Movement in MIBI Levy		(2,107)	(26)	(1,945)
Financial services expenses		(3,163)	(2,633)	(4,200)
Restructuring and other costs		-	(1,717)	(1,715)
Finance costs		(3,193)	(3,092)	(6,298)
Revaluation of property, plant and equipment		-	-	(1,080)
<b>Result before taxation</b>		<b>18,423</b>	<b>11,919</b>	<b>49,736</b>
Income taxation charge		(2,308)	(1,608)	(7,040)
<b>Result for the period</b>		<b>16,115</b>	<b>10,311</b>	<b>42,696</b>
<b>Attributable to:</b>				
Equity holders of the parent		16,115	10,311	42,696

**FBD HOLDINGS PLC**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
For the half year ended 30 June 2018

		Half year ended 30/06/18 (unaudited)	Half year ended 30/06/17 (unaudited)	Year ended 31/12/17 (audited)
Earnings/(loss) per share	Notes	Cent	Cent	Cent
<b>From continuing operations</b>				
Basic	7	<u>46</u>	<u>30</u>	<u>123</u>
Diluted	7	<u>44<sup>1</sup></u>	<u>30<sup>1</sup></u>	<u>111<sup>1</sup></u>

<sup>1</sup> Diluted earnings per share reflects the potential conversion of the convertible debt and share based payments. An adjustment has been made to diluted earnings at 30 June 2017 and 31 December 2017 to take account of the impact of the convertible debt conversion.



**FBD HOLDINGS PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the half year ended 30 June 2018**

	Half year ended 30/06/18 (unaudited) €000s	Half year ended 30/06/17 (unaudited) €000s	Year ended 31/12/17 (audited) €000s
<b>Result for the period</b>	<b>16,115</b>	10,311	42,696
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on available for sale assets	<b>(3,474)</b>	(423)	2,807
Taxation credit/(charge) relating to items that will or may be reclassified to profit or loss in subsequent periods	<b>434</b>	53	(351)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain on retirement benefit obligations	<b>1,002</b>	2,808	275
Taxation charge relating to items not to be reclassified in subsequent periods	<b>(125)</b>	(351)	(34)
<b>Other comprehensive (expense)/income after taxation</b>	<b>(2,163)</b>	2,087	2,697
<b>Total comprehensive income for the period</b>	<b>13,952</b>	12,398	45,393
<b>Attributable to:</b>			
Equity holders of the parent	<b>13,952</b>	12,398	45,393

**FBD HOLDINGS PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 30 June 2018**

<b>ASSETS</b>	<b>Notes</b>	<b>30/06/18 (unaudited) €000s</b>	<b>30/06/17 (unaudited) €000s</b>	<b>31/12/17 (audited) €000s</b>
<b>Property, plant and equipment</b>		<b>66,093</b>	70,188	68,251
<b>Investment property</b>		<b>18,000</b>	16,400	18,000
<b>Loans</b>		<b>574</b>	705	681
<b>Deferred taxation asset</b>		<b>4,167</b>	10,485	5,467
<b>Financial assets</b>				
Available for sale investments		<b>744,224</b>	736,483	758,687
Investments held for trading		<b>81,228</b>	46,159	45,347
Deposits with banks		<b>178,286</b>	185,781	195,985
		<b>1,003,738</b>	968,423	1,000,019
<b>Reinsurance assets</b>				
Provision for unearned premiums		<b>6</b>	4	4
Claims outstanding		<b>93,326</b>	70,714	90,561
		<b>93,332</b>	70,718	90,565
<b>Retirement benefit asset</b>		<b>10,900</b>	12,500	9,774
<b>Current taxation asset</b>		<b>3,934</b>	4,103	3,934
<b>Deferred acquisition costs</b>		<b>31,621</b>	30,355	31,366
<b>Other receivables</b>		<b>68,518</b>	71,161	64,020
<b>Cash and cash equivalents</b>		<b>35,572</b>	31,516	27,176
<b>Total assets</b>		<b>1,336,449</b>	1,286,554	1,319,253

**FBD HOLDINGS PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**  
**At 30 June 2018**

<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>30/06/18 (unaudited) €000s</b>	<b>30/06/17 (unaudited) €000s</b>	<b>31/12/17 (audited) €000s</b>
<b>Equity</b>				
Ordinary share capital	6	21,409	21,409	21,409
Capital reserves		20,225	19,625	19,726
Retained earnings		217,609	179,264	212,259
Other reserves		18,232	18,232	18,232
		<hr/>	<hr/>	<hr/>
<b>Equity attributable to ordinary equity holders of the parent</b>		<b>277,475</b>	238,530	271,626
Preference share capital		2,923	2,923	2,923
		<hr/>	<hr/>	<hr/>
<b>Total Equity</b>		<b>280,398</b>	241,453	274,549
		<hr/>		
<b>Liabilities</b>				
<b>Insurance contract liabilities</b>				
Provision for unearned premiums		192,225	190,020	186,008
Claims outstanding		765,091	759,233	765,012
		<hr/>	<hr/>	<hr/>
		957,316	949,253	951,020
<b>Other provisions</b>		7,331	10,209	6,647
<b>Convertible debt</b>		53,268	51,807	52,525
<b>Deferred taxation liability</b>		4,543	3,430	3,845
<b>Payables</b>		33,593	30,402	30,667
		<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>		<b>1,056,051</b>	1,045,101	1,044,704
		<hr/>		
<b>Total equity and liabilities</b>		<b>1,336,449</b>	1,286,554	1,319,253
		<hr/>	<hr/>	<hr/>

**FBD HOLDINGS PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the half year ended 30 June 2018

	Half year ended 30/06/18 (unaudited) €000s	Half year ended 30/06/17 (unaudited) €000s	Year ended 31/12/17 (audited) €000s
<b>Cash flows from operating activities</b>			
Result before taxation	18,423	11,919	49,736
Adjustments for:			
Loss/(profit) on disposal of investments held for trading	1,960	(1,070)	(1,685)
Loss on investments available for sale	2,368	3,173	5,981
Interest and dividend income	(3,675)	(7,696)	(12,735)
Depreciation of property, plant and equipment	6,125	6,198	11,426
Share-based payment expense	499	585	685
Revaluation of investment property	-	-	(1,600)
Revaluation of property, plant and equipment	-	-	1,080
Increase in insurance contract liabilities	3,529	35,567	17,486
Increase/(decrease) in other provisions	684	(1,038)	(4,600)
Operating cash flows before movement in working capital	29,913	47,638	65,774
Increase in receivables and deferred acquisition costs	(6,927)	(12,726)	(8,094)
Increase/(decrease) in payables	5,994	(16,629)	(13,084)
Interest payments on convertible debt	(2,450)	(2,450)	(4,900)
Purchase of investments held for trading	(82,916)	(282)	(958)
Sale of investments held for trading	45,075	45,495	47,597
Cash (used in) / generated from operations	(11,311)	61,046	86,335
Interest and dividend income received	5,851	6,677	13,218
Income taxes refunded	-	59	228
<b>Net cash (used in) / generated from operating activities</b>	<b>(5,460)</b>	<b>67,782</b>	<b>99,781</b>
<b>Cash flows from investing activities</b>			
Purchase of available for sale investments	(49,075)	(164,398)	(258,355)
Sale of available for sale investments	57,694	53,820	125,989
Purchase of property, plant and equipment	(3,967)	(3,427)	(7,869)
Sale of property, plant and equipment	-	35	106
Decrease in loans and advances	107	27	51
Decrease in deposits invested with banks	17,699	51,116	40,912
<b>Net cash provided by / (used in) investing activities</b>	<b>22,458</b>	<b>(62,827)</b>	<b>(99,166)</b>
<b>Cash flows from financing activities</b>			
Ordinary and preference dividends paid	(8,602)	-	-
<b>Net cash used in financing activities</b>	<b>(8,602)</b>	<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents	8,396	4,955	615
Cash and cash equivalents at the beginning of the period	27,176	26,561	26,561
<b>Cash and cash equivalents at the end of the period</b>	<b>35,572</b>	<b>31,516</b>	<b>27,176</b>

**FBD HOLDINGS PLC**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**For the half year ended 30 June 2018**

	Ordinary share capital €000s	Capital reserves €000s	Retained earnings €000s	Other Reserves €000s	Attributable to Ordinary shareholders €000s	Preference share capital €000s	Total equity €000s
<b>Balance at 1 January 2018</b>	21,409	19,726	212,259	18,232	<b>271,626</b>	2,923	<b>274,549</b>
<b>Result after taxation</b>	-	-	16,115	-	<b>16,115</b>	-	<b>16,115</b>
<b>Other comprehensive income</b>	-	-	(2,163)	-	<b>(2,163)</b>	-	<b>(2,163)</b>
	21,409	19,726	226,211	18,232	<b>285,578</b>	2,923	<b>288,501</b>
<b>Dividends paid and approved on ordinary and preference shares</b>	-	-	(8,602)	-	<b>(8,602)</b>	-	<b>(8,602)</b>
<b>Recognition of share based payments</b>	-	499	-	-	<b>499</b>	-	<b>499</b>
<b>Balance at 30 June 2018</b>	21,409	20,225	217,609	<b>18,232</b>	<b>277,475</b>	<b>2,923</b>	<b>280,398</b>
<b>Balance at 1 January 2017</b>	21,409	19,041	166,866	18,232	<b>225,548</b>	2,923	<b>228,471</b>
<b>Result after taxation</b>	-	-	10,311	-	<b>10,311</b>	-	<b>10,311</b>
<b>Other comprehensive income</b>	-	-	2,087	-	<b>2,087</b>	-	<b>2,087</b>
	21,409	19,041	179,264	18,232	<b>237,946</b>	2,923	<b>240,869</b>
<b>Recognition of share based payments</b>	-	584	-	-	<b>584</b>	-	<b>584</b>
<b>Balance at 30 June 2017</b>	<b>21,409</b>	<b>19,625</b>	<b>179,264</b>	<b>18,232</b>	<b>238,530</b>	<b>2,923</b>	<b>241,453</b>

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

**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 2018 does not constitute the statutory financial statements of the company;
- the statutory financial statements for the financial year ended 31 December 2017 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 2017; 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 2018 are the same as those used to prepare the Group Annual Report for the year ended 31 December 2017 except as described below.

**Standards adopted in the period**

The Group has adopted IFRS 15 Revenue from Contracts with Customers during the six months ended 30 June 2018. The adoption of this standard has not had a material impact on the Group as the revenue from contracts with customers other than insurance contracts is 1% of total Revenue for the first six months of 2018.

There have been no other new standards or amendments to standards adopted by the Group during the six months ended 30 June 2018 which had a material impact on the Group.

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

**Standards and interpretations not yet effective**

IFRS 16      Leases<sup>1</sup>

IFRS 17      Insurance Contracts<sup>2</sup>

<sup>1</sup> Effective for annual periods on or after 1 January 2019, with earlier application permitted.

<sup>2</sup> Effective for annual periods on or after 1 January 2021, with earlier application permitted.

IFRS 16 Leases

IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

IFRS 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability (to pay rentals) are recognised. The standard will affect primarily the accounting for the group's operating leases. As at 31 December, the group has non-cancellable operating lease commitments of €11,787,000, see note 11 of the 2017 Annual Report. The Directors are currently assessing the impact of the adoption of the standard.

At this stage, the Directors do not intend to adopt the standard before its effective date. The Directors intend to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts

IFRS 9 Financial Instruments is effective from 1 January 2018. The standard sets out the requirements for classification and measurement, impairment and general hedge accounting.

The IASB published IFRS 17 Insurance Contracts on 18 May 2017 which supersedes IFRS 4 Insurance Contracts. This standard is effective from 1 January 2021. The Directors are currently assessing the implications of the adoption of IFRS 17 Insurance Contracts. The standard is expected to have a considerable impact on the Financial Statements of the Group.

The IASB amended IFRS 4 Insurance Contracts in September 2016 by issuing "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)" which provides the option to apply a temporary exemption from the adoption of IFRS 9 Financial Instruments for periods beginning before 1 January 2021 should the insurer meet defined eligibility criteria. The Group is eligible and has applied the temporary exemption from 1 January 2018 per the amended IFRS 4 Insurance Contracts standard. Reassessment of qualification for the application of the temporary exemption will be carried out on an annual basis during the temporary exemption period.

In line with amended IFRS 4 Insurance Contracts, additional disclosures will be included in the Financial Statements of the Group during the temporary exemption period. These disclosures include:

- (a) How the Group qualifies for the temporary exemption;
- (b) The fair value of financial assets at the end of the reporting period and the amount of change in the fair value of financial assets during that period; and
- (c) Information about the credit risk exposure of financial assets.

The adoption of IFRS 9 Financial Instruments is not expected to have a material impact on the Financial Statements of the Group.

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

**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 2017. 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 15-18 of the Group's Annual Financial Statements for the year ended 31 December 2017 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 2017 Annual Report.



**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

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

**Half year ended 30/06/2018**

	<b>Underwriting €000s</b>	<b>Financial Services €000s</b>	<b>Total €000s</b>
Revenue	199,713	4,548	204,261
Result before taxation	17,037	1,386	18,423
Income taxation charge	(2,130)	(178)	(2,308)
Result after taxation	14,907	1,208	16,115

**Half year ended 30/06/2017**

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

**Year ended 31/12/2017**

	<b>Underwriting €000s</b>	<b>Financial Services €000s</b>	<b>Total €000s</b>
Revenue	389,008	8,733	397,741
Profit before taxation	45,206	4,530	49,736
Income taxation charge	(6,379)	(661)	(7,040)
Result after taxation	38,827	3,869	42,696

**(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 2018**

**Note 4 – Underwriting result**

	Half year ended 30/06/18 (unaudited) €000s	Half year ended 30/06/17 (unaudited) €000s	Year ended 31/12/17 (audited) €000s
Gross premium written	<u>191,985</u>	<u>189,650</u>	<u>372,459</u>
Net premium earned	165,510	158,931	325,932
Net claims incurred	(102,596)	(111,971)	(203,144)
Motor Insurers Bureau of Ireland Levy	<u>(2,107)</u>	<u>(26)</u>	<u>(1,945)</u>
	<u>60,807</u>	<u>46,934</u>	<u>120,843</u>
Gross management expenses	(41,867)	(40,969)	(81,751)
Deferred acquisition costs	254	5,352	6,363
Reinsurers' share of expenses	1,492	1,491	2,528
Broker commissions payable	<u>(1,752)</u>	<u>(1,736)</u>	<u>(3,048)</u>
Other Underwriting expenses	<u>(41,873)</u>	<u>(35,862)</u>	<u>(75,908)</u>
Underwriting result	<u>18,934</u>	<u>11,072</u>	<u>44,935</u>

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

**Note 5 – Dividends**

	Half Year ended 30/06/18 €000s	Half Year ended 30/06/17 €000s	Year ended 31/12/17 (audited) €000s
<b>Paid:</b>			
Dividend of 8.4 cent (2016: nil cent) per share on 14% non-cumulative preference shares of €0.60 each	113	-	-
Dividend of 4.8 cent (2016: nil cent) per share on 8% non-cumulative preference shares of €0.60 each	169	-	-
Final dividend of 24.0 cent (2016: nil cent) per share on ordinary shares of €0.60 each	<u>8,320</u>	<u>-</u>	<u>-</u>
<b>Total dividends paid</b>	<u>8,602</u>	<u>-</u>	<u>-</u>

Dividend payments were approved by the shareholders at the Annual General Meeting on 4 May 2018 and paid on 11 May 2018.

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

**Note 6 – Ordinary share capital**

	Number	Half year ended 30/06/18 (unaudited) €000s	Half year ended 30/06/17 (unaudited) €000s	Year ended 31/12/17 (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 2018 was 795,005. At 31 December 2017 the number held was 795,005.

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

**Note 7 – Earnings per €0.60 ordinary share**

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

	<b>Half year ended 30/06/18 (unaudited) €000s</b>	Half year ended 30/06/17 (unaudited) €000s	Year ended 31/12/17 (audited) €000s
<b>Earnings</b>			
Profit for the period for the purpose of basic earnings per share	<u>16,115</u>	<u>10,311</u>	<u>42,696</u>
Profit for the period for the purpose of diluted earnings per share	<u>18,909</u>	<u>13,017</u>	<u>48,207</u>
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>34,666,201</u>	<u>34,666,201</u>	<u>34,666,201</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>43,329,630</u>	<u>43,029,131</u>	<u>43,329,630</u>
<b>From continuing operations</b>	<b>Cent</b>	Cent	Cent
Basic earnings per share	<u>46</u>	<u>30</u>	<u>123</u>
Diluted earnings per share	<u>44<sup>1</sup></u>	<u>30<sup>1</sup></u>	<u>111<sup>1</sup></u>

<sup>1</sup> Diluted earnings per share reflects the potential conversion of the convertible debt and share based payments. An adjustment has been made to diluted earnings at 30 June 2017 and 31 December 2017 to take account of the impact of the convertible debt conversion.

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 2018**

**Note 8 – Retirement Benefit Plan Asset**

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:

	<b>30/06/18</b> <b>(unaudited)</b> <b>€000s</b>	30/06/17 (unaudited) €000s	31/12/17 (audited) €000s
Fair value of plan assets	<b>97,900</b>	98,200	97,877
Present value of defined benefit obligation	<b>(87,000)</b>	(85,700)	(88,103)
Net retirement plan asset	<b>10,900</b>	12,500	9,774

**Note 9 – Financial Instruments and Fair Value Measurement**

**(a) Financial Instruments**

	<b>30/06/18</b> <b>(unaudited)</b> <b>€000s</b>	30/06/17 (unaudited) €000s	31/12/17 (audited) €000s
<b><u>Financial Assets</u></b>			
<b>At amortised cost:</b>			
Deposits with banks	<b>178,286</b>	185,781	195,985
<b>At fair value:</b>			
Investments held for trading	<b>81,228</b>	46,159	45,347
Available for sale investments	<b>744,224</b>	736,483	758,687
<b>At cost:</b>			
Loans	<b>574</b>	705	681
Other receivables	<b>68,518</b>	71,161	64,020
Cash and cash equivalents	<b>35,572</b>	31,516	27,176
<b><u>Financial Liabilities</u></b>			
<b>At amortised cost:</b>			
Convertible debt	<b>53,268</b>	51,807	52,525
<b>At cost:</b>			
Payables	<b>33,593</b>	30,402	30,667

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

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

**(b) Fair value measurement**

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

	<b>30/06/18</b>	<b>30/06/18</b>	30/06/17	30/06/17	31/12/17	31/12/17
	<b>(unaudited)</b>	<b>(unaudited)</b>	(unaudited)	(unaudited)	(audited)	(audited)
	<b>Fair</b>	<b>Carrying</b>	Fair	Carrying	Fair	Carrying
	<b>value</b>	<b>value</b>	value	value	value	value
	<b>€000s</b>	<b>€000s</b>	€000s	€000s	€000s	€000s
<b>Financial assets</b>						
Loans	<b>689</b>	<b>574</b>	846	705	817	681
Financial investments	<b>1,003,738</b>	<b>1,003,738</b>	968,423	968,423	1,000,019	1,000,019
<b>Financial liabilities</b>						
Convertible Debt	<b>66,406</b>	<b>53,268</b>	54,880	51,807	66,406	52,525

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

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 operating projections.

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
For the half year ended 30 June 2018

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

<b>30 June 2018 (unaudited)</b>	<b>Level 1 €000s</b>	<b>Level 2 €000s</b>	<b>Level 3 €000s</b>	<b>Total €000s</b>
<b>Assets</b>				
Loans	-	689	-	689
Investment property	-	18,000	-	18,000
Property held for own use	-	14,754	-	14,754
<b>Financial assets</b>				
Investments held for trading - quoted shares	292	-	-	292
Investments held for trading - UCIT Funds	80,936	-	-	80,936
AFS <sup>1</sup> investments - quoted debt securities	743,380	-	-	743,380
AFS <sup>1</sup> investments - unquoted investments	-	-	844	844
Deposits with banks	178,286	-	-	178,286
Cash and cash equivalents	35,572	-	-	35,572
<b>Total assets</b>	<b>1,038,466</b>	<b>33,443</b>	<b>844</b>	<b>1,072,753</b>
<b>Liabilities</b>				
<b>Convertible debt</b>	-	66,406	-	66,406
<b>Total liabilities</b>	-	66,406	-	66,406

<sup>1</sup>Available for sale

<b>30 June 2017 (unaudited)</b>	<b>Level 1 €000s</b>	<b>Level 2 €000s</b>	<b>Level 3 €000s</b>	<b>Total €000s</b>
<b>Assets</b>				
Loans	-	846	-	846
Investment property	-	16,400	-	16,400
Property held for own use	-	15,905	-	15,905
<b>Financial assets</b>				
Investments held for trading - quoted shares	21,928	-	-	21,928
Investments held for trading - UCIT Funds	24,231	-	-	24,231
AFS <sup>1</sup> investments - quoted debt securities	735,639	-	-	735,639
AFS <sup>1</sup> investments - unquoted investments	-	-	844	844
Deposits with banks	185,781	-	-	185,781
Cash and cash equivalents	31,516	-	-	31,516
<b>Total assets</b>	<b>999,095</b>	<b>33,151</b>	<b>844</b>	<b>1,033,090</b>
<b>Liabilities</b>				
<b>Convertible debt</b>	-	54,880	-	54,880
<b>Total liabilities</b>	-	54,880	-	54,880

<sup>1</sup>Available for sale

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
For the half year ended 30 June 2018

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

<b>31 December 2017 (audited)</b>	<b>Level 1 €000s</b>	<b>Level 2 €000s</b>	<b>Level 3 €000s</b>	<b>Total €000s</b>
<b>Assets</b>				
Loans	-	817	-	817
Investment property	-	18,000	-	18,000
Property held for own use	-	14,754	-	14,754
<b>Financial assets</b>				
Investments held for trading - quoted shares	20,935	-	-	20,935
Investments held for trading - UCITs	24,412	-	-	24,412
AFS <sup>1</sup> investments - quoted debt securities	757,843	-	-	757,843
AFS <sup>1</sup> investments - unquoted investments	-	-	844	844
Deposits with banks	195,985	-	-	195,985
Cash and cash equivalents	27,176	-	-	27,176
<b>Total assets</b>	<b>1,026,351</b>	<b>33,571</b>	<b>844</b>	<b>1,060,766</b>
<b>Liabilities</b>				
Convertible debt	-	66,406	-	66,406
<b>Total liabilities</b>	<b>-</b>	<b>66,406</b>	<b>-</b>	<b>66,406</b>

<sup>1</sup>Available for sale



**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

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

	<b>30/06/18</b> <b>(unaudited)</b> <b>€000s</b>	30/06/17 (unaudited) €000s	31/12/17 (audited) €000s
Opening balance Level 3 financial assets	<b>844</b>	844	844
Additions	-	-	-
Disposals	-	-	-
Unrealised gains/(losses) recognised in Consolidated Income Statement	-	-	-
Closing balance Level 3 financial assets	<b>844</b>	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 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 2018 is €844,000 (30 June 2017: €844,000; 31 December 2017: €844,000).

**Note 10 – 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 2017 Annual Report. An analysis of share-based payments to key management personnel is also included in Note 40 of the 2017 Annual Report.

**Note 11 – Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets at 30 June 2018, 30 June 2017 or 31 December 2017.

**Note 12 – Information**

This half yearly report and the Annual Report for the year ended 31 December 2017 are available on the Company’s website at [www.fbdgroup.com](http://www.fbdgroup.com).

**Note 13 – Approval of Half Yearly Report**

The half yearly report was approved by the Board of Directors of FBD Holdings plc on 31 July 2018.

**FBD HOLDINGS PLC**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**For the half year ended 30 June 2018**

**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

31 July 2018

## APPENDIX

### ALTERNATIVE PERFORMANCE MEASURES (APM's)

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

Loss ratio (LR), expense ratio (ER) and combined operating ratio (COR) are widely used as a performance measure by insurers, and give users of the financial statements an understanding of the underwriting performance of the entity. Investment return is used widely as a performance measure to give users of financial statements an understanding of the performance of an entities investment portfolio. Net asset value per share (NAV) is a widely used performance measure which provides the users of the financial statements the book value per share. Return on equity (ROE) is also a widely used profitability ratio that measures an entity's ability to generate profits from its shareholder investments. Gross written premium refers to the revenue of an insurance company and is widely used across the general insurance industry.

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

	Half year ended 30/06/18 (unaudited) €000s	Half year ended 30/06/17 (unaudited) €000s	Year ended 31/12/17 (audited) €000s
<b>Loss ratio</b>			
Net claims and benefits	102,596	111,971	203,144
Movement in other provisions	2,107	26	1,945
Total claims incurred	104,703	111,997	205,089
Net premium earned	165,510	158,931	325,932
Loss ratio (Total claims incurred/Net premium earned)	63.3%	70.5%	62.9%
<b>Expense ratio</b>			
Other underwriting expenses	41,873	35,862	75,908
Net premium earned	165,510	158,931	325,932
Expense ratio (Underwriting expenses/Net premium earned)	25.3%	22.6%	23.3%
<b>Combined operating ratio</b>			
	%	%	%
Loss ratio	63.3%	70.5%	62.9%
Expense ratio	25.3%	22.6%	23.3%
Combined operating ratio (Loss ratio + Expense ratio)	88.6%	93.1%	86.2%
<b>Annualised investment return</b>	€000s	€000s	€000s
Investment return recognised in consolidated income statement	1,297	3,898	9,361
Investment return recognised in statement of comprehensive income	(3,474)	(423)	2,807
Total investment return	(2,177)	3,475	12,168
Average investment assets	1,063,672	1,033,507	1,027,637
Investment return (Total investment return/Average investment assets)	(0.4%) <sup>1</sup>	0.7% <sup>1</sup>	1.2%

<sup>1</sup>Annualised

	Half year ended 30/06/18 (unaudited) €000s	Half year ended 30/06/17 (unaudited) €000s	Year ended 31/12/17 (audited) €000s
<b>Net asset value per share (NAV per share)</b>			
Shareholders' funds – equity interests	<u>277,475</u>	<u>238,530</u>	<u>271,626</u>
<b>Number of shares</b>			
Weighted average number of ordinary shares	<u>34,666,201</u>	<u>34,666,201</u>	<u>34,666,201</u>
	<u>Cent</u>	<u>Cent</u>	<u>Cent</u>
Net asset value per share (Shareholders funds /Weighted average number of ordinary shares)	<u>800</u>	<u>688</u>	<u>784</u>
<b>Return on Equity</b>	€000s	€000s	€000s
Weighted average equity attributable to ordinary equity holders of the parent	<u>274,551</u>	<u>232,039</u>	<u>248,587</u>
Result for the period	<u>16,115</u>	<u>10,311</u>	<u>42,696</u>
Return on equity (Result for the period/Weighted average equity attributable to ordinary equity holders of the parent)	<u>12%<sup>1</sup></u>	<u>9%<sup>1</sup></u>	<u>17%</u>

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

<sup>1</sup>Annualised

# ***Independent review report to FBD Holdings plc***

## **Report on the condensed consolidated interim financial statements**

---

### **Our conclusion**

We have reviewed FBD Holdings plc's condensed consolidated interim financial statement (the "interim financial statements") in half-yearly report of FBD Holdings plc for the six month period ended 30 June 2018. 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 2018;
- 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.

**PricewaterhouseCoopers**  
**Chartered Accountants**  
**Dublin**

**31 July 2018**

- (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.