



FBD HOLDINGS PLC
Half yearly Report
For the Six Months ended 30 June 2019

KEY HIGHLIGHTS

- Gross Written Premium (GWP) €190m compared to €192m in 2018
- Profit before tax of €39m
- Disciplined underwriting in the face of strong competition delivered excellent Combined Operating Ratio (“COR”) of 82.5%; driven by solid current year profitability, exceptionally benign winter weather and prior year reserve release of €9m.
- Investment income was €9m for the period (€1m in 2018) as a result of the recent market rally
- Continued progress in developing our business offering to all customers
 - New business policy count growth increased 5% year on year
 - New Farm product launched – environmental (pollution) cover is a first in Irish market
 - New advertising media campaign launched in April
 - An Post Insurance partnership progressing well

FINANCIAL SUMMARY

	2019	2018
	€000s	€000s
Gross written premium	189,716	191,985
Underwriting profit	29,214	18,934
Profit before taxation	38,661	18,423
Loss ratio	56.4%	63.3%
Expense ratio	26.1%	25.3%
Combined operating ratio	82.5%	88.6%
	Cent	Cent
Basic earnings per share	97	46
Net asset value per share	896	800

- GWP of €190m: (2018: €192m). Retention remains healthy with increased new business in Commercial and Private Motor
- Underwriting profit of €29.2m, €10.3m higher than 2018 (€18.9m) as a result of disciplined underwriting and benign weather
- Net profit before tax of €38.7m, compared to €18.4m in 2018
- 2019 COR of 82.5% versus 88.6% in 2018. This includes prior year reserve release of €8.8m (2018: €6.0m)
- Positive investment income of €8.6m and a €14.0m gain in Mark to Market (MTM) compared to losses in second half of 2018 emphasising the volatility of returns and the need for continued underwriting discipline
- Expense ratio of 26.1% is 0.8% percentage points higher year on year predominately due to increased marketing and salary costs
- Strong growth in Net Asset Value per share to 896 cent from 800 cent in 2018.

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

“I am pleased to announce these strong 2019 half year results reflecting our excellent underwriting discipline, an exceptionally benign winter, some prior year reserve releases and supplemented by strong investment returns in the period.

Our premium levels are down marginally due to strong competition and modest rate decreases. FBD seeks to grow our business in the face of strong competition but we are also committed to underwriting discipline and to writing the risks we know and understand.

Our litigation claims costs continue to increase. The average cost of court awards, particularly for soft tissue injuries, remains too high. Despite some judicial progress in limiting court awards we have seen no meaningful progress on structural reform and Irish businesses continue to be held to impossible standards in personal injury cases.

We are committed to developing our business offering and we recently launched our new Farm product. It offers additional cover for pollution risks as well as extending public liability protection. We will launch a flexible new small business product soon that will suit many family owned businesses. FBD aims to be the Irish insurer of choice in a crowded and competitive market.

These strong results position us well to support our core farming customer base amid the challenges posed by Brexit to the Irish economy.”

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.

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 34 branches nationwide.

Forward Looking Statements

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

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

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

OVERVIEW

The half year results for 2019 demonstrate solid underlying profitability and also benefit from the performance of investment markets, benign weather and prior year reserve releases. The profit before tax was €38.7m. We paid a dividend of €17.7m in May in respect of 2018 results.

Premium growth has not materialised as we operate in an increasingly competitive environment despite new business growth and high retention levels. We continue to focus on underwriting discipline and writing risks we know and understand.

The Group reported profit before tax of €38.7m (2018: €18.4m) including an underwriting profit of €29.2m (2018: €18.9m) and a gross written premium decrease of 1% to €189.7m (2018: €192.0m).

UNDERWRITING

Premium income

Gross written premium decreased €2.3m to €189.7m (2018: €192.0m). There were premium reductions in all channels with the exception of the broker channel which increased marginally.

New business volumes increased by 5% on the first half of 2018. Retention remains satisfactory as we leverage our loyal customer relationships and quality products.

Reinsurance

The same reinsurance programme is in place in 2019 as 2018. This programme limits our exposure to adverse weather events. We have also achieved some modest reductions in reinsurance rates compared to 2018 reflecting the strong underwriting result improvement in more recent years.

Claims

Net claims incurred reduced by €10.4m to €94.3m (2018: €104.7) primarily due to benign weather in 2019 and prior year reserve releases of €8.8m compared to €6.0m in 2018. Positive prior year reserve releases are coming from accident years 2014 to 2018 while some stability has led to improved settlements.

The average frequency of claims has reduced because of the absence of a major storm and better underwriting of risk. Increased labour costs continue to drive increases in the cost of property claims.

The Motor Insurers Bureau of Ireland (MIBI) and Motor Insurers Insolvency Compensation Fund (MIICF) levies were €6.2m (2018: €2.1m). The 2018 figure is net of an over-accrual of €1.8m in 2017 due to the later than anticipated introduction of the MIICF levy.

Claims Environment

Limited progress has been made on reform of the claims environment. There continues to be a very high level of compensation paid for soft tissue injuries in Irish courts.

FBD has contributed to a public and political debate advocating for claims reform in order to reduce the cost of insurance. FBD has submitted data for inclusion in the National Claims Information Database and for various government reports. FBD has assisted with the first stage of the Motor Third Party Liability (MTPL) insurance database and is in the process of implementing amended non-life renewal regulations which will provide additional information to customers on renewal of their insurance policies. While improving customer transparency none of these initiatives address the underlying issue of personal injury (and in particular, soft tissue) award levels.

However FBD notes certain progress on awards to date which we expect to have some limited impact on the cost of claims including:

- The Court of Appeal overturned a number of cases citing the *Byrne v Ardenhealth Company* ruling. This case requires the exercising of reasonable care by individuals for their own personal safety and should assist businesses who are being held to unreasonably high standards in personal injury cases

- The PIAB (Amendment) Act enacted in April attempts to address the non-co-operation of claimants and their legal representatives including failure to attend medical examinations, failure to cooperate with experts etc. Claimants can now incur penalties in respect of legal costs but only at the judge's discretion
- The Civil Liability & Courts Act has been amended to reduce the timeframe of notification of a claim to a defendant from 2 months to 1 month. This will assist claims defence
- A second amendment to the Civil Liability & Courts Act currently in the Oireachtas if passed would allow a claim to be dismissed if a claimant's affidavit is false or misleading. The claimant could also be referred to the DPP at the judge's discretion
- A section of the Judicial Council Bill was passed that will enable the establishment of a Personal Injuries Guidelines Committee to provide guidelines on soft tissue injuries. If this happens and if the guidelines are followed by judiciary we believe we would see award levels fall.

However further action is outstanding on other issues:

- Use the new Bill to provide and implement guidelines to address the level of soft tissue injury awards
- Reform the legal system to speed up litigation and reduce costs
- Enshrine pre-action protocol in legislation to fast-track rejected Injuries Board awards through a more simplified litigation process
- Establish a fully functioning integrated insurance fraud database to detect patterns of fraud
- Make gross exaggeration an offence
- Establish and resource a Garda fraud investigation unit.

In addition and on the other hand it should be noted that the Consumer Contracts Bill, currently before the Oireachtas, proposes a number of changes which will make it more difficult for insurers to repudiate exaggerated claims and consequently risks increasing the cost of claims further.

Weather, Claims Frequency and Large Claims

No weather events of note occurred in the period. 2019 weather to date has been benign compared to the major snow - Storm Emma in March 2018.

There was a modest reduction in Motor injury frequency in H1 2019. Employer's Liability claims frequency is being monitored closely as the upward trend continues driven largely by economic activity.

The average number of large casualty claims has been redefined as greater than €250k. At 30 June 2019 the number of such claims is in line with the average number reported in the previous 7 years. The average estimated cost after 6 months is lower than the average cost at the same period in the previous 7 years. It should be noted that the number and size of large claims can vary greatly from year to year and the cost of an individual large claim can vary significantly over the lifetime to settlement.

Expenses

The Group's expense ratio was 26.1% (2018: 25.3%). Other underwriting expenses were €43.7m, an increase of €1.8m. The increase is driven mainly by increased marketing spend in a highly competitive environment and increased salary costs.

GENERAL

FBD's Combined Operating Ratio ("COR") was 82.5% (2018: 88.6%) generating an underwriting profit of €29.2m (2018: €18.9m).

Investment Return

FBD's total annualised investment return for the first six months of 2019 was 4.3% (2018: -0.4%). Annualised investment income is 1.6% (2018: 0.3%) and annualised MTM 2.7% (2018: -0.7%) in Other Comprehensive Income (OCI). This reflects the rally in investment markets in early 2019 following losses in Q4 2018. The positive MTM is driven by credit spreads narrowing on the corporate bond portfolio and

reducing interest rates as lower-for-longer accommodative monetary policy is implemented by the ECB. Risk assets delivered positive returns partly as a result of geo-political stabilisation particularly between the US and China.

A large decrease in the discount rate has not impacted the pension surplus significantly as the assets and liabilities are reasonably well matched. This is a positive result of the structural changes made to the pension scheme in 2015 and 2016.

Financial Services

The Group's financial services operations returned a profit before tax of €2.1m for the period (2018: €1.4m). Revenue increased by €0.2m while costs decreased from €3.2m to €2.7m as a result of lower legal expenses in FBD Holdings plc.

Profit per share

The diluted profit per share was 95 cent per ordinary share, compared to 44 cent per ordinary share in 2018.

Dividend

The shareholders approved the final dividend proposed by the Board for 2018 at the Annual General Meeting on 10 May 2019 and a dividend of €17.7m was paid on 17 May 2019 in respect of 2018 results.

The Group dividend policy targets an annual pay-out range of 20% to 50% of full year profits when appropriate given the inherent cyclical nature of all insurance businesses.

STATEMENT OF FINANCIAL POSITION

Capital position

Ordinary shareholders' funds at 30 June 2019 amounted to €311.7m (December 2018: €283.5m). The increase in shareholders' funds is driven by the following:

- Profit after tax for the half year of €33.8m
- Mark to market gains on Available for Sale investments of €12.3m after tax
- €17.7m reduction due to the dividend and an increase of €1.2m due to share based payment
- A decrease in the defined benefit pension scheme surplus of €1.4m

Net assets per ordinary share are 896 cent, compared to 818 cent per share at 31 December 2018.

Investment Allocation

The Group has a conservative investment policy that ensures that its technical reserves are matched by cash and fixed interest securities of similar nature and duration. FBD has increased its allocation to Risk Assets modestly over the first 6 months of 2019 in line with the company's Strategic Asset Allocation and increases in shareholders' funds.

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

	30 June 2019		31 December 2018	
	€m	%	€m	%
Corporate bonds	507	47%	498	48%
Government bonds	304	28%	297	29%
Deposits and cash	152	14%	146	14%
Equities	31	3%	24	2%
Investment property	18	2%	18	2%
Other risk assets	59	6%	55	5%
	1,071	100%	1,038	100%

Solvency

The audited Solvency Capital Ratio (SCR) of 165% at 31 December 2018 as reported in the Solvency and Financial Condition Report. The Group is committed to maintaining a strong solvency position.

Risks and uncertainties

The principal risks and uncertainties faced by the Group are outlined on pages 18-24 of the Group's Annual Financial Statements for the year ended 31 December 2018 and remain unchanged for the next six months.

OUTLOOK

The half year results for 2019 are strong driven by disciplined underwriting, a rebound in investment markets, a good winter and prior year reserve releases. Despite new business growth, overall premium levels are down modestly reflecting a difficult competitive environment including aggressive competition and sustained price pressure.

The Group has a clear strategy that will deliver sustainable growth in book value through a customer centred approach, underwriting discipline and careful risk selection. The combined operating ratio of 82.5% reflects that underwriting discipline.

The claims environment continues to moderate although inflation is still present. We continue to call for substantive reform in the level of personal injury awards and a rebalancing of personal responsibility vis à vis the impossible standards small businesses are held to in injury cases. FBD continues to tackle fraud and exaggerated claims to help but soft-tissue injury awards must come down for real progress to be made.

Brexit uncertainty continues and we view a hard Brexit as negative for Ireland's farm and agri industry particularly and rural Ireland generally. Our business is planning for some limited operational impacts that may arise to support the continuing needs of our customers.

The Group targets a COR in the low 90's (absent exceptional weather) and a low double-digit return on equity (ROE) through the cycle. Given the strong performance in the first six months of this year underpinned by a number of one-offs and assuming a more normalised second half, the Group expects that the full year 2019 ROE will be mid to high teens.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2019

	Notes	Half year ended 30/06/19 (unaudited) €000s	Half year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (audited) €000s
Revenue	3	202,062	204,261	396,003
Income				
Gross premium written		189,716	191,985	371,504
Reinsurance premiums		<u>(16,104)</u>	<u>(20,260)</u>	<u>(36,735)</u>
Net premium written		173,612	171,725	334,769
Change in provision for unearned premiums		<u>(6,405)</u>	<u>(6,215)</u>	<u>3,134</u>
Net premium earned		167,207	165,510	337,903
Net investment return		8,627	1,297	2,482
Financial services income – Revenue from contracts with customers		1,905	2,026	3,754
– Other financial services income		<u>2,873</u>	<u>2,522</u>	<u>5,282</u>
Total income		180,612	171,355	349,421
Expenses				
Net claims and benefits		(88,139)	(102,596)	(183,367)
Other underwriting expenses	4	(43,699)	(41,873)	(84,054)
Movement in other provisions		(6,155)	(2,107)	(7,064)
Financial services and other costs		(2,673)	(3,163)	(6,548)
Revaluation of property, plant and equipment		-	-	(1,034)
Finance costs		(1,285)	(3,193)	(5,453)
Exceptional loss on purchase and cancellation of convertible debt		<u>-</u>	<u>-</u>	<u>(11,836)</u>
Profit before taxation		38,661	18,423	50,065
Income taxation charge		<u>(4,860)</u>	<u>(2,308)</u>	<u>(7,682)</u>
Profit for the period		33,801	16,115	42,383
Attributable to:				
Equity holders of the parent		<u>33,801</u>	<u>16,115</u>	<u>42,383</u>

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2019

	Notes	Half year ended 30/06/19 (unaudited) Cent	Half year ended 30/06/18 (unaudited) Cent	Year ended 31/12/18 (audited) Cent
Earnings per share				
Basic	7	<u>97</u>	<u>46</u>	<u>122</u>
Diluted	7	<u>95¹</u>	<u>44²</u>	<u>112³</u>

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

² Diluted earnings per share reflects the potential conversion of the convertible debt and share based payments.

³ Diluted earnings per share reflects the potential conversion of the convertible debt up until the date of purchase and cancellation of the convertible debt and the potential vesting of the share based payments.

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2019

	Half year ended 30/06/19 (unaudited) €000s	Half year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (audited) €000s
Profit for the period	33,801	16,115	42,383
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>			
Net gain/(loss) on available for sale assets	14,007	(3,474)	(7,845)
Taxation (charge)/credit relating to items that will or may be reclassified to profit or loss in subsequent periods	(1,751)	434	981
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial (loss)/gain on retirement benefit obligations	(1,544)	1,002	3,232
Taxation credit/(charge) relating to items not to be reclassified in subsequent periods	193	(125)	(404)
Other comprehensive income/(expense) after taxation	10,905	(2,163)	(4,036)
Total comprehensive income for the period	44,706	13,952	38,347
Attributable to:			
Equity holders of the parent	44,706	13,952	38,347

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2019

ASSETS	Notes	30/06/19 (unaudited) €000s	30/06/18 (unaudited) €000s	31/12/18 (audited) €000s
Property, plant and equipment		67,297	66,093	68,492
Intangible assets		1,159	-	355
Investment property		17,500	18,000	18,310
Right of use asset		6,500	-	-
Loans		598	574	615
Deferred taxation asset		1,224	4,167	1,081
Financial assets				
Available for sale investments		811,807	744,224	795,717
Investments held for trading		89,079	81,228	78,778
Deposits with banks		50,000	178,286	70,998
		950,886	1,003,738	945,493
Reinsurance assets				
Provision for unearned premiums		2	6	6
Claims outstanding		78,432	93,326	80,919
		78,434	93,332	80,925
Retirement benefit surplus		11,400	10,900	12,944
Current taxation asset		3,949	3,934	3,949
Deferred acquisition costs		32,356	31,621	31,956
Other receivables		74,058	68,518	62,868
Cash and cash equivalents		106,195	35,572	77,639
Total assets		1,351,556	1,336,449	1,304,627

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2019

EQUITY AND LIABILITIES	Notes	30/06/19 (unaudited) €000s	30/06/18 (unaudited) €000s	31/12/18 (audited) €000s
Equity				
Ordinary share capital	6	21,409	21,409	21,409
Capital reserves		21,608	20,225	20,430
Retained earnings		268,638	217,609	241,645
Other reserves		-	18,232	-
Equity attributable to ordinary equity holders of the parent		311,655	277,475	283,484
Preference share capital		2,923	2,923	2,923
Total Equity		314,578	280,398	286,407
Liabilities				
Insurance contract liabilities				
Provision for unearned premiums		189,276	192,225	182,875
Claims outstanding		731,442	765,091	738,025
		920,718	957,316	920,900
Other provisions		11,945	7,331	7,738
Convertible debt		-	53,268	-
Subordinated debt		49,455	-	49,426
Lease liability		6,558	-	-
Deferred taxation liability		5,138	4,543	3,610
Current taxation liability		6,895	-	3,312
Payables		36,269	33,593	33,234
Total liabilities		1,036,978	1,056,051	1,018,220
Total equity and liabilities		1,351,556	1,336,449	1,304,627

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2019

	Half year ended 30/06/19 (unaudited) €000s	Half year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (audited) €000s
Cash flows from operating activities			
Profit before taxation	38,661	18,423	50,065
Adjustments for:			
(Profit)/Loss on investments held for trading	(5,942)	1,960	4,411
Exceptional loss on purchase and cancellation of convertible bond	-	-	11,836
Loss on investments available for sale	2,153	2,368	4,825
Interest and dividend income	(4,165)	(3,675)	(12,072)
Depreciation/amortisation of property, plant and equipment and intangible assets	4,955	6,125	11,682
Depreciation of right of use asset	386	-	-
Share-based payment expense	1,177	499	704
Revaluation of investment property	810	-	(310)
Revaluation of property, plant and equipment	-	-	1,034
Increase/(decrease) in insurance contract liabilities	2,309	3,529	(20,480)
Increase in other provisions	4,207	684	1,091
Operating cash flows before movement in working capital	44,551	29,913	52,786
(Increase)/decrease in receivables and deferred acquisition costs	(13,382)	(6,927)	3,390
Increase in payables	4,316	5,994	7,883
Interest payments on convertible debt	-	(2,450)	(5,130)
Interest payments on subordinated debt	(1,250)	-	-
Lease obligation repayments and interest	(328)	-	-
Purchase of investments held for trading	(6,416)	(82,916)	(82,916)
Sale of investments held for trading	2,057	45,075	45,075
Cash generated from / (used in) operations	29,548	(11,311)	21,088
Interest and dividend income received	5,956	5,851	11,992
Income taxes paid	(1,450)	-	-
Net cash generated from operating activities	34,054	(5,460)	33,080
Cash flows from investing activities			
Purchase of available for sale investments	(95,748)	(49,075)	(138,798)
Sale of available for sale investments	91,512	57,694	89,101
Purchase of property, plant and equipment	(3,709)	(3,967)	(13,003)
Sale of property, plant and equipment	-	-	90
Purchase of intangible assets	(855)	-	(399)
Decrease in loans and advances	17	107	66
Decrease in deposits invested with banks	20,998	17,699	124,987
Net cash generated from investing activities	12,215	22,458	62,044
Cash flows from financing activities			
Ordinary and preference dividends paid	(17,713)	(8,602)	(8,602)
Purchase and cancellation of convertible bond	-	-	(86,059)
Proceeds from issue of subordinated debt	-	-	50,000
Net cash used in financing activities	(17,713)	(8,602)	(44,661)
Net increase in cash and cash equivalents	28,556	8,396	50,463
Cash and cash equivalents at the beginning of the period	77,639	27,176	27,176
Cash and cash equivalents at the end of the period	106,195	35,572	77,639

FBD HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the half year ended 30 June 2019

	Called up share capital presented as equity €000s	Capital Reserves €000s	Retained earnings €000s	Other Reserves €000s	Attributable to Ordinary shareholders €000s	Preference share capital €000s	Total equity €000s
Balance at 1 January 2019	21,409	20,430	241,645	-	283,484	2,923	286,407
Profit after taxation	-	-	33,801	-	33,801	-	33,801
Other comprehensive income	-	-	10,905	-	10,905	-	10,905
	21,409	20,430	286,351	-	328,190	2,923	331,113
Dividends paid and approved on ordinary and preference shares	-	-	(17,713)	-	(17,713)	-	(17,713)
Recognition of share based payments	-	1,178	-	-	1,178	-	1,178
Balance at 30 June 2019	21,409	21,608	268,638	-	311,655	2,923	314,578
Balance at 1 January 2018	21,409	19,726	212,259	18,232	271,626	2,923	274,549
Profit after taxation	-	-	16,115	-	16,115	-	16,115
Other comprehensive expense	-	-	(2,163)	-	(2,163)	-	(2,163)
	21,409	19,726	226,211	18,232	285,578	2,923	288,501
Dividends paid and approved on ordinary and preference shares	-	-	(8,602)	-	(8,602)	-	(8,602)
Recognition of share based payments	-	499	-	-	499	-	499
Balance at 30 June 2018	21,409	20,225	217,609	18,232	277,475	2,923	280,398

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

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 2019 does not constitute the statutory financial statements of the company;
- the statutory financial statements for the financial year ended 31 December 2018 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 2018; 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 2019 are the same as those used to prepare the Group Annual Report for the year ended 31 December 2018 except as described below.

Standards adopted in the period

The Group applied a number of new or amended standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- Amendments to IAS 19 *Employee Benefits*

The adoption of these standards has not had a material impact on the Financial Statements of the Group. Further detail with respect to IFRS 16 *Leases* is included below.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

IFRS 16 Leases

IFRS 16 Leases became effective on 1 January 2019 and was adopted by the Group on that date. The Group has applied the modified retrospective approach and have not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Group recognised a lease liability and a right of use asset for each of the leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. All leases are property leases.

The lease obligations were measured at the present value of the remaining lease payments, discounted using the Group's Incremental Borrowing Rate (IBR) as of 1 January 2019. The weighted average IBR applied to the lease liabilities on 1 January 2019 was 4.41%.

The adjustments recognised on adoption of IFRS 16 from the date of initial application are shown below:

Operating lease commitments disclosed as at 31 December 2018	<u>€9.6m</u>
Discounted using the Group's incremental borrowing rate at the date of initial application	€7.1m
Less short term leases recognised on a straight-line basis as expense	<u>(€0.2m)</u>
Lease liability recognised as at 1 January 2019	€6.9m

The right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The Group has elected to apply the practical expedient permitted by the standard to recognise operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases. The Group has also elected to apply the practical expedient to use hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 affected the following items on the Statement of Financial Position on 1 January 2019:

Right of use asset	€6.9m
Lease liability	€6.9m

The adoption of IFRS 16 did not have a material impact on the key metrics or alternative performance measures (APMs) of the Group.

Standards and interpretations not yet effective

IFRS 17 Insurance Contracts¹

IFRS 9 Financial Instruments²

¹ Effective for annual periods on or after 1 January 2022, with earlier application permitted.

² Consolidated financial statements only. Effective for annual periods on or after 1 January 2022, with earlier application permitted.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is effective for annual periods beginning on or after 1 January 2022.

IFRS 17 is expected to have a material impact on the Consolidated Financial Statements of the Group. There is a project team in place and training has been provided on the impact of the new standard. The Groups implementation programme is progressing in line with expectations.

IFRS 9 Financial Instruments in respect of the Consolidated Financial Statements is being considered as part of the project for the adoption of IFRS 17 Insurance Contracts.

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 2018. 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.

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 2018 Annual Report.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

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

Half year ended 30/06/2019

	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	197,284	4,778	202,062
Result before taxation	36,556	2,105	38,661
Income taxation charge	(4,570)	(290)	(4,860)
Result after taxation	31,986	1,815	33,801

Half year ended 30/06/2018

	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	199,713	4,548	204,261
Profit 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

Year ended 31/12/2018

	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	386,967	9,036	396,003
Profit before taxation	47,577	2,488	50,065
Income taxation charge	(7,165)	(517)	(7,682)
Result after taxation	40,412	1,971	42,383

(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 2019

Note 4 – Underwriting result

	Half year ended 30/06/19 (unaudited) €000s	Half year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (audited) €000s
Gross premium written	189,716	191,985	371,504
Net premium earned	167,207	165,510	337,903
Net claims incurred	(88,139)	(102,596)	(183,367)
Motor Insurers Bureau of Ireland Levy	(6,155)	(2,107)	(7,064)
	72,913	60,807	147,472
Gross management expenses	(43,129)	(41,867)	(84,220)
Deferred acquisition costs	400	254	590
Reinsurers' share of expenses	1,227	1,492	2,876
Broker commissions payable	(2,197)	(1,752)	(3,300)
Other Underwriting expenses	(43,699)	(41,873)	(84,054)
Underwriting result	29,214	18,934	63,418

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 30/06/19 (unaudited) €000s	Half Year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (audited) €000s
Paid:			
2018 dividend of 8.4 cent (2017: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	113	113	113
2018 dividend of 4.8 cent (2017: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	169	169	169
2018 final dividend of 50.0 cent (2017: 24.0 cent) per share on ordinary shares of €0.60 each	17,431	8,320	8,320
Total dividends paid	17,713	8,602	8,602

2018 dividend payments were approved by the shareholders at the Annual General Meeting on 10 May 2019 and paid on 17 May 2019.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

Note 6 – Ordinary share capital

	Number	Half year ended 30/06/19 (unaudited) €000s	Half year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (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 2019 was 598,742. At 31 December 2018 the number held was 795,005.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

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:

	Half year ended 30/06/19 (unaudited) €000s	Half year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (audited) €000s
Earnings			
Profit for the period for the purpose of basic earnings per share	<u>33,801</u>	<u>16,115</u>	<u>42,383</u>
Profit for the period for the purpose of diluted earnings per share	<u>33,801</u>	<u>18,909</u>	<u>46,639</u>
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	<u>34,770,837</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 (excludes treasury shares)	<u>35,436,482</u>	<u>43,329,630</u>	<u>41,507,329</u>
	Cent	Cent	Cent
Basic earnings per share	<u>97</u>	<u>46</u>	<u>122</u>
Diluted earnings per share	<u>95¹</u>	<u>44²</u>	<u>112³</u>

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

² Diluted earnings per share reflects the potential conversion of the convertible debt and share based payments.

³ Diluted earnings per share reflects the potential conversion of the convertible debt up until the date of purchase and cancellation of the convertible debt and the potential vesting of the share based payments.

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 2019

Note 8 – Retirement Benefit Surplus

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:

	30/06/19 (unaudited) €000s	30/06/18 (unaudited) €000s	31/12/18 (audited) €000s
Fair value of plan assets	103,400	97,900	96,378
Present value of defined benefit obligation	(92,000)	(87,000)	(83,434)
Net retirement benefit surplus	11,400	10,900	12,944

Note 9 – Financial Instruments and Fair Value Measurement

(a) Financial Instruments

	30/06/19 (unaudited) €000s	30/06/18 (unaudited) €000s	31/12/18 (audited) €000s
<u>Financial Assets</u>			
At amortised cost:			
Deposits with banks	50,000	178,286	70,998
At fair value:			
Investments held for trading	89,079	81,228	78,778
Available for sale investments	811,807	744,224	795,717
At cost:			
Loans	598	574	615
Other receivables	74,058	68,518	62,868
Cash and cash equivalents	106,195	35,572	77,639
<u>Financial Liabilities</u>			
At amortised cost:			
Convertible debt	-	53,268	-
Subordinated debt	49,455	-	49,426
Lease liability	6,558	-	-
At cost:			
Payables	36,269	33,593	33,234

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

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:

	30/06/19 (unaudited) Fair value €000s	30/06/19 (unaudited) Carrying value €000s	30/06/18 (unaudited) Fair value €000s	30/06/18 (unaudited) Carrying value €000s	31/12/18 (audited) Fair value €000s	31/12/18 (audited) Carrying value €000s
Financial assets						
Loans	717	598	689	574	738	615
Financial investments	950,886	950,886	1,003,738	1,003,738	945,493	945,493
Financial liabilities						
Convertible debt	-	-	66,406	53,268	-	-
Subordinated debt	52,105	49,455	-	-	49,817	49,426
Lease liability	6,558	6,558	-	-	-	-

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.
 - Investments held for trading and available for sale investments – quoted debt securities are fair valued using latest available closing bid price. UCITS funds are valued using the latest available closing NAV of the fund.
 - Deposits with banks and cash and cash equivalents are valued at the placement value.
- 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).
 - Investment property and property held for own use were fair valued by independent external professional valuers, CB Richard Ellis, Valuation Surveyors at 31 December 2018 (refer to note 14 and note 16 in the Group Annual Report for year ended 31 December 2018). An adjustment has been made to the investment property to reflect updated market data since 31 December 2018.
 - Subordinated debt is valued using a discounted cash flow methodology using a discount rate based on observable market yields for a similar instrument.
 - Lease liability is valued using a discounted cash flow methodology using market interest rates.
 - Loans are fair valued using market interest rate.
- 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 cost, 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 2019

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

30 June 2019 (unaudited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Loans	-	717	-	717
Investment property	-	17,500	-	17,500
Property held for own use	-	17,184	-	17,184
Financial assets				
Investments held for trading - quoted shares	52	-	-	52
Investments held for trading - UCIT Funds	89,027	-	-	89,027
AFS ¹ investments - quoted debt securities	811,184	-	-	811,184
AFS ¹ investments - unquoted investments	-	-	623	623
Deposits with banks	50,000	-	-	50,000
Cash and cash equivalents	106,195	-	-	106,195
Total assets	1,056,458	35,401	623	1,092,482
Liabilities				
Subordinated debt	-	52,105	-	52,105
Lease liability	-	6,558	-	6,558
Total liabilities	-	58,663	-	58,663
¹ Available for sale				
30 June 2018 (unaudited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Loans	-	689	-	689
Investment property	-	18,000	-	18,000
Property held for own use	-	14,754	-	14,754
Financial assets				
Investments held for trading - quoted shares	292	-	-	292
Investments held for trading - UCIT Funds	80,936	-	-	80,936
AFS ¹ investments - quoted debt securities	743,380	-	-	743,380
AFS ¹ investments - unquoted investments	-	-	844	844
Deposits with banks	178,286	-	-	178,286
Cash and cash equivalents	35,572	-	-	35,572
Total assets	1,038,466	33,443	844	1,072,753
Liabilities				
Convertible debt	-	66,406	-	66,406
Total liabilities	-	66,406	-	66,406
¹ Available for sale				

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

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

31 December 2018 (audited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Loans	-	738	-	738
Investment property	-	18,310	-	18,310
Property held for own use	-	17,185	-	17,185
Financial assets				
Investments held for trading - quoted shares	262	-	-	262
Investments held for trading - UCITs	78,516	-	-	78,516
AFS ¹ investments - quoted debt securities	795,094	-	-	795,094
AFS ¹ investments - unquoted investments	-	-	623	623
Deposits with banks	70,998	-	-	70,998
Cash and cash equivalents	77,639	-	-	77,639
Total assets	1,022,509	36,233	623	1,059,365
Liabilities				
Subordinated debt	-	49,817	-	49,817
Total liabilities	-	49,817	-	49,817

¹Available for sale

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

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

	30/06/19 (unaudited) €000s	30/06/18 (unaudited) €000s	31/12/18 (audited) €000s
Opening balance Level 3 financial assets	623	844	844
Additions	-	-	-
Disposals	-	-	(250)
Unrealised gains recognised in Consolidated Income Statement	-	-	29
	<hr/>	<hr/>	<hr/>
Closing balance Level 3 financial assets	623	844	623

Available for sale investments grouped into Level 3 comprise unquoted securities and consist of a number of small investments. The values attributable to these investments are derived from a number of valuation techniques including 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 2019 is €623,000 (30 June 2018: €844,000; 31 December 2018: €623,000).

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 2018 Annual Report. An analysis of share-based payments to key management personnel is also included in Note 40 of the 2018 Annual Report.

Note 11 – Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at 30 June 2019, 30 June 2018 or 31 December 2018.

Note 12 – Information

This half yearly report and the Annual Report for the year ended 31 December 2018 are available on the Company’s website at 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 2019.

FBD HOLDINGS PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2019

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 2019

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 30/06/19 (unaudited) €000s	Half year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (audited) €000s
Loss ratio			
Net claims and benefits	88,139	102,596	183,367
Movement in other provisions	6,155	2,107	7,064
Total claims incurred	<u>94,294</u>	<u>104,703</u>	<u>190,431</u>
Net premium earned	<u>167,207</u>	<u>165,510</u>	<u>337,903</u>
Loss ratio (Total claims incurred/Net premium earned)	<u>56.4%</u>	<u>63.3%</u>	<u>56.3%</u>
Expense ratio			
Other underwriting expenses	43,699	41,873	84,054
Net premium earned	<u>167,207</u>	<u>165,510</u>	<u>337,903</u>
Expense ratio (Underwriting expenses/Net premium earned)	<u>26.1%</u>	<u>25.3%</u>	<u>24.9%</u>
Combined operating ratio			
	%	%	%
Loss ratio	56.4%	63.3%	56.3%
Expense ratio	26.1%	25.3%	24.9%
Combined operating ratio (Loss ratio + Expense ratio)	<u>82.5%</u>	<u>88.6%</u>	<u>81.2%</u>
Annualised investment return			
	€000s	€000s	€000s
Investment return recognised in consolidated income statement	8,627	1,297	2,482
Investment return recognised in statement of comprehensive income	<u>14,007</u>	<u>(3,474)</u>	<u>(7,845)</u>
Total investment return	<u>22,634</u>	<u>(2,177)</u>	<u>(5,363)</u>
Average underwriting investment assets	1,061,025	1,063,672	1,047,711
Investment return (Total investment return/Average underwriting investment assets)	<u>4.3%¹</u>	<u>(0.4%)¹</u>	<u>(0.5%)</u>

¹Annualised

	Half year ended 30/06/19 (unaudited) €000s	Half year ended 30/06/18 (unaudited) €000s	Year ended 31/12/18 (audited) €000s
Net asset value per share (NAV per share)			
Shareholders' funds – equity interests	<u>311,655</u>	<u>277,475</u>	<u>283,484</u>
Number of shares			
Weighted average number of ordinary shares	<u>34,770,837</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>896</u>	<u>800</u>	<u>818</u>
Return on Equity	€000s	€000s	€000s
Weighted average equity attributable to ordinary equity holders of the parent	<u>297,570</u>	274,551	277,555
Result for the period	<u>33,801</u>	<u>16,115</u>	<u>42,383</u>
Return on equity (Result for the period/Weighted average equity attributable to ordinary equity holders of the parent)	<u>23%¹</u>	<u>12%¹</u>	<u>15%</u>

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

¹Annualised

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 2019. 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 2019;
- 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 2019

- (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.