



FBD HOLDINGS PLC
24 August 2015

FBD HOLDINGS PLC
Summary

FBD Holdings plc (“FBD” or the “Group”) today announces significant reserve strengthening and a focussed business strategy concentrating on its farming and agri book as well as a single brand consumer model. In order to replenish capital in its core insurance business, FBD Holdings has agreed to divest its stake in FBD Property and Leisure (subject to shareholder approval) and, following completion of the transaction, intends to invest the proceeds as equity in FBD Insurance.

Ahead of the implementation of the Solvency II regime in January 2016, FBD has taken a number of additional steps to strengthen its capital position, and will further improve its capital buffers. These include agreed changes to the staff pension scheme, as well as exploring options for raising regulatory capital in the debt capital markets.

The previously signalled claims uncertainty in Ireland has continued and deteriorated further. The existing business strategy has not delivered profitable growth and, given the significant losses reported today, the Group has reviewed its strategic direction. The Group has decided on a strategy that will focus on those things it does best, servicing the insurance needs of FBD’s agricultural and small business customers and a single brand consumer strategy for motorists and home owners. FBD will reduce expenses in line with this simplified strategy.

FBD will continue to deliver the rating and pricing actions necessary to achieve profitability.

The Group has recently reached agreement with its staff with regard to the future of its defined benefit pension scheme. The changes which include closing the scheme to future accrual, severing the link with final salary, ceasing the advance funding for discretionary pension increases and de-risking the invested assets will significantly reduce the Solvency II capital charges that the scheme attracts. These changes, which are subject to Trustee approval, are expected to be effective from 30 September 2015.

Our new strategic direction will:

- Simplify FBD – we will be concentrating on servicing our core customers, with a clear ambition of returning the Group to profits by the end of 2016;
- De-risk our underwriting strategy; and
- Focus our time and resources in the consumer market on one brand only.

The following actions will be, or have been, taken:

- Prior year claims reserves strengthened by €88 million;
- Cost saving target of €7 million; representing 2% of COR; to be identified and implemented in 2015/Q1 2016;
- Our capital position is strengthened through:
 - Reforming our retirement benefit arrangements with the closure to future accrual of the defined benefit pension scheme;
 - Disposal of the property & leisure joint venture (subject to shareholder approval) with the proceeds earmarked for investment as equity into FBD Insurance;
- Exploration of options for raising regulatory capital in the debt capital markets.

Commenting on these results: Interim Chief Executive Officer Fiona Muldoon said:

“This is a difficult day for FBD, our shareholders and our staff. These results reflect very serious increased claims costs in our industry. We are taking decisive action now to de-risk our strategy and return to profitability by the end of 2016. FBD has a great customer base and the relationships, infrastructure and claims paying strength to meet our customers’ needs into the future. I am confident that the steps outlined today will put FBD on the path to profitability.”



FBD HOLDINGS PLC
24 August 2015

FBD HOLDINGS PLC
Half Yearly Report
For the Six Months Ended 30 June 2015

FINANCIAL SUMMARY

	2015	2014
	€000s	€000s
		(restated)*
• Gross written premium	184,778	184,860
• Operating result	(87,569)	6,139
• Result before taxation	(96,416)	4,036
	Cent	Cent
• Operating (loss)/earnings per share	(221)	16
• Diluted (loss)/earnings per share	(244)	10
• Ordinary dividend per share	0.0	17.0
• Net assets per share	512	868

Commenting on these results: Interim Chief Executive Officer Fiona Muldoon said:

“This is a difficult day for FBD, our shareholders and our staff. These results reflect very serious increased claims costs in our industry. We are taking decisive action now to de-risk our strategy and return to profitability by the end of 2016. FBD has a great customer base and the relationships, infrastructure and claims paying strength to meet our customers’ needs into the future. I am confident that the steps outlined today will put FBD on the path to profitability.”

* The Group’s net asset value has benefited by €32m following a change in accounting policy in how the Group provides for its share of the Motor Insurance Bureau of Ireland “MIBI” outstanding claims. This change in accounting policy follows a change in accounting standards applicable to the Group’s principal subsidiary, FBD Insurance plc. Previously FBD Insurance plc provided for its market share of the total outstanding claims of MIBI. Under new accounting standards applicable to FBD Insurance plc from 1 January 2015, it may only provide for its share of the following years MIBI levy. This increased the net asset value per share by 92c and both operating and diluted earnings per share by 2c.

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A presentation will be made to analysts at 8.30 a.m. today, a copy of which will be available on our Group website, www.fbdgroup.com from that time.

About FBD Holdings plc (“FBD”)

The Group was established in the 1960s and is one of Ireland’s largest property and casualty insurers looking after the insurance needs of farmers, private individuals and business owners.

Forward Looking Statements

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

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

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

FBD HOLDINGS PLC

Half Yearly Report For the Six Months Ended 30 June 2015

INTERIM MANAGEMENT REPORT

OVERVIEW

FBD has strengthened prior year reserves by €88m. The adverse case reserve development experienced in the first half of 2015 has been worse than any previous periods. The Group believe this is driven by a structural change in the claims environment arising from changes in the legal, legislative and judicial framework over the past 18 months. This case reserve development has led FBD to fundamentally re-examine its approach to technical claims provisioning in order to take account of these inflationary claims pressures.

FBD has not experienced any material changes in claim payments at this point as claims can take considerable time to settle. However, due to the challenges in the claims settlement environment, the Group has increased the reserves set aside in order to cover these projected increases in claim payments. The increase in reserves is a combination of an increase in FBD's expected view of future claims payments and an additional provision to protect against the current uncertainties in the claims environment.

Even after the significant remedial pricing action taken to date, there remains an exceptionally difficult trading environment for the Group and the wider insurance market. FBD operates in an increasingly congested and dysfunctional market which has made underwriting losses for the last three years with a market combined operating ratio ("COR") of 109% in 2012 and 2013, worsening to 111% in 2014. Against this backdrop the confluence of low investment returns and claims inflation exacerbates the profitability challenges faced by the Group and the wider market. FBD is taking decisive and immediate action to focus only on those areas where it has significant expertise and market advantage.

Underwriting actions already taken:

- “ Underlining its objective to prioritise profitability over market share growth, the Group has increased rates by an average 8% in the past twelve months, while policy volumes have decreased by 8.3% in the same period.
- “ Since the second half of 2013, the Group has taken significant rating action on its car insurance book, with rate increases of 21% implemented in the past twelve months alone. The Group has also introduced stricter underwriting and acceptance criteria. Car insurance volumes have reduced by 21% in the past twelve months.
- “ The Group has taken significant underwriting and rating action on its business insurance book, with rate increases of over 20% implemented since the start of 2014 and the non-renewal of poor performing business.

Given the magnitude of these reported losses and the on-going difficult claims environment, further rating and underwriting action is required by both FBD and the wider market in order to restore profitability. FBD is committed to this and is exiting any areas where this cannot be achieved. FBD's core business model remains sound. It has a loyal customer base and the relationships, infrastructure and claims paying strength to continue to meet its customers' needs into the future.

Underwriting

Premium Income

FBD is prioritising profitability over volume growth, and while policy volumes have declined by 9.6% in the first half of 2015, this has been offset by average rate increases of 8.6% and an increase in insurable values and upselling of 1%. The net result is that gross written premium levels remained stable at €184.8m. FBD maintains its focus on the insurance needs of its farm and direct business customers. This delivered growth in premium from these customers during the period. Net earned premium was €154.4m, an increase of 4% on 2014 and reflects the earning through of the rate increases implemented throughout 2014 and in 2015 to date.

Claims

Net claims incurred increased to €215.8m (2014: €117.2m). The current year claims charge was €127.8m representing a current year loss ratio of 82.8%. Reserves are set aside for future claims payments. Reserves have two major components: claims estimates and a margin for uncertainty. The strengthening of both prior year claims estimates and an increase in the margin for uncertainty has amounted to €88m, resulting in a total loss ratio of 139.8% for the half year.

Adverse claims development

The adverse claims development pattern, which was first evident in the second half of 2014, has been significantly more pronounced in the first half of 2015. The adverse development arises mainly in liability and motor bodily injury claims, and primarily relates to outstanding claims from accident years 2011 onwards. It arises across all the Group's distribution channels.

It is driven by the following:

“ Structural Changes in the Claims Environment

There have been a number of significant changes in the claims environment over the past 18 months. These include a structural change in the judiciary from the introduction of the Court of Appeal in 2014. In 2014 there was also a change in Court jurisdiction limits, the introduction of the recovery benefits assistance scheme and a ruling on the discount rate used in award settlements. In 2015 the Group has seen the proposed introduction of periodic payment orders (PPO's).

“ Shift in Settlement Approach

There appears to be a shift in the settlement approach of claimants' solicitors. This may be driven by the uncertainty created by the structural changes already mentioned. This shift in settlement approach has led to a slowdown in the settlement of claims which makes the estimation of technical claims provisions more difficult but will almost certainly lead to higher claims costs ultimately.

The combination of the above factors suggests significant claims inflation is underway. This change in our claims environment has led FBD to increase prior year reserves by €88m. While the Group has yet to experience this level of claims inflation in its payments, the average cost of outstanding claims has now been increased significantly. In the past, the run-off pattern on FBD's book of outstanding claims estimates had been stable. The change in run-off pattern evidenced in the past twelve months has meant that a full review of the methodologies and assumptions used in calculating the actuarial best estimate of technical provisions was necessary. The methodologies and assumptions used in estimating the expected value of reserves have been changed to allow for the additional extra inflation that the Group now expect to see. This change will have the most impact on recent accident years with a lower impact on claims from older years. In addition to increasing the actuarial best estimate reserves, FBD has decided to strengthen the margin for uncertainty set aside in excess of the best estimate reserves. This allows for additional prudence in the event that the claims environment deteriorates further again. In addition, the revised methodologies have been applied to the current year loss assumptions and have the effect of increasing the current year loss ratio by 5.6%. Further rating action will now be required to recover this.

Weather, Claims Frequency and Large claims

There were no severe weather events in the first half of 2015 and claims frequency has stabilised. Large claims (claims greater than €1m) are in line with historic norms.

Expenses

Net expenses increased by 1.7% to €42.1m (2014: €41.4m), while net earned premium increased by 4%. The Group's expense ratio reduced to 27.2% from 27.8%.

General

FBD's current year combined operating ratio for the first half of 2015 was 110% compared to 107% in the first half of 2014. The longer-term investment return was €14.7m (2014: €14.6m). The operating loss before taxation for the Group's underwriting operation amounted to €88.7m (2014: €4.5m).

Movement in reserves

	€m
Opening Reserves (restated)	716.3
Prior Year Strengthening	87.9
Current Year Claims	127.8
Payments	(101.2)
Increase in UPR	4.4
Closing Reserves	835.2

Investment return

Euro area interest rates reached an all-time low in the first half of 2015 as the European Central Bank embarked on a quantitative easing programme. FBD's actual investment return for 2015 was 1.2% or €5.4m (2014: €12.4m). The sell-off in fixed income in the second quarter reduced returns in the first half. The outlook for investment income remains challenging, as world-wide monetary policy keeps interest rates low.

Financial Services

The Group's financial services operations include premium instalment services and life, pension and investment broking (FBD Financial Solutions) less holding company costs. These generated a solid performance in a tough environment, delivering an operating profit of €1.2m (2014: €1.7m).

Loss before taxation

Group operating loss before taxation was €87.6m (2014 profit of €6.1m). Operating loss is calculated with reference to a longer term rate of investment return. Actual investment return was €9.3m (2014: €2.2m) lower than longer term rate of investment return, reflecting historically low interest rate levels.

Property and Leisure Joint Venture

The Group's share of profit from the property and leisure joint venture was €0.5m, an improvement of €0.4m on 2014. This business is seasonal and the first half is historically slower than the second. Trading performance continues to improve in 2015, driven by growth in occupancy and yield in both Ireland and Spain. The agreement with Taylor Wimpey plc on development land at La Cala Resort in Spain is ahead of plan. 50% of 60 apartments in the first JV being built by Taylor Wimpey in La Cala have sold in the eight months since launch. The Spanish market is showing solid improvement. The joint venture has entered a new JV with Taylor Wimpey at La Cala for 103 additional mixed units.

Earnings per share

Operating loss per share based on longer-term investment return amounted to 221 cent per ordinary share, compared to a profit of 16 cent per ordinary share in the first half of 2014. The diluted earnings per share was 244 cent (2014: 10 cent) per ordinary share.

STATEMENT OF FINANCIAL POSITION

Capital Position

The half year results have seriously impacted the Group's capital position. Ordinary shareholders' funds stand at €177.5m (December 2014: €270.6m restated). Net assets per ordinary share are 512 cent, compared to 786 cent per share (restated) at December 2014. The reduction in shareholders' funds is mainly attributable to the losses in the period of €84.4m, the payment of the final 2014 dividend of €11.8m offset by a decrease in the liability for the Group's retirement benefit obligations of €3.0m after taxation.

The Group's net asset value has benefited by €32m following a change in accounting policy in how the Group provides for its share of the Motor Insurance Bureau of Ireland "MIBI" outstanding claims. This change in accounting policy follows a change in accounting standards applicable to the Group's principal subsidiary, FBD Insurance plc. Previously FBD Insurance plc provided for its market share of the total outstanding claims of MIBI. Under new accounting standards applicable to FBD Insurance plc from 1 January 2015, it may only provide for its share of the following year's MIBI levy. This increased the net asset value per share by 93c.

Solvency

FBD Insurance had a solvency level of 38.4% of net premium earned at 30 June 2015, which represents 179% (2014: 366%) of the Solvency I minimum solvency margin, and a reserving ratio of 270% (2014: 240%).

Investment Allocation

This table shows the assets of the Group.

	30 June 2015		31 December 2014	
	€m	%	€m	%
Underwriting investment assets				
Deposits and cash	474	53%	511	58%
Corporate bonds	238	27%	224	25%
Government bonds	102	11%	46	5%
Equities	19	2%	41	5%
Unit trusts	25	3%	25	3%
Own land & buildings	16	2%	16	2%
Investment property	21	2%	20	2%
Underwriting investment assets	895	100%	883	100%
Working capital & other assets	128		118	
Reinsurers' share of provisions	64		57	
Investment in joint venture	48		47	
Plant and equipment	51		47	
Total assets	1,186		1,152	

Investment Background:

The introduction of quantitative easing by the ECB presents challenging investment yield conditions and continuing low interest rates for the Euro area. The divergence in monetary policy between Europe and the US brings market volatility. This divergence when coupled with uneven global growth and elevated geopolitical risks warrants a cautious strategy that minimises volatility in our investment portfolio.

FBD's Investment Allocation

The Group believes it is appropriate at this time to maintain its tactical lower-risk asset allocation and holds 91% of its underwriting assets in cash and short dated bonds at 30 June 2015. This tactical position creates flexibility as conditions change and as investment opportunities present. The interest rate environment and the introduction of Solvency II in 2016 provides an opportunity to optimize our strategic asset allocation and reposition the portfolio to deliver sustainable returns over the medium term. The Group expects to do this over the coming months.

Dividends

As indicated in the interim management statement on 14 May 2015, the Board has decided that no interim dividend will be paid. Given the current results, the Board has also decided that no final dividend will be paid for 2015.

OUTLOOK

Economic indicators point to an improved outlook for Ireland. This will be positive for FBD in the medium term. The Irish insurance market continued to grow in the first half of 2015, as insurers increased rates following the market losses and the increased level of frequency experienced as the economy improves.

Despite this, industry profitability continues to be challenging, and the Group believes that the industry will continue to be loss making for 2015 and 2016, as the market has not increased rates sufficiently to compensate for the significant deterioration in the claims environment.

The first six months of 2015 have been very difficult for the Group. Despite taking the necessary steps to maintain reserving strength, uncertainty surrounding the claims environment remains. The trading environment for FBD and the insurance market generally will remain difficult for the remainder of 2015 and into 2016. The Group's sole focus is on returning the business to profitability.

FBD has a proud track record of profitable business. It has unrivalled relationships with its core customer groups in rural Ireland. FBD will focus its resources primarily on this book of business, ensuring we meet the insurance needs of farmers and direct business customers. FBD will also implement a consumer strategy for motorists and home owners that focusses solely on a single brand. This will deliver sustainable efficiencies and better returns. FBD's business model remains sound, and it has the customers, infrastructure and underwriting experience to return to profitability.

In line with the above refocus, the Group intends to reduce costs over the coming months. A review of operating expenses will commence immediately. We will target approximately €7m in savings annually, improving our run-rate expense ratio by approximately 2%.

FBD has a 40 year track record of delivering superior returns to shareholders. The nature of insurance is inherently cyclical. Although 2015 has been a very challenging year to date and market conditions remain difficult, the Board is confident that FBD is taking the necessary steps to refocus so that in the future it can again deliver strong returns for investors.

PRINCIPAL RISKS AND UNCERTAINTIES

Under the Transparency (Directive 2004/109/EC) Regulations 2007 the Group is required to give a description of the principal risks and uncertainties it faces.

The Board considers that the risks and uncertainties disclosed in the Annual Report for the year ended 31 December 2014 continue to reflect the principal risks and uncertainties of the Group over the remainder of the financial year. In the 2014 Annual Report, risk was categorised as general insurance risk, capital management risk, operational risk, liquidity risk, market risk, credit risk, concentration risk and macro-economic risk.

Further information on these risks is included in pages 111 to 119 of the 2014 Annual Report, which quantifies the sensitivity of parameters such as loss ratio, equity and property values and exchange and interest rates. A key risk that was described on page 111 of the 2014 Annual Report was the risk to the level of awards and inflation on settling claims. This risk has become more pronounced in the first half of 2015 and significant uncertainty remains. The other risks and uncertainties have not altered and movement in the parameters described above may be experienced in future periods.

The Group has a risk management policy which provides a systematic, effective and efficient way for managing risk in the organisation and ensures it is consistent with the overall business strategy and the risk appetite of the Group.

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

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

RELATED PARTY TRANSACTIONS

There were no related party transactions in the half year that have materially affected the financial position or performance of the Group.

AUDIT REVIEW

This half yearly financial report has not been audited or reviewed by the auditors of the Group.

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED INCOME STATEMENT
For the half year ended 30 June 2015

	Notes	Half year ended 30/06/15 (unaudited) €000s	Restated half year ended 30/06/14 (unaudited) €000s	Restated year ended 31/12/14 (audited*) €000s
Revenue	4	204,609	205,468	406,263
Income				
Gross premium written		184,778	184,860	363,735
Reinsurance premiums		(25,954)	(27,771)	(52,312)
Net premium written		158,824	157,089	311,423
Gross change in provision for unearned premiums		(4,600)	(9,343)	(4,269)
Reinsurers' share of change in provision for unearned premiums		198	661	(3,710)
Net premium earned		154,422	148,407	303,444
Net investment return	3	5,405	12,438	26,068
Financial services income		7,545	6,483	15,380
Total income		167,372	167,328	344,892
Expenses				
Net claims and benefits		(215,826)	(117,170)	(259,350)
Other underwriting expenses	5	(42,062)	(41,381)	(81,786)
Financial services expenses		(6,380)	(4,796)	(10,173)
Revaluation of property, plant and equipment		-	-	1,480
Share of results of joint venture		480	55	1,930
Result before taxation		(96,416)	4,036	(3,007)
Income taxation credit/(charge)		12,052	(504)	1,013
Result for the period		(84,364)	3,532	(1,994)
Attributable to:				
Equity holders of the parent		(84,392)	3,515	(2,089)
Non-controlling interests		28	17	95
		(84,364)	3,532	(1,994)
(Loss)/earnings per share	Notes	Half year ended 30/06/15 (unaudited) Cent	Restated half year ended 30/06/14 (unaudited) Cent	Restated year ended 31/12/14 (audited) Cent
Basic	8(a)	(244)	10	(7)
Diluted	8(a)	(244)	10	(7)

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2015

	Half year ended 30/06/15 (unaudited) €000s	Restated half year ended 30/06/14 (unaudited) €000s	Restated year ended 31/12/14 (audited*) €000s
Result for the period	(84,364)	3,532	(1,994)
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>			
Net (loss)/gain on available for sale assets	(671)	592	1,028
Taxation credit/(charge) relating to items that will or may be reclassified to profit or loss in subsequent periods	168	-	(257)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain/(loss) on retirement benefit obligations	3,354	(7,162)	(25,058)
Taxation (charge)/credit relating to items not to be reclassified in subsequent periods	(419)	895	3,214
Other comprehensive income/(expense) after taxation	2,432	(5,675)	(21,073)
Total comprehensive expense for the period	(81,932)	(2,143)	(23,067)
Attributable to:			
Equity holders of the parent	(81,960)	(2,160)	(23,162)
Non-controlling interests	28	17	95
	(81,932)	(2,143)	(23,067)

FBD HOLDINGS PLC

PRO FORMA RECONCILIATION OF CONSOLIDATED OPERATING PROFIT TO PROFIT AFTER TAXATION
For the half year ended 30 June 2015

	Notes	Half year ended 30/06/15 (unaudited) €000s	Restated half year ended 30/06/14 (unaudited) €000s	Restated year ended 31/12/14 (audited*) €000s
Operating result				
Underwriting	5	(88,734)	4,452	(8,452)
Financial services	4	<u>1,165</u>	<u>1,687</u>	<u>5,207</u>
Operating result before taxation		(87,569)	6,139	(3,245)
Investment return – fluctuations	3	(9,327)	(2,158)	(3,172)
Revaluation of property, plant and equipment		-	-	1,480
Share of results of joint venture		480	55	1,930
		<u>(96,416)</u>	<u>4,036</u>	<u>(3,007)</u>
Result before taxation		(96,416)	4,036	(3,007)
Income taxation credit/(charge)		<u>12,052</u>	<u>(504)</u>	<u>1,013</u>
Result for the period		(84,364)	<u>3,532</u>	<u>(1,994)</u>
		Cent	Cent	Cent
Operating (loss)/earnings per share	8(b)	<u>(221)</u>	<u>16</u>	<u>(9)</u>

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2015

ASSETS	30/06/15 (unaudited) €000s	Restated 30/06/14 (unaudited) €000s	Restated 31/12/14 (audited*) €000s
Property, plant and equipment	67,392	49,691	62,625
Investment property	20,799	12,829	19,959
Investment in joint venture	47,647	45,292	47,167
Loans	1,001	970	971
Deferred taxation asset	17,170	4,151	5,572
Financial assets			
Investments held to maturity	-	30,001	-
Available for sale investments	239,587	169,758	224,977
Investments held for trading	146,705	141,553	116,428
Deposits with banks	451,472	479,225	494,909
	<u>837,764</u>	<u>820,537</u>	<u>836,314</u>
Reinsurance assets			
Provision for unearned premiums	16,208	20,381	16,010
Claims outstanding	48,144	41,170	41,300
	<u>64,352</u>	<u>61,551</u>	<u>57,310</u>
Current taxation asset	8,793	6,421	8,742
Deferred acquisition costs	29,128	27,329	28,427
Other receivables	67,091	67,862	58,951
Cash and cash equivalents	25,196	25,977	26,190
Total assets	<u>1,186,333</u>	<u>1,122,610</u>	<u>1,152,228</u>

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2015

EQUITY AND LIABILITIES	Notes	30/06/15 (unaudited) €000s	Restated 30/06/14 (unaudited) €000s	Restated 31/12/14 (audited*) €000s
Equity				
Ordinary share capital	7	21,409	21,409	21,409
Capital reserves		19,371	18,320	18,756
Retained earnings		<u>136,704</u>	<u>256,724</u>	<u>230,444</u>
Shareholders' funds - equity interests		177,484	296,453	270,609
Preference share capital		<u>2,923</u>	<u>2,923</u>	<u>2,923</u>
Equity attributable to equity holders of the parent		180,407	299,376	273,532
Non-controlling interests		<u>361</u>	<u>405</u>	<u>483</u>
Total equity		<u>180,768</u>	<u>299,781</u>	<u>274,015</u>
Liabilities				
Insurance contract liabilities				
Provision for unearned premiums		184,250	184,724	179,650
Claims outstanding		<u>715,297</u>	<u>552,276</u>	<u>593,982</u>
		899,547	737,000	773,632
Other provisions		7,920	8,840	7,920
Retirement benefit obligation		50,900	35,700	54,254
Deferred taxation liability		5,266	5,171	5,266
Payables		<u>41,932</u>	<u>36,118</u>	<u>37,141</u>
Total liabilities		<u>1,005,565</u>	<u>822,829</u>	<u>878,213</u>
Total equity and liabilities		<u>1,186,333</u>	<u>1,122,610</u>	<u>1,152,228</u>

FBD HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2015

	Half year ended 30/06/15 (unaudited) €000s	Restated half year ended 30/06/14 (unaudited) €000s	Restated year ended 31/12/14 (audited*) €000s
Cash flows from operating activities			
Result before taxation	(96,416)	4,036	(3,007)
Adjustments for:			
Profit on disposal of investments held for trading	(1,130)	(2,849)	(3,709)
Loss on investments held to maturity	-	287	288
Loss on investments available for sale	2,870	(662)	2,284
Interest and dividend income	(6,144)	(7,722)	(13,352)
Depreciation of property, plant and equipment	4,323	3,957	8,197
Share-based payment expense	615	508	944
Revaluation of investment property	-	-	(9,261)
Revaluation of property, plant and equipment	-	-	(1,480)
Profit on the sale of investment property	-	-	(324)
Increase in insurance contract liabilities	118,873	22,650	62,603
Effect of foreign exchange rate changes	(840)	(1,263)	(160)
Profit on disposal of property, plant and equipment	-	-	(19)
Joint venture trading result	(480)	(55)	(1,930)
Operating cash flows before movement in working capital	21,671	18,887	41,074
(Increase)/decrease in receivables and deferred acquisition costs	(6,918)	(4,092)	3,900
Increase/(decrease) in payables	4,791	(4,864)	(3,229)
Cash generated from operations	19,544	9,931	41,745
Interest and dividend income received	4,222	11,343	16,795
Income taxes refunded/(paid)	152	(2,655)	(2,684)
Net cash from operating activities	23,918	18,619	55,856
Cash flows from investing activities			
Purchase of investments held for trading	(69,256)	(13,722)	(45,545)
Sale of investments held for trading	40,109	85,249	143,057
Realisation of investments held to maturity	-	-	30,000
Purchase of available for sale investments	(95,938)	(45,782)	(129,453)
Sale of available for sale investments	77,786	19,175	45,117
Purchase of property, plant and equipment	(9,090)	(8,092)	(24,094)
Sale of property, plant and equipment	-	6	339
Sale of investment property	-	-	1,353
(Increase)/decrease in loans and advances	(30)	66	65
Decrease/(increase) in deposits invested with banks	43,437	(41,247)	(56,932)
Net cash used in investing activities	(12,982)	(4,347)	(36,093)
Cash flows from financing activities			
Ordinary and preference dividends paid	(11,780)	(11,333)	(17,505)
Dividends paid to non-controlling interests	(150)	(75)	(75)
Proceeds of re-issue of ordinary shares	-	1,527	2,421
Net cash used in financing activities	(11,930)	(9,881)	(15,159)
Net (decrease)/increase in cash and cash equivalents	(994)	4,391	4,604
Cash and cash equivalents at the beginning of the period	26,190	21,586	21,586
Cash and cash equivalents at the end of the period	25,196	25,977	26,190

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the half year ended 30 June 2015

	Ordinary share capital	Capital reserves	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Non-controlling interests	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2014 - restated	21,409	17,812	268,690	307,911	2,923	463	311,297
Profit after taxation - restated	-	-	3,515	3,515	-	17	3,532
Other comprehensive expense	-	-	(5,675)	(5,675)	-	-	(5,675)
Total comprehensive income for the period	21,409	17,812	266,530	305,751	2,923	480	309,154
Recognition of share based payments	-	508	-	508	-	-	508
Reissue of ordinary shares	-	-	1,527	1,527	-	-	1,527
Dividends paid on ordinary shares	-	-	(11,333)	(11,333)	-	-	(11,333)
Dividends paid to non-controlling interests	-	-	-	-	-	(75)	(75)
Balance at 30 June 2014 – restated	21,409	18,320	256,724	296,453	2,923	405	299,781
Balance at 1 January 2015 - restated	21,409	18,756	230,444	270,609	2,923	483	274,015
Loss after taxation	-	-	(84,392)	(84,392)	-	28	(84,364)
Other comprehensive income	-	-	2,432	2,432	-	-	2,432
Total comprehensive income for the period	21,409	18,756	148,484	188,649	2,923	511	192,083
Recognition of share based payments	-	615	-	615	-	-	615
Dividends paid on ordinary shares	-	-	(11,780)	(11,780)	-	-	(11,780)
Dividends paid to non-controlling interests	-	-	-	-	-	(150)	(150)
Balance at 30 June 2015	21,409	19,371	136,704	177,484	2,923	361	180,768

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS For the half year ended 30 June 2015

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 2015 has been prepared to meet our obligation to do so under the listing rules of the main securities market of the Irish Stock Exchange and S.I. No. 277 of 2007;
- “ the financial information for the half year to 30 June 2015 does not constitute the statutory financial statements of the company;
- “ the statutory financial statements for the financial year ended 31 December 2014 have been annexed to the annual return and delivered to the Registrar;
- “ the statutory auditors of the company have made a report under section 193 Companies Act 1990; 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 or reviewed by the auditors of the Group.

* The results for the year ended 31 December 2014 were audited prior to the change in accounting policy described in note 2.

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 the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the 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 2015 are the same as those used to prepare the Group Annual Report for the year ended 31 December 2014 except as described below.

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

Amendments to IAS 19: *Defined Benefit Plans: Employee Contributions*

Annual improvements to IFRSs 2010-2012 Cycle – various standards

Annual improvements to IFRSs 2011-2013 Cycle – various standards

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

The Group has changed its accounting policy relating to its treatment of the provision relating to the Motor Insurer’s Bureau of Ireland, the impact of which is described as follows.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

Change in accounting policy

The Group's subsidiaries are adopting FRS 102/103 (new Irish GAAP) effective from 1 January 2015 and have restated 2014 comparatives. One of the main impacts of the change to new Irish GAAP in accounting standards for the Group's principal regulated subsidiary, FBD Insurance plc, is the treatment of the Motor Insurers' Bureau of Ireland "MIBI" provision. Previously, FBD Insurance plc, calculated this provision based on the estimated current market share of the Irish motor insurance market and the current outstanding claims of MIBI.

Under new Irish GAAP and revised market convention, insurance companies writing motor business will provide for their share of the MIBI levy for the following year only, based on their estimated market share in the current year at the balance sheet date. Therefore this change in measurement basis has also been reflected in the Group financial statements. The provision for MIBI levy has been disclosed separately as "other provisions" on the balance sheet.

This change in accounting policy has resulted in the following adjustments to the opening reserves in the Consolidated Statement of Financial Position at 1 January 2014:

	01/01/14 as previously stated €000s	01/01/14 Impact of change €000s	01/01/14 Restated €000s
Consolidated Statement of Financial Position at 1 January 2014			
Equity: Retained earnings	237,993	30,697	268,690
Liabilities: Claims outstanding	565,611	(43,922)	521,689
Liabilities: Other provisions	-	8,840	8,840
Liabilities: Deferred taxation liability	691	4,385	5,076

This change in accounting policy has resulted in the following adjustments to the December 2014 comparatives within the Group financial statements:

	31/12/14 as previously stated €000s	31/12/14 Impact of change €000s	31/12/14 Restated €000s
Consolidated Income Statement			
Expenses			
Net claims and benefits	(260,870)	1,520	(259,350)
Result before taxation	(4,527)	1,520	(3,007)
Income taxation credit/(charge)	1,203	(190)	1,013
Result for the period	(3,324)	1,330	(1,994)
(Loss)/earnings per share			
	Cent	Cent	Cent
Basic	(11)	4	(7)
Diluted	(11)	4	(7)
Operating (loss)/earnings per share	(13)	4	(9)

Consolidated Statement of Financial Position at 31 December 2014

Equity: Retained earnings	198,417	32,027	230,444
Liabilities: Claims outstanding	638,504	(44,522)	593,982
Liabilities: Other provisions	-	7,920	7,920
Liabilities: Deferred taxation liability	691	4,575	5,266

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

This change in accounting policy has also resulted in the following adjustments to the June 2014 comparatives within the Group financial statements:

	30/06/14 as previously stated €000s	30/06/14 Impact of change €000s	30/06/14 Restated €000s
Consolidated Income Statement			
Expenses			
Net claims and benefits	(117,930)	760	(117,170)
Result before taxation	3,276	760	4,036
Income taxation charge	(409)	(95)	(504)
Result for the period	<u>2,867</u>	<u>665</u>	<u>3,532</u>
Earnings per share			
	Cent	Cent	Cent
Basic	<u>8</u>	<u>2</u>	<u>10</u>
Diluted	<u>8</u>	<u>2</u>	<u>10</u>
Operating earnings per share	<u>14</u>	<u>2</u>	<u>16</u>
Consolidated Statement of Financial Position at 30 June 2014			
Equity: Retained earnings	225,362	31,362	256,724
Liabilities: Claims outstanding	596,958	(44,682)	552,276
Liabilities: Other provisions	-	8,840	8,840
Liabilities: Deferred taxation liability	691	4,480	5,171

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 Report for the year ended 31 December 2014. 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, with the exception of the Group's estimate of claims outstanding.

Note 3 – Longer-term investment return

	Half year ended 30/06/15 (unaudited) €000s	Half year ended 30/06/14 (unaudited) €000s	Year ended 31/12/14 (audited*) €000s
Longer-term investment return	14,732	14,596	29,240
Investment return fluctuations	<u>(9,327)</u>	<u>(2,158)</u>	<u>(3,172)</u>
Actual investment return	<u>5,405</u>	<u>12,438</u>	<u>26,068</u>

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015**

The rates of investment return underlying the calculation of the longer term investment return are set out below. These rates are reviewed annually and reflect both historical experience and the Directors' current expectations for longer term investment returns.

	Half year ended 30/06/15 (unaudited) %	Half year ended 30/06/14 (unaudited) %	Year ended 31/12/14 (audited*) %
Government bonds	3.00	3.00	3.00
Other quoted debt securities	4.00	4.00	4.00
Investments held to maturity	Actual	Actual	Actual
Quoted shares	6.75	6.75	6.75
Deposits with banks	2.75	2.75	2.75
Investment properties	6.25	6.25	6.25
UCITs	6.75	6.75	6.75

Note 4 – Segmental information

(a) Operating segments

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

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

Half year ended 30/06/2015	Underwriting €000s	Financial Services €000s	Total €000s
Revenue	197,163	7,446	204,609
Operating result	(88,734)	1,165	(87,569)
Investment return – fluctuations	(9,327)	-	(9,327)
Share of results of joint venture	-	480	480
Result before taxation	(98,061)	1,645	(96,416)
Income taxation credit/(charge)	12,257	(205)	12,052
Result after taxation	(85,804)	1,440	(84,364)
Half year ended 30/06/2014	Restated Underwriting €000s	Financial Services €000s	Restated Total €000s
Revenue	198,985	6,483	205,468
Operating profit	4,452	1,687	6,139
Investment return – fluctuations	(2,158)	-	(2,158)
Share of results of joint venture	-	55	55
Profit before taxation	2,294	1,742	4,036
Income taxation charge	(286)	(218)	(504)
Profit after taxation	2,008	1,524	3,532
Year ended 31/12/2014	Restated Underwriting €000s	Financial Services €000s	Restated Total €000s
Revenue	390,883	15,380	406,263
Operating result	(8,452)	5,207	(3,245)
Investment return – fluctuations	(3,172)	-	(3,172)
Revaluation of property	1,480	-	1,480
Share of results of joint venture	-	1,930	1,930
Result before taxation	(10,144)	7,137	(3,007)
Income taxation credit/(charge)	1,041	(28)	1,013
Result after taxation	(9,103)	7,109	(1,994)

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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015**

The accounting policies of the reportable segments are the same as the Group accounting policies. Segment profit represents the profit earned by each segment. Central administration costs and Directors' salaries are allocated based on actual activity. Restructuring costs and income taxation are direct costs of each segment. Segment profit is the measure reported to the chief operating decision maker, the Group Chief Executive, for the purposes of resource allocation and assessment of segmental reporting.

There has been no material change to the assets by reportable segment from the disclosure in the 2014 Annual Report.

(b) Geographical segments

The Group's operations are located in Ireland.

Note 5 – Underwriting result

	Half year ended 30/06/15 (unaudited) €000s	Restated half year ended 30/06/14 (unaudited) €000s	Restated year ended 31/12/14 (audited*) €000s
Gross premium written	<u>184,778</u>	<u>184,860</u>	<u>363,735</u>
Net premium earned	154,422	148,407	303,444
Net claims incurred	<u>(215,826)</u>	<u>(117,170)</u>	<u>(259,350)</u>
	<u>(61,404)</u>	<u>31,237</u>	<u>44,094</u>
Gross management expenses	(45,552)	(45,207)	(91,089)
Deferred acquisition costs	700	900	1,998
Reinsurers' share of expenses	5,964	6,164	13,121
Broker commissions payable	<u>(3,174)</u>	<u>(3,238)</u>	<u>(5,816)</u>
Net operating expenses	<u>(42,062)</u>	<u>(41,381)</u>	<u>(81,786)</u>
Underwriting result	<u>(103,466)</u>	<u>(10,144)</u>	<u>(37,692)</u>
Longer-term investment return	<u>14,732</u>	<u>14,596</u>	<u>29,240</u>
Operating result before taxation	<u>(88,734)</u>	<u>4,452</u>	<u>(8,452)</u>

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

Note 6 – Dividends

	Half year ended 30/06/15 (unaudited) €000s	Half year ended 30/06/14 (unaudited) €000s	Year ended 31/12/14 (audited*) €000s
Paid in Period:			
2014 interim dividend of 17.0 cent per share on ordinary shares of €0.60 each	-	-	5,890
2014 final dividend of 34.0 cent (2013: 33.25 cent) per share on ordinary shares of €0.60 each	11,780	11,333	11,333
Dividend of 8.4 cent per share on 14% non-cumulative Preference shares of €0.60 each	-	-	113
Dividend of 4.8 cent per share on 8% non-cumulative preference shares of €0.60 each	-	-	169
	<hr/> 11,780	<hr/> 11,333	<hr/> 17,505
Proposed:			
2015 dividend of 4.8 cent per share on 8% non-cumulative preference shares of €0.60 each	169	169	169
2014 final dividend of 33.25 cent per share on ordinary shares of €0.60 each	-	-	11,780
2015 interim dividend of nil cent (2014:17.0 cent) per share on ordinary shares of €0.60 each	-	5,870	-
	<hr/> 169	<hr/> 6,039	<hr/> 11,949

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

Note 7 – Ordinary share capital

	Number	Half year ended 30/06/15 (unaudited) €000s	Half year ended 30/06/14 (unaudited) €000s	Year ended 31/12/14 (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 2015 was 813,084.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

Note 8 – Loss per €0.60 ordinary share

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

	Half year ended 30/06/15 (unaudited) €000s	Restated half year ended 30/06/14 (unaudited) €000s	Restated year ended 31/12/14 (audited*) €000s
Earnings			
Result for the period	(84,364)	3,532	(1,994)
Non-controlling interests	(28)	(17)	(95)
Preference dividends	-	-	(282)
	<u>(84,392)</u>	<u>3,515</u>	<u>(2,371)</u>
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	34,648,122	34,146,777	34,414,709
Effect of dilutive potential of share options outstanding	-	71,676	-
	<u>34,648,122</u>	<u>34,218,453</u>	<u>34,414,709</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share			
	<u>34,648,122</u>	<u>34,218,453</u>	<u>34,414,709</u>
(Loss)/earnings per share			
Basic	Cent (244)	Cent 10	Cent (7)
Diluted	Cent (244)	Cent 10	Cent (7)

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

b) The calculation of the operating earnings per share, which is supplementary to the requirements of International Financial Reporting Standards, is based on the following data:

	Half year ended 30/06/15 (unaudited) €000s	Restated half year ended 30/06/14 (unaudited) €000s	Restated year ended 31/12/14 (audited*) €000s
Earnings			
Operating result after taxation*	(76,710)	5,377	(2,843)
Non-controlling interests	(28)	(17)	(95)
Preference dividends	-	-	(282)
	<u>(76,738)</u>	<u>5,360</u>	<u>(3,220)</u>
	<u>Cent (221)</u>	<u>Cent 16</u>	<u>Cent (9)</u>
Operating (loss)/earnings per share			

* Effective taxation rate of 12.4%.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

Note 9 – Capital Commitments

	Half year ended 30/06/15 (unaudited) €000s	Half year ended 30/06/14 (unaudited) €000s	Year ended 31/12/14 (audited*) €000s
Capital commitments at period end authorised by the Directors but not provided for in the Financial Statements:			
Contracted for	1,400	611	573
Not contracted for	1,900	5,940	875

The above capital commitments relate to an investment in the underwriting policy administrative system that commenced in 2013 and is being undertaken over a two to three year period.

Note 10 – Retirement Benefit Obligation

The Group operates a funded defined benefit retirement scheme for qualifying employees. Full details on this scheme are available in Note 29 of the Group Annual Report for the year ended 31 December 2014.

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

	30/06/15 (unaudited) €000s	30/06/14 (unaudited) €000s	31/12/14 (audited*) €000s
Fair value of plan assets	146,600	136,100	141,415
Present value of defined benefit obligation	(197,500)	(171,800)	(195,669)
Net retirement benefit liability	(50,900)	(35,700)	(54,254)

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

Note 11 – Financial Instruments

(a) Financial assets

	30/06/15 (unaudited) €000s	30/06/14 (unaudited) €000s	31/12/14 (audited*) €000s
(i) At amortised cost			
Investments held to maturity	-	30,001	-
Deposits with banks	451,472	479,225	494,909
	451,472	509,226	494,909
(ii) At fair value			
Available for sale investments – unquoted investments	843	1,400	948
Available for sale investments – quoted debt securities	238,744	168,358	224,029
Available for sale investments	239,587	169,758	224,977
Investments held for trading – quoted shares	19,310	63,137	46,110
Investments held for trading – quoted debt securities	102,373	50,656	45,808
Investments held for trading – UCITs	25,022	23,951	24,510
Investments held for trading – unquoted debt securities	-	3,809	-
Investments held for trading	146,705	141,553	116,428
(iii) At cost			
Cash and cash equivalents	25,196	25,977	26,190

Fair value measurement

The Group implemented IFRS13 *Fair Value Measurement* effective 1 January 2013 which requires fair value hierarchy disclosures.

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

	30/06/15 (unaudited) Fair value €000s	30/06/15 (unaudited) Carrying value €000s	30/06/14 (unaudited) Fair value €000s	30/06/14 (unaudited) Carrying value €000s	31/12/14 (audited*) Fair value €000s	31/12/14 (audited*) Carrying value €000s
Financial assets						
Loans	1,161	1,001	1,107	970	1,126	971
Financial investments	837,764	837,764	820,537	820,537	836,314	836,314

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

- Other receivables
- Cash and cash equivalents
- Payables

FBD HOLDINGS PLC

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

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 cost, net asset or net book value or the net present value of future cash flows based on conservative operating projections.

30 June 2015 (unaudited)	Level 1	Level 2	Level 3	Total
	€000s	€000s	€000s	€000s
Assets				
Property, plant and equipment	-	67,392	-	67,392
Investment property	-	20,799	-	20,799
Loans	-	1,161	-	1,161
Other receivables	-	67,091	-	67,091
Financial assets				
Investments held for trading - quoted shares	19,310	-	-	19,310
Investments held for trading - quoted debt securities	102,373	-	-	102,373
Investments held for trading - UCIT Funds	25,022	-	-	25,022
AFS investments - quoted debt securities	238,744	-	-	238,744
AFS investments - unquoted investments	-	-	843	843
Deposits with banks	451,472	-	-	451,472
Cash and cash equivalents	25,196	-	-	25,196
Total assets	862,117	156,443	843	1,019,403
Liabilities				
Payables	-	41,932	-	41,932
Total liabilities	-	41,932	-	41,932

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015

30 June 2014 (unaudited)	Level 1 €000s	Level 2 €000s	Level 3 €000s	Total €000s
Assets				
Property, plant and equipment	-	49,691	-	49,691
Investment property	-	12,829	-	12,829
Loans	-	1,107	-	1,107
Other receivables	-	67,862	-	67,862
Financial assets				
Investments held to maturity	30,001	-	-	30,001
Investments held for trading - quoted shares	63,137	-	-	63,137
Investments held for trading - quoted debt securities	50,656	-	-	50,656
Investments held for trading - UCIT Funds	23,951	-	-	23,951
Investments held for trading - unquoted debt securities	-	3,809	-	3,809
AFS investments - quoted debt securities	168,358	-	-	168,358
AFS investments - unquoted investments	-	-	1,400	1,400
Deposits with banks	479,225	-	-	479,225
Cash and cash equivalents	25,977	-	-	25,977
Total assets	841,305	135,298	1,400	978,003
Liabilities				
Payables	-	36,118	-	36,118
Total liabilities	-	36,118	-	36,118
30 December 2014 (audited*)	Level 1 €000s	Level 2 €000s	Level 3 €000s	Total €000s
Assets				
Property, plant and equipment	-	62,625	-	62,625
Investment property	-	19,959	-	19,959
Loans	-	1,126	-	1,126
Other receivables	-	58,951	-	58,951
Financial assets				
Investments held for trading - quoted shares	46,110	-	-	46,110
Investments held for trading - quoted debt securities	45,809	-	-	45,809
Investments held for trading - UCITs	24,509	-	-	24,509
AFS investments - quoted debt securities	224,029	-	-	224,029
AFS investments - unquoted investments	-	-	948	948
Deposits with banks	494,909	-	-	494,909
Cash and cash equivalents	26,190	-	-	26,190
Total assets	861,556	142,661	948	1,005,165
Liabilities				
Payables	-	37,141	-	37,141
Total liabilities	-	37,141	-	37,141

FBD HOLDINGS PLC

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015**

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

	30/06/15 (unaudited) €000s	30/06/14 (unaudited) €000s	31/12/14 (audited*) €000s
Opening balance Level 3 financial assets	948	1,368	1,368
Additions	-	145	145
Disposals	(103)	(1,422)	(1,115)
Unrealised gains/(losses) recognised in Consolidated Income Statement	-	500	550
Realised (losses)/gains recognised in Consolidated Income Statement	(2)	809	-
	<hr/>		
Closing balance Level 3 financial assets	843	1,400	948

Available for sale investments grouped into Level 3 consist of a number of small unquoted investments. The values attributable to these investments are derived from a number of valuation techniques including net asset or net book value or the net present value of future cash flows based on conservative operating projections. A change in one or more of these inputs could have an impact on valuations. The maximum exposure the Group has in relation to Level 3 valued financial assets at 30 June 2015 is €843,000 (30 June 2014: €1,400,000; 31 December 2014: €948,000).

(b) Financial liabilities

The Group had no financial liabilities at 30 June 2015, 30 June 2014 or 31 December 2014 except for those disclosed in Note 11(a).

Note 12 – Transactions with related parties

Farmer Business Developments plc has a substantial shareholding in the Group at 30 June 2015.

Included in the Financial Statements at the period end is €7,500 (2014: €12,788) due on demand from Farmer Business Developments plc. This balance is made up of recharges for services provided together with recoverable costs.

For the purposes of the disclosure requirements of IAS 24, the term “key management personnel” (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors and Company Secretary of FBD Holdings plc and the Group’s primary subsidiary, FBD Insurance plc and the members of the Executive Management Team. 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 2014 Annual Report. An analysis of the remuneration of key management personnel is also included in Note 38 of the 2014 Annual Report.

Note 13 – Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at 30 June 2015, 30 June 2014 or 31 December 2014.

Note 14 – Approval of Half Yearly Report

The half yearly report was approved by the Board of Directors of FBD Holdings plc on 23 August 2015.

FBD HOLDINGS PLC

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2015**

Note 15 – Information

This half yearly report along with the Annual Report for the year ended 31 December 2014 are available on the Company's website at www.fbdgroup.com.

RESPONSIBILITY STATEMENT

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

We confirm that to the best of our knowledge:

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

On behalf of the Board

Michael Berkery
Chairman

Fiona Muldoon
Interim Group Chief Executive

23 August 2015