2019 INTERIM RESULTS

Ecclesiastical Insurance Office plc **20 August 2019**

Ecclesiastical Insurance Office plc ("Ecclesiastical"), the specialist financial services group, today announces its 2019 interim results. A copy of the 2019 interim results will be available on the Company's website at www.ecclesiastical.com

Highlights

- Gross written premiums (GWP) up 7% from the same period last year at £185.0m (H1 2018: £172.7m), supported by strong retention, new propositions and benefiting from favourable foreign exchange
- Profit before tax of £42.8m (H1 2018: £19.4m)
- Investment returns of £42.0m (H1 2018: £17.7m), where markets have recovered since the end of 2018
- Continuing to see steady measured progress in our insurance business with underwriting profits* of £9.5m giving a combined operating ratio (COR) of 91.4% (H1 2018: profit of £8.0m, COR 92.3%)
- We will grant a further £5m to our charitable owner in September to give to good causes. This will take us to £70m towards our target of £100m in charitable donations by the end of 2020.

Mark Hews, Group Chief Executive Officer of Ecclesiastical, said: "Our purpose at Ecclesiastical is to contribute to the greater good of society. By delivering sustainable, profitable, long-term growth, we are able to support thousands of good causes across the UK through our charitable giving. I'm very proud that in April we launched the Movement for Good Awards, giving away £1m to charities in 2019.

"Alongside this we're announcing today a further £5m will be granted to our charitable owner in September. This will bring us to £70m towards our target of £100m by the end of 2020.

"This giving is made possible thanks to the hard work and dedication of everyone at Ecclesiastical. I'm delighted to report a positive financial performance in the first half of 2019, underpinned by continued strong underwriting performance. This is a result of our disciplined underwriting approach, and a benign environment in the first half of the year. Positive growth in global stock markets has also delivered strong investment returns, demonstrating the benefit of our long term equity investment strategy.

"Our strategic goal is to be the most trusted and ethical specialist financial services group and we continue to win external accolades for the way we do business.

"Ecclesiastical home insurance was once again rated first by Fairer Finance overall and came first for trust and first for customer happiness. Ecclesiastical Canada was awarded Top Employer for Young people 2019 for the seventh consecutive year.

"Our reputation for claims excellence was also enhanced with our UKGI business being the only insurer to win multiple awards at the Insurance Post Claims Awards."

*The Group uses APMs to help explain performance. More information on APMs is included in note 12.

Key Financial Performance Data

	H1 2019	H1 2018
Gross written premiums	£185.0m	£172.7m
Group underwriting result*	£9.5m	£8.0m
Group combined operating ratio*	91.4%	92.3%

Investment return	£42.0m	£17.7m
Profit before tax	£42.8m	£19.4m
	30 June 2019	**31 Dec 2018**
Net asset value	£617m	£586m
Solvency II capital cover (solo)	226%	215%

*The Group uses APMs to help explain performance. More information on APMs is included in note 12.

Interim Management Report

It has been a good first half of the year with a stable underwriting performance and strong investment returns, with stock markets recovering from the falls seen at the end of 2018. We report a profit before tax of £42.8m (H1 2018: £19.4m).

Our strategy over the medium term continues to deliver moderate GWP growth, by maintaining our strong underwriting discipline and focusing on profit over growth. We have deep specialist capabilities, which we continue to develop through investment in technology and innovation, and by providing appealing customer propositions and excellent service.

We have delivered good growth and steady underwriting profits in the first half with underwriting profit of £9.5m (H1 2018: £8.0m). This reflects improved current year performance which benefited from benign weather and favourable large loss experience in most of our territories compared with previous years with the COR of 91.4% (H1 2018: 92.3%).

Gross written premiums grew by 7.1% to £185.0m (H2 2018: £172.7m), benefiting from strong retention, new business wins and favourable currency movements.

Investment markets have partially recovered from a poor Q4 2018 where worldwide markets fell but remain around 3% below half year 2018 levels. Interest rates have been held and there has been less volatility from quarter to quarter than in the prior year. The unrealised investment losses we suffered at the end of 2018 were partially recovered as we have benefited from unrealised gains in H1 2019. Our overall investment return for the first half of the year was above our expectations at £42.0m (H1 2018: £17.7m). We are expecting further volatility in the second half of the year as the uncertainty around Brexit and global economic conditions continues.

These positive half-year results allow us to make a grant of £5m (H2 2018: £5m) to our charitable owner, Allchurches Trust, which has been approved by the Board and will be paid in September 2019.

Strategic Update

Investment in both our business and our people continues under a broad range of initiatives. Within the UK, a new private client product has been launched to help capitalise on growth opportunities available in this market. In May we launched a series of enhancements to our education proposition with a redesigned survey report, e-learning support, cyber guidance and a lesson kit for teachers to assist with the promotion of digital resilience with primary and secondary pupils. Investment in our staff continues to take place through our General Insurance Academy and as part of this a national training plan has been created, focusing on the continued development of our underwriters.

Investment in new technology is also progressing well: our new policy administration system for the UK and Ireland is under development; the UK's new claims workflow and document repository system is expected to go live shortly; and our Australian subsidiary has begun development of its new policy administration system. Our UK broking business has completed a successful trial of a new claims portal and will begin to roll this out more widely during 2019.

Our work in innovation and loss prevention continues. The UK has successfully piloted thermal imaging equipment that identifies electrical faults before they can cause a fire, with the rollout of training and equipment now underway. Work continues on the use of drones and their potential to support our risk management proposition. The UK has undertaken a series of trial drone flights. This will enable us to develop our understanding of how this technology can be embedded within our current survey approach. We are exploring how connected technology can prevent common losses thus saving the customer time and expense on the cost of property maintenance, including a trial of a smart water leak detector and equipping a heritage property with a wide range of sensors to identify potential risks.

Our purpose is to contribute to the greater good of society. Earlier this year we launched our £1m Movement for Good Awards, and recently announced awards of £1,000 each to 500 charities. Further grants totalling £500,000 to 10 charities will be announced during September. We continue to be motivated by our target to donate £100m to charity by the end of 2020 – after the £5m grant, we will have donated £70m towards this goal. Together with our customers and business partners, we are building a movement for good – championing a more caring, ethical and trusted way of doing business.

General Insurance – UK and Ireland

UK and Ireland report an underwriting profit of £9.2m and a net combined ratio of 87.8% (H1 2018: £11.8m profit, COR 83.8%). The property result has been better than expected in the first half of the year due to unusually benign weather and lower than average large loss experience. The strong performance of our liability business has continued into 2019 with the current year liability claims experience similar to last year, but with levels of reserve releases less than last year. We expect to see this trend of a reduction in the level of these releases continue as the run-off of claims in respect of the unprofitable business we exited in 2012 and 2013 is now well progressed.

UK and Ireland GWP grew by 4% to £124m in the six months to 30 June 2019 (H1 2018: £119.3m). This is driven by particularly strong growth in our Art & Private Client, Real Estate and Schemes business together with continued growth in our Heritage business as we demonstrate our position as a leading insurer of heritage, listed and period properties.

General Insurance – Canada

Canada reports GWP of £25.5m (H1 2018: £22.4m), an increase of 12.5% in local currency. Good progress continues to be made in strengthening the existing portfolio through rate and retention. New business production is behind the prior year as we continued to focus on profitability over growth.

Canada delivered an underwriting profit of £0.4m with a net combined operating ratio of 98.0% (H1 2018: £3.7m loss, COR 119.1%) which represented an improved performance in large loss and catastrophe events compared with both 2018 and 2017 where underwriting losses were delivered. Although the first few months saw a higher level of claims from the adverse winter weather, the last few months have seen the benefit of the rating action and a return to more normal weather experience.

General Insurance – Australia

Our Australian business continues to be successful in generating new business which has been a key driver of an 18% increase in GWP in local currency. After the negative effects of exchange, reported GWP was up 15% to £33.7m (H1 2018: £29.4m). We expect to see growth continue into the second half of the year although the market is becoming more competitive.

The underwriting loss for the period has remained relatively stable at £0.4m with a net combined ratio of 103.3% (H1 2018: £0.3m loss, COR 103.0%). Australia's gross underwriting results were significantly impacted by the Townsville floods however, these events were substantially reinsured and made a minimal impact on the net results. The small loss is in line with expectations.

Group Investment Returns

Investment performance has performed above our expectations in the first half of the year, with the markets recovering from a poor Q4 2018 where worldwide markets fell. There has been less volatility from quarter to quarter than in the prior year.

Our investment portfolio delivered profit of £42.0m (H1 2018: £17.7m). The returns were predominantly driven by fair value gains and dividend and interest income.

We discount some of our liability claims reserves. The reserves relate to liability policies, written over many decades, and represent very long-tail risks. The movement in yields from the year end has resulted in a negative impact of £8.5m in the first six months of the year, which partially offset the fair value gains on our financial investments.

We remain cautious on our expectations for investment returns given continued uncertainty around the UK's exit from the EU and the US's international trade disputes. Our approach to the management of risks resulting from the Group's exposure to financial markets is outlined in note 4 to our latest annual report.

Asset Management – EdenTree

Fee income grew by 1% reflecting positive market movements and new flows. Our strategic investment in people and technology has resulted in lower overall profitability, with EdenTree reporting a small loss less than £0.1m (H1 2018: £0.8m).

Total assets under management (AUM) increased by 4% over the six months to stand at almost £2.9bn (H1 2018: £2.8bn).

Despite positive market movements, investors remained cautious during the early part of the year as the industry reported weak retail inflows and particularly hard hit has been UK equity sector with many groups suffering net outflows. Against this background EdenTree were pleased to report OEIC pooled funds delivered positive flows of £24m (H1 2018: £94m) into our pooled fund products. Net inflows were driven by our multi asset product and bond funds.

Overall net inflows from all sources was £25m (H1 2018: £125m).

Broking and Advisory – SEIB Insurance Brokers

SEIB general commission and fees, excluding profit share commission, has increased by 6% in the first half of the year. Retention rates remain high but new business in some sectors is proving to be challenging. SEIB continues to deliver stable returns to the Group, reporting a half year profit before tax of £1.6m (H1 2018: £1.8m).

Life Business

Our life insurance business, which is closed to new business, reported a profit before tax of £0.2m at the half year (H1 2018: £0.4m). Assets and liabilities are well matched, and the small profit is in line with what we would expect as the business runs off.

Balance Sheet and Capital Position

Total shareholders' equity increased by £30.8m to £616.8m in the first six months of the year. Profits in the period were partially offset by actuarial losses on retirement benefit plans and a small exchange loss on overseas operations.

We paid the normal first-half dividend to preference shareholders of £4.6m (H1 2018: £4.6m) and also expect to make a grant of £5m (H1 2018: £5m) to our charitable owner in September 2019.

Our Solvency II regulatory capital position remains strong. Own funds increased in line with profits and our estimated internal model capital requirement has also increased in line with the growth in our business. Overall, the level of Solvency II cover is ahead of the position at the end of 2018 (226% vs 215%), in line with our expectations.

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Group and our approach to managing them are outlined in our latest annual report and in note 1 to these condensed financial statements.

Group Outlook

We remain confident about future profitability and have delivered a fifth consecutive year of strong underwriting profits at the half year, with a greater contribution coming from the current year performance than we have seen in more recent years. Our short term underwriting results can be subject to volatile items such as weather and large losses and we recognise that there is the potential for challenges in the period ahead.

In the first half of the year we have seen a strong performance in our investment result, reflecting the recovery seen in investment markets since the start of the year. We recognise that there is continued political and economic uncertainty and this has the potential to create short term volatility in the second half of the year. We remain well placed to withstand any such volatility and have substantial headroom over our Solvency II capital requirement.

Core to our purpose is to deliver strong and sustainable returns to our ultimate shareholder, and to benefit not only our customers but also the wider communities we serve. We do this through our deep understanding and management of risks; by providing trusted specialist expertise and by maintaining the strength of our capital base. We benefit from the diversity within our financial services group which gives us the opportunity us to grow both organically and inorganically within our chosen markets and remain well placed to deliver sustainable profitable growth.

By order of the Board
Mark Hews
Group Chief Executive
20 August 2019

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the 6 months to 30 June 2019

	30.06.19	30.06.18	31.12.18
	6 months	6 months	12 months
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
Revenue			
Gross written premiums	**185,002**	172,729	356,971
Outward reinsurance premiums	**(71,172)**	(66,924)	(137,640)
Net change in provision for unearned premium	**(4,351)**	(877)	(5,241)
Net earned premiums	**109,479**	104,928	214,090
Fee and commission income	**30,582**	28,994	62,996
Other operating income	**339**	1,039	1,039
Net investment return	**42,017**	17,739	3,994
Total revenue	**182,417**	152,700	282,119
Expenses			
Claims and change in insurance liabilities	**(78,962)**	(67,054)	(111,873)
Reinsurance recoveries	**31,512**	19,493	26,188
Fees, commissions and other acquisition costs	**(35,165)**	(32,192)	(66,346)
Other operating and administrative expenses	**(56,705)**	(53,227)	(114,388)
Total operating expenses	**(139,320)**	(132,980)	(266,419)
Operating profit	**43,097**	19,720	15,700
Finance costs	**(324)**	(297)	(329)
Profit before tax	**42,773**	19,423	15,371
Tax expense	**(6,309)**	(2,301)	(958)
Profit for the financial period from continuing operations attributable to equity holders of the Parent	**36,464**	17,122	14,413

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months to 30 June 2019

	30.06.19	30.06.18	31.12.18
	6 months	6 months	12 months
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
Profit for the period	**36,464**	17,122	14,413
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gains on property	**-**	-	105
Actuarial (losses)/gains on retirement benefit plans	**(1,113)**	7,949	4,288
Attributable tax	**189**	(1,351)	(747)
	(924)	6,598	3,646
Items that may be reclassified subsequently to profit or loss:			
Gains/(losses) on currency translation differences	**1,213**	(2,380)	(3,082)
(Losses)/gains on net investment hedges	**(1,643)**	1,614	1,692
Attributable tax	**292**	(436)	(187)
	(138)	(1,202)	(1,577)
Other comprehensive income	**(1,062)**	5,396	2,069
Total comprehensive income attributable to equity holders of the Parent	**35,402**	22,518	16,482

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months to 30 June 2019

	Share capital £000	Share premium £000	Revaluation reserve £000	Translation and hedging reserve £000	Retained earnings £000	Total £000
2019 (Unaudited)						
At 1 January	**120,477**	**4,632**	**565**	**19,071**	**441,259**	**586,004**
Profit for the period	**-**	**-**	**-**	**-**	***36,464***	***36,464***
Other comprehensive income	**-**	**-**	**-**	***(138)***	***(924)***	***(1,062)***
Total comprehensive income	**-**	**-**	**-**	**(138)**	**35,540**	**35,402**
Dividends on preference shares	**-**	**-**	**-**	**-**	**(4,591)**	**(4,591)**
At 30 June	**120,477**	**4,632**	**565**	**18,933**	**472,208**	**616,815**
2018 (Unaudited)						
At 1 January	120,477	4,632	478	20,648	446,238	592,473
Profit for the period	-	-	-	-	*17,122*	*17,122*
Other comprehensive income	-	-	-	*(1,202)*	*6,598*	*5,396*
Total comprehensive income	-	-	-	(1,202)	23,720	22,518
Dividends on preference shares	-	-	-	-	(4,591)	(4,591)
At 30 June	120,477	4,632	478	19,446	465,367	610,400
2018 (Audited)						
At 1 January	120,477	4,632	478	20,648	446,238	592,473
Profit for the year	-	-	-	-	*14,413*	*14,413*
Other comprehensive income	-	-	*87*	*(1,577)*	*3,559*	*2,069*
Total comprehensive income	-	-	87	(1,577)	17,972	16,482
Dividends on preference shares	-	-	-	-	(9,181)	(9,181)
Gross charitable grant	-	-	-	-	(17,000)	(17,000)
Tax credit on charitable grant	-	-	-	-	3,230	3,230
At 31 December	120,477	4,632	565	19,071	441,259	586,004

The revaluation reserve represents cumulative net fair value gains on owner-occupied property. Further details of the translation and hedging reserve are included in note 8.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2019

	30.06.19	30.06.18	31.12.18
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
Assets			
Goodwill and other intangible assets	**33,517**	28,288	30,064
Deferred acquisition costs	**34,113**	30,488	33,907
Deferred tax assets	**1,807**	1,666	1,749
Retirement benefit asset	**14,815**	26,823	16,131
Property, plant and equipment	**22,214**	8,209	8,391
Investment property	**152,046**	152,238	152,182
Financial investments	**851,780**	855,366	798,974
Reinsurers' share of contract liabilities	**156,359**	157,803	140,346
Current tax recoverable	**688**	222	59
Other assets	**169,612**	161,225	153,630
Cash and cash equivalents	**94,657**	90,507	109,417
Total assets	**1,531,608**	1,512,835	1,444,850
Equity			
Share capital	**120,477**	120,477	120,477
Share premium account	**4,632**	4,632	4,632
Retained earnings and other reserves	**491,706**	485,291	460,895
Total shareholders' equity	**616,815**	610,400	586,004
Liabilities			
Insurance contract liabilities	**752,525**	750,202	720,049
Lease obligations	**14,370**	1,592	1,379
Provisions for other liabilities	**7,329**	7,133	5,216
Retirement benefit obligation	**6,102**	10,626	5,813
Deferred tax liabilities	**35,332**	39,886	31,665
Current tax liabilities	**585**	2,637	2,905
Deferred income	**20,623**	18,955	19,900
Other liabilities	**77,927**	71,404	71,919
Total liabilities	**914,793**	902,435	858,846
Total shareholders' equity and liabilities	**1,531,608**	1,512,835	1,444,850

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months to 30 June 2019

	30.06.19	30.06.18	31.12.18
	6 months	6 months	12 months
	£000	£000	£000
	(Unaudited)	(Unaudited)	(Audited)
Profit before tax	**42,773**	19,423	15,371
Adjustments for:			
Depreciation of property, plant and equipment	**2,665**	1,219	2,437
Revaluation of property, plant and equipment	**-**	-	(85)
Loss/(profit) on disposal of property, plant and equipment	**94**	(11)	(3)
Amortisation of intangible assets	**501**	459	949
Net fair value (gains)/losses on financial instruments and investment property	**(34,542)**	3,138	35,506
Dividend and interest income	**(14,263)**	(13,575)	(27,107)
Finance costs	**324**	297	329
Adjustment for pension funding	**511**	750	2,931
	(1,937)	11,700	30,328
Changes in operating assets and liabilities:			
Net increase/(decrease) in insurance contract liabilities	**28,790**	(12,990)	(42,161)
Net (increase)/decrease in reinsurers' share of contract liabilities	**(15,497)**	(673)	16,431
Net decrease/(increase) in deferred acquisition costs	**141**	414	(3,078)
Net increase in other assets	**(15,005)**	(12,074)	(5,388)
Net increase in operating liabilities	**2,012**	3,050	5,838
Net increase/(decrease) in other liabilities	**3,224**	1,654	(286)
Cash generated/(used) by operations	**1,728**	(8,919)	1,684
Purchases of financial instruments and investment property	**(76,741)**	(61,197)	(125,739)
Sale of financial instruments and investment property	**64,644**	62,794	149,562
Dividends received	**5,396**	5,002	9,790
Interest received	**8,292**	8,278	17,347
Tax paid	**(5,189)**	(2,538)	(4,998)
Net cash (used by)/from operating activities	**(1,870)**	3,420	47,646
Cash flows from investing activities			
Purchases of property, plant and equipment	**(3,593)**	(566)	(1,822)
Proceeds from the sale of property, plant and equipment	**-**	54	55
Purchases of intangible assets	**(3,823)**	(393)	(2,371)
Acquisition of business, net of cash acquired	**-**	-	(225)
Net cash used by investing activities	**(7,416)**	(905)	(4,363)
Cash flows from financing activities			
Interest paid	**(324)**	(297)	(329)
Payment of principal element of lease liabilities	**(1,447)**	(169)	(346)
Dividends paid to Company's shareholders	**(4,591)**	(4,591)	(9,181)
Donations paid to ultimate parent undertaking	**-**	-	(17,000)
Net cash used by financing activities	**(6,362)**	(5,057)	(26,856)
Net (decrease)/increase in cash and cash equivalents	**(15,648)**	(2,542)	16,427
Cash and cash equivalents at the beginning of the period	**109,417**	93,767	93,767
Exchange gains/(losses) on cash and cash equivalents	**888**	(718)	(777)
Cash and cash equivalents at the end of the period	**94,657**	90,507	109,417

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS

1. General information

The information for the year ended 31 December 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor reported on those accounts: its report was unqualified, did not draw attention to any matters by way of emphasis without qualifying the report, and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements were approved by the Board on 20 August 2019. These condensed consolidated interim financial statements have been reviewed, not audited.

The principal risks and uncertainties of the Group are in respect of insurance risk and financial risk. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. Factors such as the business and product mix, the external environment including market competition and reinsurance capacity all may vary from year to year, along with the actual frequency, severity and ultimate cost of claims and benefits. The Group’s underwriting strategy is designed to ensure that the underwritten risks are well diversified in terms of type and amount of risk and geographical spread. In all operations, pricing controls are in place, underpinned by sound statistical analysis, market expertise and appropriate external consultant advice. Gross and net underwriting exposure is protected through the use of a comprehensive programme of reinsurance using both proportional and non-proportional reinsurance and supported by proactive claims handling. The overall reinsurance structure is regularly reviewed and modelled to ensure that it remains optimum to the Group's needs. The optimum reinsurance structure provides the Group with sustainable, long-term capacity to support its specialist business strategy, with effective balance sheet and profit and loss protection at a reasonable cost.

The Group derives insurance premiums from a range of geographical locations and classes of business. Depending on the location and class of the risk, there may be a seasonal pattern to the incidence of claims. However, given the mix of business that the Group writes, overall the consolidated interim financial statements are not subject to any significant impact arising from the seasonality or cyclicality of operations.

The most important components of financial risk are interest rate risk, credit risk, currency risk and equity price risk. The Group is exposed to equity price risk because of financial investments held by the Group which are stated at fair value through profit or loss. The Group mitigates this risk by holding a diversified portfolio across geographical regions and market sectors, and through the use of derivative contracts from time to time which would limit losses in the event of a fall in equity markets. The Group’s exposure to interest rate risk arises primarily from movements on financial investments that are measured at fair value and have fixed interest rates, which represent a significant proportion of the Group’s assets, and from those insurance liabilities for which discounting is applied at a market interest rate. The Group's investment strategy is set in order to control the impact of interest rate risk on anticipated cash flows and asset and liability values. The fair value of the Group's investment portfolio of fixed income securities reduces as market interest rates rise as does the present value of discounted insurance liabilities, and vice versa. These principal risks and uncertainties, together with details of the financial risk management objectives and policies of the Group, are disclosed in the latest annual report.

The Directors have assessed the going concern of the Group. The directors have considered the Group’s plans and forecasts, financial resources, investment portfolio and solvency position. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated interim financial statements.

2. Accounting policies

Ecclesiastical Insurance Office plc (hereafter referred to as the "Company"), a public limited company incorporated and domiciled in England, together with its subsidiaries (collectively the "Group") operates principally as a provider of general insurance and in addition offers a range of financial services, with offices in the UK & Ireland, Australia and Canada.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in the 2019 interim results has been prepared in accordance with IAS 34, *Interim Financial Reporting*.

Other than those detailed below, the same accounting policies and methods of computation are followed in the consolidated interim financial statements as applied in the Group's latest audited annual financial statements.

IFRS 16, *Leases*

The Group has adopted IFRS 16 from 1 January 2019 using the modified retrospective approach, as permitted by the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. Comparative figures for the 2018 reporting period have not been restated, as permitted under the specific transitional provisions in the standard. There was no impact on the Group’s opening equity.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17, *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The Group’s weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.0%.

2019

	£000
Operating lease commitments disclosed as at 31 December 2018	**19,605**
Contract elements reassessed as service agreements	**(1,579)**
Payments due in periods covered by extension options that are included in the lease term	**957**
Leases committed but not yet commenced at 31 December 2018	**(4,969)**
Short-term leases, sales taxes and other	**(1,451)**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**(1,480)**
Finance liabilities recognised as at 31 December 2018	**1,379**
Lease liability recognised as at 1 January 2019	**12,462**

Right-of-use assets have been measured at 1 January 2019 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of right-of-use assets at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease.*

The change in accounting policy affected the following items on the balance sheet on 1 January 2019:

	31.12.18	**Adjustment**	**01.01.19**
	£000	**£000**	**£000**
Property, plant and equipment	8,391	10,353	18,744
Other assets	153,630	(447)	153,183
Lease obligations	(1,379)	(11,083)	(12,462)
Provisions for other liabilities	(5,216)	(503)	(5,719)
Other liabilities	(71,919)	1,680	(70,239)

From 1 January 2019, leases are recognised as a right-of use-asset and a corresponding liability at the date at which the lease asset is available for use by the Group. Each lease payment is deducted from the lease liability. Finance costs are charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities include the net present value of:

- fixed payments less any lease incentives receivable;
- variable lease payments that are based on an index or rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of an option if the lessee is reasonably certain to exercise that option; and
- payments and penalties from terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising:

- the amount of the initial measurement of lease liability;
- any lease payment made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are presented within property, plant and equipment in the statement of financial position.

Payments associated with short term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Other standards adopted since the year end are either outside the scope of Group transactions or do not significantly impact the Group.

The following standards were in issue but not yet effective and have not been applied to these condensed financial statements.

IFRS 9, *Financial Instruments*, which provides a new model for the classification and measurement of financial instruments, is effective for periods beginning on or after 1 January 2018. However the Group has taken the option available to insurers to defer the application of IFRS 9 as permitted by IFRS 4*, Insurance Contracts*. The Group qualifies for the temporary exemption, which is available until annual periods beginning on or after 1 January 2021, since at 31 December 2015 greater than 90% of the Group's liabilities were within the scope of IFRS 4. There has been no significant change to the Group's operations since that date and, as a result, the Group continues to apply IAS 39*, Financial Instruments*.

IFRS 17, *Insurance Contracts*, was issued in May 2017 and is effective for periods beginning on or after 1 January 2021. A one-year deferral has tentatively been proposed by the International Accounting Standards Board (IASB) subject to due process. The standard establishes revised principles for the recognition, measurement, presentation and disclosure of insurance contracts. The Group has progressed implementation of the standard in line with expectations.

3. Segment information

The Group segments its business activities on the basis of differences in the products and services offered and, for general insurance, the underwriting territory. Expenses relating to Group management activities are included within 'Corporate costs'. This reflects the management and internal Group reporting structure.

The activities of each operating segment are described below.

- **General business**

  United Kingdom and Ireland

  The Group's principal general insurance business operation is in the UK, where it operates under the Ecclesiastical and Ansvar brands. The Group also operates in the Republic of Ireland, underwriting general insurance business across the whole of Ireland.

  Australia

  The Group has a wholly-owned subsidiary in Australia underwriting general insurance business under the Ansvar brand.

  Canada

  The Group operates a general insurance Ecclesiastical branch in Canada.

  Other insurance operations

  This includes the Group's internal reinsurance function and operations that are in run-off or not reportable due to their immateriality.

- **Investment management**

  The Group provides investment management services both internally and to third parties through EdenTree Investment Management Limited.

- **Broking and Advisory**

  The Group provides insurance broking through South Essex Insurance Brokers Limited, financial advisory services through Ecclesiastical Financial Advisory Services Limited and risk advisory services through Ansvar Risk Management Services Pty Limited which operates in Australia.

- **Life business**

  Ecclesiastical Life Limited provides long-term insurance policies to support funeral planning products. It is closed to new business.

- **Corporate costs**

  This includes costs associated with Group management activities.

Inter-segment and inter-territory transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

Segment revenue

The Group uses gross written premiums as the measure for turnover of the general and life insurance business segments. Turnover of the non-insurance segments comprises fees and commissions earned in relation to services provided by the Group to third parties. Segment revenues do not include net investment return or general business fee and commission income, which are reported within revenue in the consolidated statement of profit or loss.

Revenue is attributed to the geographical region in which the customer is based. Group revenues are not materially concentrated on any single external customer.

	6 months ended 30.06.19			6 months ended 30.06.18		
	Gross written premiums £000	**Non-insurance services £000**	**Total £000**	Gross written premiums £000	Non-insurance services £000	Total £000
General business						
United Kingdom and Ireland	**123,957**	**-**	**123,957**	119,292	-	119,292
Australia	**33,652**	**-**	**33,652**	29,420	-	29,420
Canada	**25,481**	**-**	**25,481**	22,353	-	22,353
Other insurance operations	**1,911**	**-**	**1,911**	1,660	-	1,660
Total	**185,001**	**-**	**185,001**	172,725	-	172,725
Life business	**1**	**-**	**1**	4	-	4
Investment management	**-**	**6,270**	**6,270**	-	6,185	6,185
Broking and Advisory	**-**	**4,776**	**4,776**	-	4,972	4,972
Group revenue	**185,002**	**11,046**	**196,048**	172,729	11,157	183,886

	12 months ended 31.12.18		
	Gross written premiums £000	Non-insurance services £000	Total £000
General business			
United Kingdom and Ireland	242,339	-	242,339
Australia	56,946	-	56,946
Canada	54,158	-	54,158
Other insurance operations	3,507	-	3,507
Total	356,950	-	356,950
Life business	21	-	21
Investment management	-	12,601	12,601
Broking and Advisory	-	9,049	9,049
Group revenue	356,971	21,650	378,621

Segment result

General business segment results comprise the insurance underwriting profit or loss, investment activities and other expenses of each underwriting territory. The Group uses the industry standard net combined operating ratio (COR) as a measure of underwriting efficiency. The COR expresses the total of net claims costs, commission and underwriting expenses as a percentage of net earned premiums. Further details on the underwriting profit or loss and COR, which are alternative performance measures that are not defined under IFRS, are detailed in note 12.

The life business segment result comprises the profit or loss on insurance contracts (including return on assets backing liabilities in the long-term fund), shareholder investment return and other expenses.

All other segment results consist of the profit or loss before tax measured in accordance with IFRS.

6 months ended 30 June 2019	**Combined operating ratio**	**Insurance £000**	**Investments £000**	**Other £000**	**Total £000**
General business					
United Kingdom and Ireland	**87.8%**	**9,198**	**33,345**	**(158)**	**42,385**
Australia	**103.3%**	**(354)**	**677**	**(37)**	**286**
Canada	**98.0%**	**434**	**993**	**(84)**	**1,343**
Other insurance operations		**186**	**-**	**-**	**186**
	91.4%	**9,464**	**35,015**	**(279)**	**44,200**
Life business		**241**	**4,327**	**-**	**4,568**
Investment management		**-**	**-**	**(18)**	**(18)**
Broking and Advisory		**-**	**-**	**1,425**	**1,425**
Corporate costs		**-**	**-**	**(7,402)**	**(7,402)**
Profit before tax		**9,705**	**39,342**	**(6,274)**	**42,773**

6 months ended 30 June 2018	Combined operating ratio	Insurance £000	Investments £000	Other £000	Total £000
General business					
United Kingdom and Ireland	83.8%	11,826	12,782	(258)	24,350
Australia	103.0%	(337)	847	(39)	471
Canada	119.1%	(3,653)	569	-	(3,084)
Other insurance operations		212	-	-	212
	92.3%	8,048	14,198	(297)	21,949
Life business		429	770	-	1,199
Investment management		-	-	745	745
Broking and Advisory		-	-	1,593	1,593
Corporate costs		-	-	(6,063)	(6,063)
Profit before tax		8,477	14,968	(4,022)	19,423

12 months ended 31 December 2018	Combined operating ratio	Insurance £000	Investments £000	Other £000	Total £000
General business					
United Kingdom and Ireland	80.2%	29,426	(1,836)	(252)	27,338
Australia	93.7%	1,400	2,073	(77)	3,396
Canada	106.5%	(2,599)	1,655	-	(944)
Other insurance operations		963	-	-	963
	86.4%	29,190	1,892	(329)	30,753
Life business		1,642	(3,181)	-	(1,539)
Investment management		-	-	941	941
Broking and Advisory		-	-	2,045	2,045
Corporate costs		-	-	(16,829)	(16,829)
Profit before tax		30,832	(1,289)	(14,172)	15,371

4. Tax

Income tax for the six month period is calculated at rates representing the best estimate of the average annual effective income tax rate expected for the full year, applied to the pre-tax result of the six month period.

5. Dividends

Interim dividends paid on the 8.625% Non-Cumulative Irredeemable Preference shares amounted to £4.6m (H1 2018: £4.6m).

6. Financial instruments' held at fair value disclosures

IAS 34 requires that interim financial statements include certain of the disclosures about the fair value of financial instruments set out in IFRS 13, *Fair Value Measurement* and IFRS 7, *Financial Instruments Disclosures*.

The fair value measurement basis used to value those financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities. This category includes listed equities in active markets, listed debt securities in active markets and exchange-traded derivatives.

Level 2: fair values measured using 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). This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange-traded.

Level 3: fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes unlisted debt and equities, including investments in venture capital, and suspended securities. Where a look-through valuation approach is applied, underlying net asset values are sourced from the investee, translated into the Group's functional currency and adjusted to reflect current market conditions.

There have been no transfers between investment categories in the current period.

	Fair value measurement at the end of the reporting period based on			
	Level 1	**Level 2**	**Level 3**	**Total**
30 June 2019	**£000**	**£000**	**£000**	**£000**
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	**279,806**	**197**	**63,108**	**343,111**
Debt securities	**494,523**	**1,200**	**260**	**495,983**
Derivative securities	**-**	**2,022**	**-**	**2,022**
Total financial assets at fair value	**774,329**	**3,419**	**63,368**	**841,116**
Financial liabilities at fair value through profit or loss				
Financial liabilities				
Derivative securities	**-**	**(4,261)**	**-**	**(4,261)**
	-	**(4,261)**	**-**	**(4,261)**
Financial liabilities at fair value through other comprehensive income				
Other liabilities				
Derivative securities	**-**	**(2,560)**	**-**	**(2,560)**
Total financial liabilities at fair value	**-**	**(6,821)**	**-**	**(6,821)**
30 June 2018				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	287,383	245	43,725	331,353
Debt securities	509,468	1,282	259	511,009
Derivative securities	-	3,053	-	3,053
	796,851	4,580	43,984	845,415
Financial assets at fair value through other comprehensive income				
Financial investments				
Derivative securities	-	47	-	47
Total financial assets at fair value	796,851	4,627	43,984	845,462

Financial liabilities at fair value through profit or loss				
Financial liabilities				
Derivative securities	-	(1,115)	-	(1,115)
	-	(1,115)	-	(1,115)
Financial liabilities at fair value through other comprehensive income				
Other liabilities				
Derivative securities	-	(2,356)	-	(2,356)
Total financial liabilities at fair value	-	(3,471)	-	(3,471)
31 December 2018				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	241,115	246	44,773	286,134
Debt securities	495,348	1,233	261	496,842
Derivative securities	-	5,331	-	5,331
	736,463	6,810	45,034	788,307
Financial assets at fair value through other comprehensive income				
Financial investments				
Derivative securities	-	737	-	737
Total financial assets at fair value	736,463	7,547	45,034	789,044

The derivative liabilities of the Group at the end of the prior year were measured at fair value through profit or loss and categorised as level 2.

Fair value measurements in level 3 consist of financial assets, analysed as follows:

	Financial assets at fair value through profit or loss		
	Equity securities £000	**Debt securities £000**	**Total £000**
2019			
At 1 January	**44,773**	**261**	**45,034**
Total gains recognised in profit or loss	**4,342**	**(1)**	**4,341**
Purchases	**13,993**	**-**	**13,993**
At 30 June	**63,108**	**260**	**63,368**
Total gains for the period included in profit or loss for assets held at the end of the reporting period	**4,342**	**(1)**	**4,341**
2018			
At 1 January	42,279	125	42,404
Total gains recognised in profit or loss	1,580	-	1,580
Transfers	(134)	134	-
At 30 June	43,725	259	43,984
Total gains for the period included in profit or loss for assets held at the end of the reporting period	1,608	-	1,608
2018			
At 1 January	42,279	125	42,404
Total gains recognised in profit or loss	2,628	5	2,633

Transfers	(134)	134	-
Disposal proceeds	-	(3)	(3)
At 31 December	44,773	261	45,034
Total gains for the period included in profit or loss for assets held at the end of the reporting period	2,656	5	2,661

All the above gains included in profit or loss for the period are presented in net investment return within the statement of profit or loss.

The valuation techniques used for instruments categorised in Levels 2 and 3 are described below.

Listed debt and equity securities not in active market (Level 2)

These financial assets are valued using third party pricing information that is regularly reviewed and internally calibrated based on management's knowledge of the markets. Where material, these valuations are reviewed by the Group Audit Committee.

Non exchange-traded derivative contracts (Level 2)

The Group's derivative contracts are not traded in active markets. Foreign currency forward contracts are valued using observable forward exchange rates corresponding to the maturity of the contract and the contract forward rate. Over-the-counter equity or index options and futures are valued by reference to observable index prices.

Unlisted equity securities (Level 3)

These financial assets are valued using observable net asset data, adjusted for unobservable inputs including comparable price-to-book ratios based on similar listed companies, and management's consideration of constituents as to what exit price might be obtainable. Where material, these valuations are reviewed by the Group Audit Committee.

The valuation is most sensitive to the level of underlying net assets, the Euro exchange rate, the price-to-book ratio chosen, an illiquidity discount and a credit rating discount applied to the valuation to account for the risks associated with holding the asset. If the price-to-book ratio, illiquidity discount and credit rating discount applied changes by +/-10%, the value of unlisted equity securities could move by +/-£7m (H1 2018: +/-£5m). The range is higher than the half year due to the increase in value.

The increase in value during the period is the result of a purchase of additional shares in the current holding and an increase in the underlying net assets.

Unlisted debt (Level 3)

Unlisted debt is valued using an adjusted net asset method whereby management uses a look-through approach to the underlying assets supporting the loan, discounted using observable market interest rates of similar loans with similar risk, and allowing for unobservable future transaction costs. Where material, these valuations are reviewed by the Group Audit Committee.

The valuation is most sensitive to the level of underlying net assets, but it is also sensitive to the interest rate used for discounting and the projected date of disposal of the asset, with the exit costs sensitive to an expected return on capital of any purchaser and estimated transaction costs. Reasonably likely changes in unobservable inputs used in the valuation would not have a significant impact on shareholders' equity or the net result.

7. Changes in estimates

The estimation of the ultimate liability arising from claims made under general insurance business contracts is a critical accounting estimate. There are various sources of uncertainty as to how much the Group will ultimately pay with respect to such contracts. There is uncertainty as to the total number of claims made on each class of business, the amounts that such claims will be settled for and the timing of any payments.

During the six month period, changes to claims reserve estimates made in prior years as a result of reserve development resulted in a net release of £13.0m (H1 2018: £16.8m) offset by a £8.5m increase (H1 2018: £2.3m decrease) in reserves due to discount rate movements.

The estimation of the ultimate liability arising from claims made under life insurance business contracts is also a critical accounting estimate. Estimates are made as to the expected number of deaths in each future year until claims have been paid on all policies, as well as expected future real investment returns from assets backing life insurance contracts. During the six month period there was a £2.7m increase (H1 2018: £1.0m decrease) in reserves due to discount rate movements.

8. Translation and hedging reserve

	Translation reserve £000	Hedging reserve £000	Total £000
2019			
At 1 January	**14,940**	**4,131**	**19,071**

Gains on currency translation differences	**1,213**	**-**	**1,213**
Losses on net investment hedges	**-**	**(1,643)**	**(1,643)**
Attributable tax	**-**	**292**	**292**
At 30 June	**16,153**	**2,780**	**18,933**
2018			
At 1 January	18,022	2,626	20,648
Losses on currency translation differences	(2,380)	-	(2,380)
Gains on net investment hedges	-	1,614	1,614
Attributable tax	-	(436)	(436)
At 30 June	15,642	3,804	19,446
2018			
At 1 January	18,022	2,626	20,648
Losses on currency translation differences	(3,082)	-	(3,082)
Gains on net investment hedges	-	1,692	1,692
Attributable tax	-	(187)	(187)
At 31 December	14,940	4,131	19,071

The translation reserve arises on consolidation of the Group's foreign operations. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments in respect of net investments in foreign operations.

9. Insurance contract liabilities and reinsurers' share of contract liabilities

	30.06.19	30.06.18	31.12.18
	6 months	6 months	12 months
	£000	£000	£000
Gross			
Claims outstanding	**481,747**	492,359	457,319
Unearned premiums	**188,624**	173,888	180,766
Life business provision	**82,154**	83,955	81,964
Total gross insurance contract liabilities	**752,525**	750,202	720,049
Recoverable from reinsurers			
Claims outstanding	**92,354**	98,874	78,731
Unearned premiums	**64,005**	58,929	61,615
Total reinsurers' share of contract liabilities	**156,359**	157,803	140,346
Net			
Claims outstanding	**389,393**	393,485	378,588
Unearned premiums	**124,619**	114,959	119,151
Life business provision	**82,154**	83,955	81,964
Total net insurance liabilities	**596,166**	592,399	579,703

10. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Charitable grants to the ultimate parent company are disclosed in the condensed consolidated statement of changes in equity.

There have been no material related party transactions in the period or changes thereto since the latest annual report which require disclosure.

11. Holding company

The ultimate holding company is Allchurches Trust Limited, a company limited by guarantee and a registered charity incorporated in the United Kingdom.

12. Reconciliation of Alternative Performance Measures

The Group uses alternative performance measures (APM) in addition to the figures which are prepared in accordance with IFRS. The financial measures in our key financial performance data include the combined operating ratio (COR). This measure is commonly used in the industries we operate in and we believe it provides useful information and enhances the understanding of our results.

Users of the accounts should be aware that similarly titled APM reported by other companies may be calculated differently. For that reason, the comparability of APM across companies might be limited.

In line with the European Securities and Markets Authority guidelines, we provide a reconciliation of the combined operating ratio to its most directly reconcilable line item in the financial statements.

		30.06.19						
		Insurance		Inv'mnt return	Inv'mnt mngt	Broking and Advisory	Corporate costs	Total
		General £000	Life £000	£000	£000	£000	£000	£000
Revenue								
Gross written premiums		185,001	1	-	-	-	-	185,002
Outward reinsurance premiums		(71,172)	-	-	-	-	-	(71,172)
Net change in provision for unearned premiums		(4,351)	-	-	-	-	-	(4,351)
Net earned premiums	[1]	109,478	1	-	-	-	-	109,479
Fee and commission income		19,537	-	-	6,269	4,776	-	30,582
Other operating income		339	-	-	-	-	-	339
Net investment return		-	724	40,865	8	420	-	42,017
Total revenue		129,354	725	40,865	6,277	5,196	-	182,417
Expenses								
Claims and change in insurance liabilities		(78,617)	(345)	-	-	-	-	(78,962)
Reinsurance recoveries		31,512	-	-	-	-	-	31,512
Fees, commissions and other acquisition costs		(34,968)	-	-	(410)	213	-	(35,165)
Other operating and administrative expenses		(37,817)	(139)	(1,523)	(5,885)	(3,939)	(7,402)	(56,705)
Total operating expenses		(119,890)	(484)	(1,523)	(6,295)	(3,726)	(7,402)	(139,320)
Operating profit/(loss)	[2]	9,464	241	39,342	(18)	1,470	(7,402)	43,097
Finance costs		(279)	-	-	-	(45)	-	(324)
Profit before tax		9,185	241	39,342	(18)	1,425	(7,402)	42,773
Underwriting profit	[2]	9,464						
Combined operating ratio (= ([1] - [2]) / [1])		91.4%						

The underwriting profit of the Group is defined as the operating profit of the general insurance business.

The Group uses the industry standard net combined operating ratio as a measure of underwriting efficiency. The COR expresses the total of net claims costs, commission and underwriting expenses as a percentage of net earned premiums. It is calculated as ([1] - [2]) / [1].

		30.06.18						
		Insurance		Inv'mnt return	Inv'mnt mngt	Broking and Advisory	Corporate costs	Total
		General £000	Life £000	£000	£000	£000	£000	£000
Revenue								

		General	Life	Inv'mnt return	Inv'mnt mngt	Broking and Advisory	Corporate costs	Total
Gross written premiums		172,725	4	-	-	-	-	172,729
Outward reinsurance premiums		(66,924)	-	-	-	-	-	(66,924)
Net change in provision for unearned premiums		(877)	-	-	-	-	-	(877)
Net earned premiums	[1]	104,924	4	-	-	-	-	104,928
Fee and commission income		17,837	-	-	6,185	4,972	-	28,994
Other operating income		1,039	-	-	-	-	-	1,039
Net investment return		-	1,019	16,302	4	414	-	17,739
Total revenue		123,800	1,023	16,302	6,189	5,386	-	152,700
Expenses								
Claims and change in insurance liabilities		(66,604)	(450)	-	-	-	-	(67,054)
Reinsurance recoveries		19,493	-	-	-	-	-	19,493
Fees, commissions and other acquisition costs		(31,812)	-	-	(468)	88	-	(32,192)
Other operating and administrative expenses		(36,829)	(144)	(1,334)	(4,976)	(3,881)	(6,063)	(53,227)
Total operating expenses		(115,752)	(594)	(1,334)	(5,444)	(3,793)	(6,063)	(132,980)
Operating profit	[2]	8,048	429	14,968	745	1,593	(6,063)	19,720
Finance costs		(297)	-	-	-	-	-	(297)
Profit before tax		7,751	429	14,968	745	1,593	(6,063)	19,423
Underwriting profit	[2]	8,048						
Combined operating ratio (= ([1] - [2]) / [1])		92.3%						

31.12.18

		Insurance		Inv'mnt return	Inv'mnt mngt	Broking and Advisory	Corporate costs	Total
		General £000	Life £000	£000	£000	£000	£000	£000
Revenue								
Gross written premiums		356,950	21	-	-	-	-	356,971
Outward reinsurance premiums		(137,640)	-	-	-	-	-	(137,640)
Net change in provision for unearned premiums		(5,241)	-	-	-	-	-	(5,241)
Net earned premiums	[1]	214,069	21	-	-	-	-	214,090
Fee and commission income		41,346	-	-	12,601	9,049	-	62,996
Other operating income		1,039	-	-	-	-	-	1,039
Net investment return		-	1,573	1,600	13	808	-	3,994
Total revenue		256,454	1,594	1,600	12,614	9,857	-	282,119
Expenses								
Claims and change in insurance liabilities		(112,222)	349	-	-	-	-	(111,873)
Reinsurance recoveries		26,188	-	-	-	-	-	26,188
Fees, commissions and other acquisition costs		(65,687)	(15)	-	(943)	299	-	(66,346)
Other operating and administrative expenses		(75,543)	(286)	(2,889)	(10,730)	(8,111)	(16,829)	(114,388)
Total operating expenses		(227,264)	48	(2,889)	(11,673)	(7,812)	(16,829)	(266,419)
Operating profit	[2]	29,190	1,642	(1,289)	941	2,045	(16,829)	15,700
Finance costs		(329)	-	-	-	-	-	(329)
Profit before tax		28,861	1,642	(1,289)	941	2,045	(16,829)	15,371

Underwriting profit	[2]	29,190
Combined operating ratio (= ([1] - [2]) / [1])		86.4%

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the consolidated 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 information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

The Board of Directors is as per the latest audited annual financial statements, with the following changes:

- A. Winther was appointed as a Non-Executive Director on 19 March 2019 and was appointed to the Finance and Investment Committee and Remuneration Committee on 3 April 2019
- F.X. Boisseau was appointed as a Non-Executive Director on 19 March 2019 and was appointed to the Group Audit Committee and Group Risk Committee on 3 April 2019
- J.F. Hylands resigned as Chairman on 19 March 2019
- R.D.C. Henderson was appointed as Chairman on 19 March 2019
- C.H. Taylor succeeded R.D.C Henderson as Chair of Remuneration Committee on 21 June 2019
- On 13 June 2019, the Board appointed D.P. Cockrem as an Executive Director and Group Chief Financial Officer, subject to regulatory approval

By order of the Board,

Mark Hews
Group Chief Executive
20 August 2019

David Henderson
Chairman

INDEPENDENT REVIEW REPORT TO ECCLESIASTICAL INSURANCE OFFICE PLC

We have been engaged by the company to review the consolidated interim financial statements in the 2019 interim results report for the six months ended 30 June 2019 which comprises the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of financial position, the condensed consolidated statement of cash flows and related notes 1 to 12. We have read the other information contained in the 2019 interim results report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the consolidated interim financial statements.

This report is made solely to the company 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 Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The 2019 interim results report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the 2019 interim results report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The consolidated interim financial statements included in this 2019 interim results report have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the consolidated interim financial statements in the 2019 interim results report based on our review.

Scope of review

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 Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial statements in the 2019 interim results report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Deloitte LLP

Statutory Auditor
London, United Kingdom
20 August 2019