



FBD Holdings plc

2013 Interim Results

August 2013

Our Policy is You

Forward Looking Statements

This presentation contains certain forward-looking statements. Actual results may differ materially from those projected or implied in such forward-looking statements. Such forward-looking information involves risks and uncertainties that could affect expected results.

Where applicable and unless otherwise stated, all comparative figures have been restated to exclude operations that were sold during 2012 and to reflect changes to IAS 19 “Employee Benefits”.

2013 Interim Results - Highlights



Performance

- Policy count up 1.7%, GWP up 0.7%
- Further growth in market share
- Industry leading COR of 94.7%
- PBT of €19m

Claims

- Further improvement in attritional loss ratio to 50.4%
- Severe personal injury claims* ahead of norm in early 2013 - reversion towards norm has begun

Financial strength

- NAV increased by 11% to 740c
- Solvency strengthened to 70% of NEP

Dividend

- Interim dividend of 15.75c, up 29% - following through on earlier commitment to increase dividend

*Personal injury claims with net cost greater than €1m

	2013	2012	Change
GWP	€175.9m	€174.7m	0.7%
Operating profit	€24.1m	€28.1m	-14.3%
PBT	€19.0m	€21.8m	-12.6%
Operating EPS	63c	74c	-14.9%
NAV	740c	666c	11.1%

Strategic developments

- Key strategic initiatives deliver further growth
- Gaining traction from Broker relationships
- No Nonsense repositioned
- Increasing investment to maximise potential

2013 Interim Results – Performance in market context



	GNP	Domestic Demand
2009	-9.1%	-9.7%
2010	0.5%	-5.0%
2011	-1.6%	-3.0%
2012	1.8%	-1.1%
2013 (f)	0.3%	-0.8%

Economy

- Domestic demand continued to stabilise
- Unlikely to return to robust growth in short term

Insurance industry

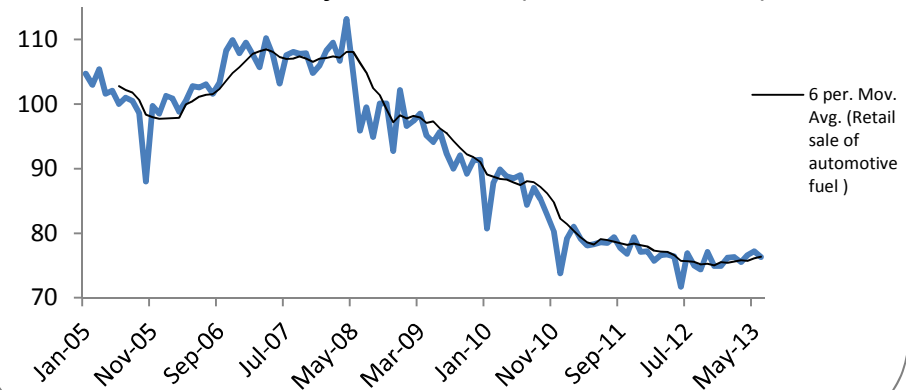
- Market continued to contract, but at a diminishing rate
- Insurable values stabilising
- Signs of hardening rates in car and business insurance
- Still a 'noisy' advertising market
- Gender rating – smooth implementation

Claims environment

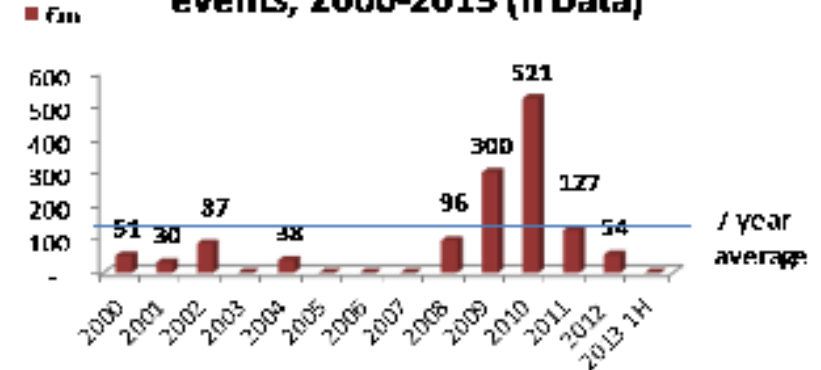
- Benign weather in 2013 to date
- 6% increase in road deaths, from historic low

Retail sales of automotive fuel

Volume adjusted index (Base 2005=100)



Industry cost of catastrophic weather events, 2000-2013 (II Data)



Farm and business direct

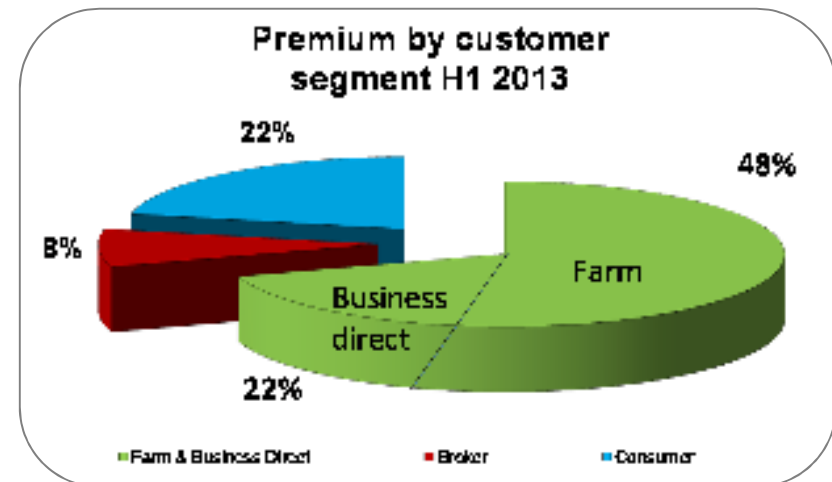
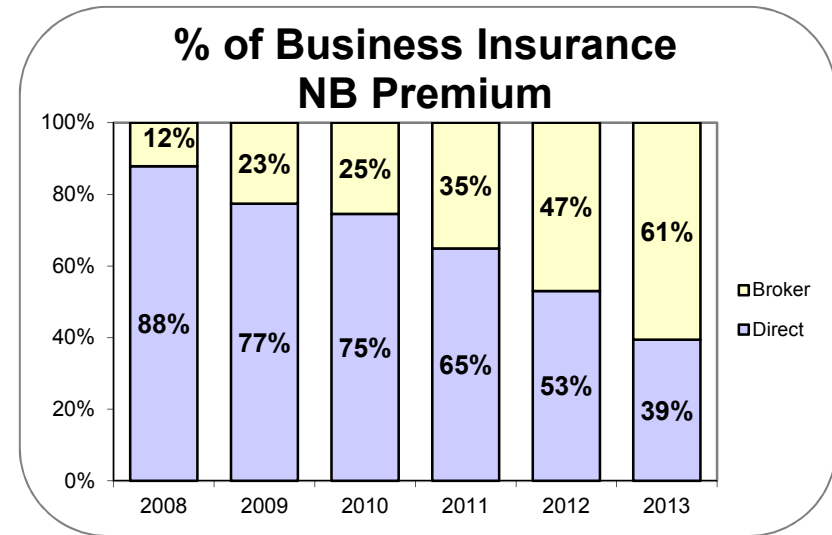
- Increased products sold per customer
- Most farming customers ever

Consumer

- Competitive market place, increased investment in marketing
- Premium and volume growth in car, No Nonsense premium income up 39%, through 'ready-made' and telematics
- Maintaining underwriting discipline in home

Brokers

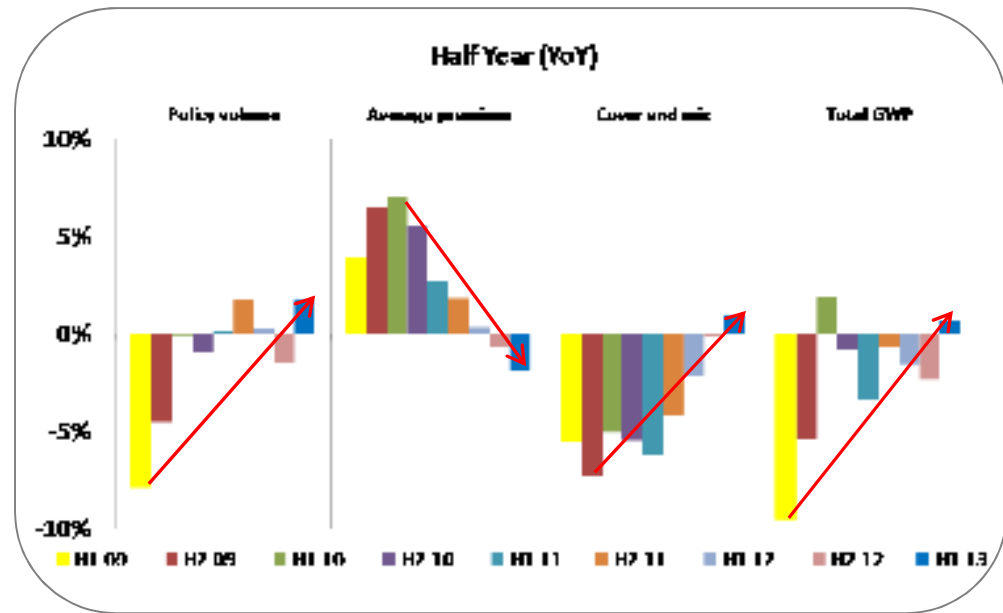
- Relationships with broker partners are developing well and business written is gaining momentum
- Brokers accounted for 61% of business insurance new business



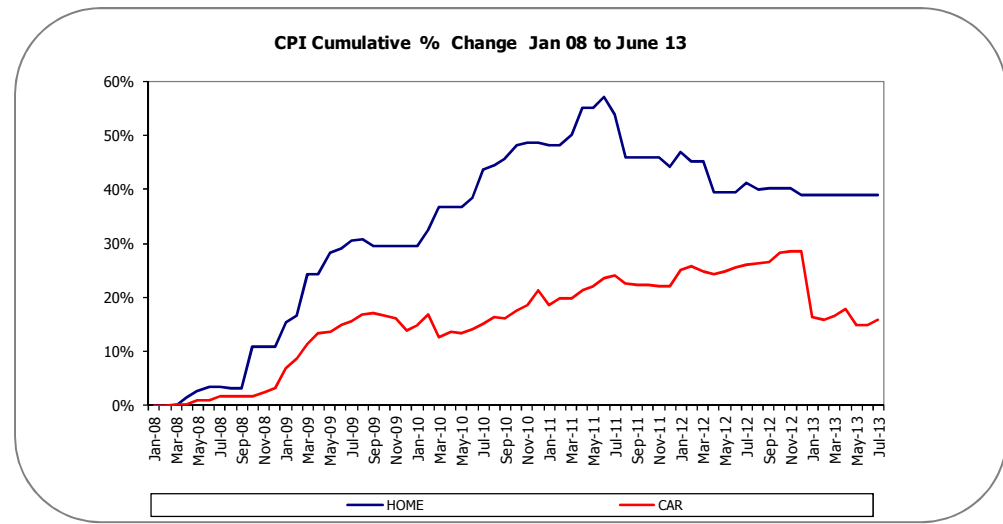
2013 Interim Results – Premium trends



- GWP up 0.7%, volume up 1.7%
- Irish Insurance market down c3%
- Premium performance ahead of peers
- Increased market share in 2013, to highest ever share
- Market share growth in 11 of the last 12 years, continued into 2013



- FBD reduced rates for some car insurance customers in 2012 where risk has reduced
- As economic activity increases, it is likely that market rates will harden to compensate for the associated increase in risk
- Premium and volume growth in all segments except home
- Cover and mix improving as economy stabilises

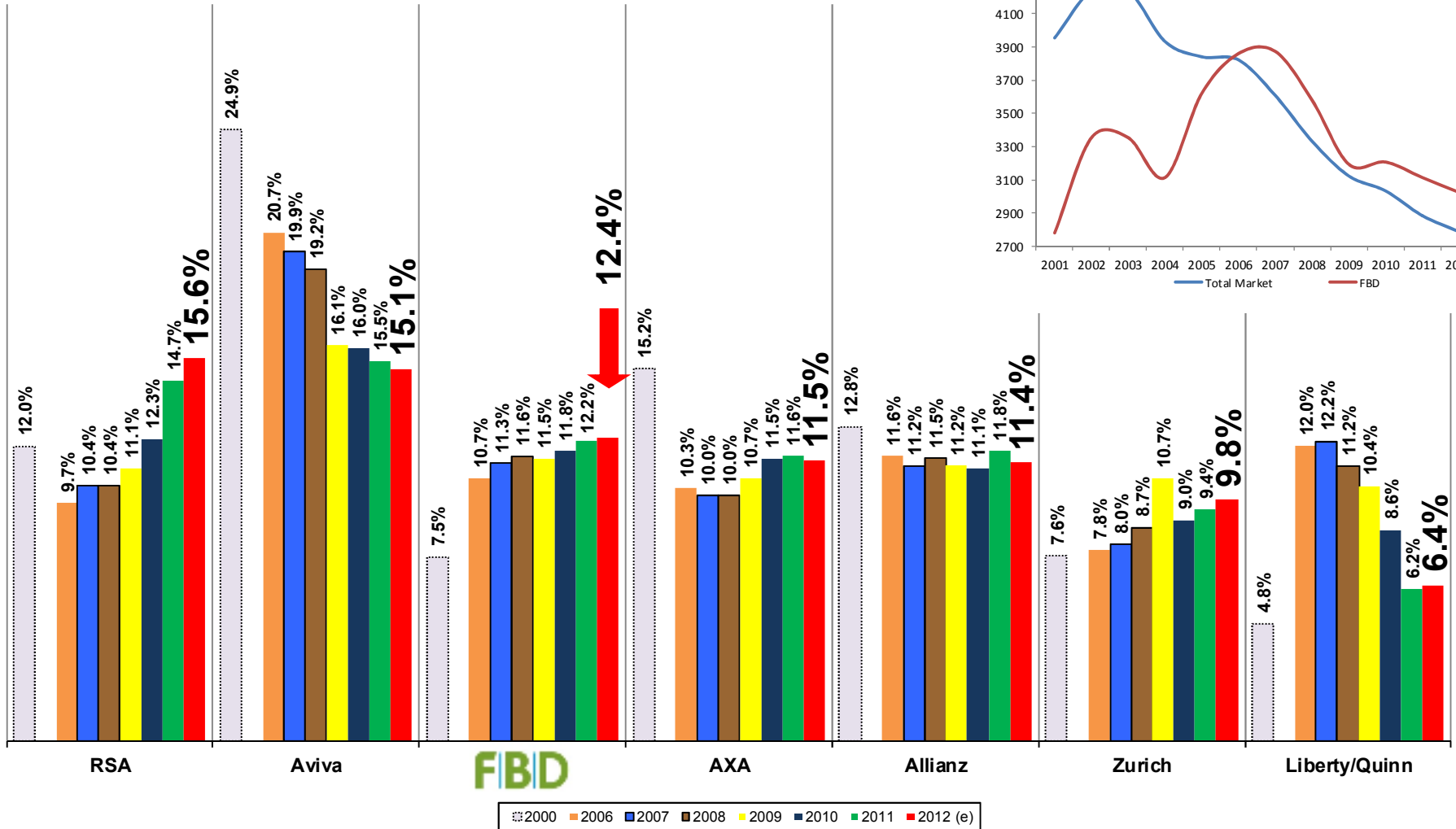
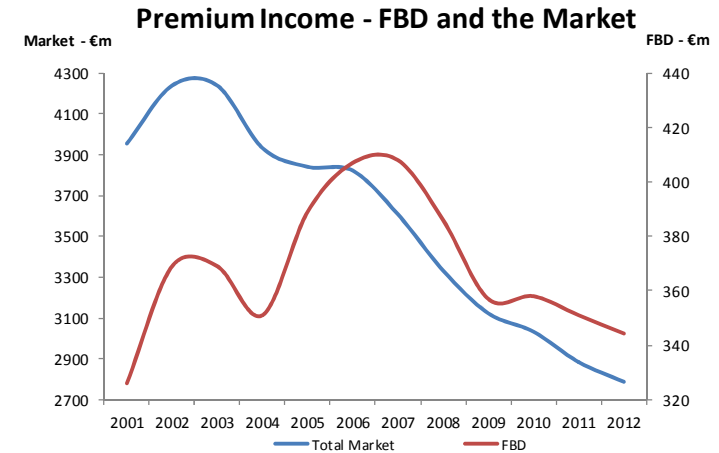


FBD continues to outperform market

2013 Interim Results – Market share



Latest available market data (Insurance Ireland)

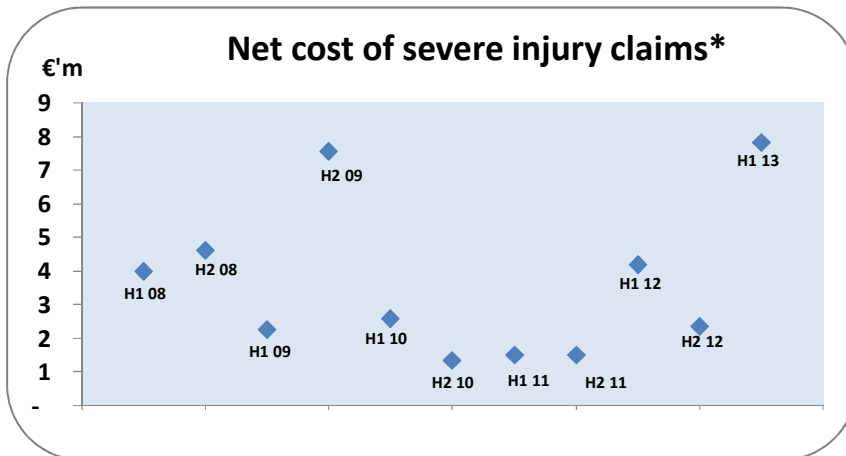
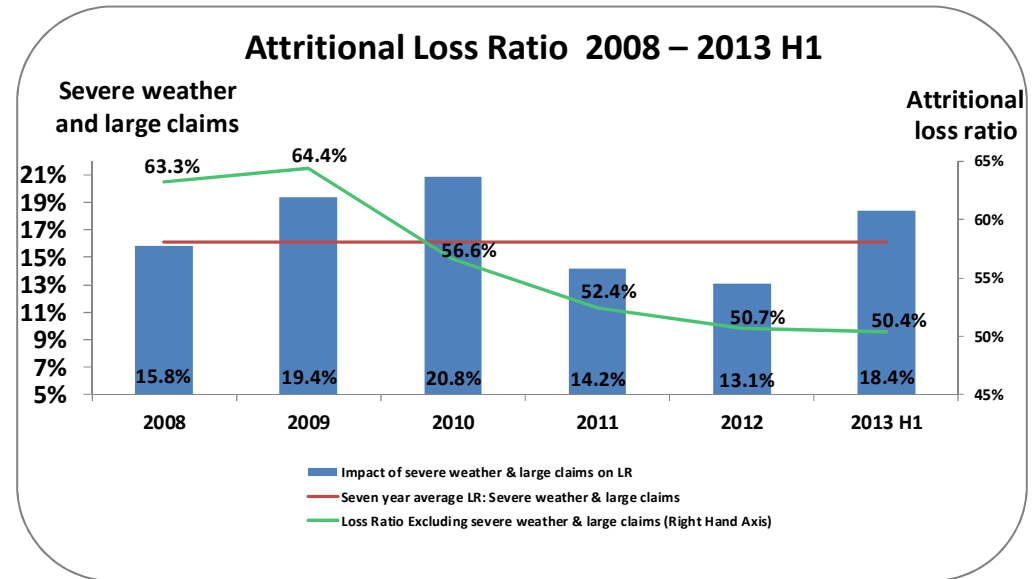


Market share growth in 11 of the last 12 years. Continued growth in 2013.

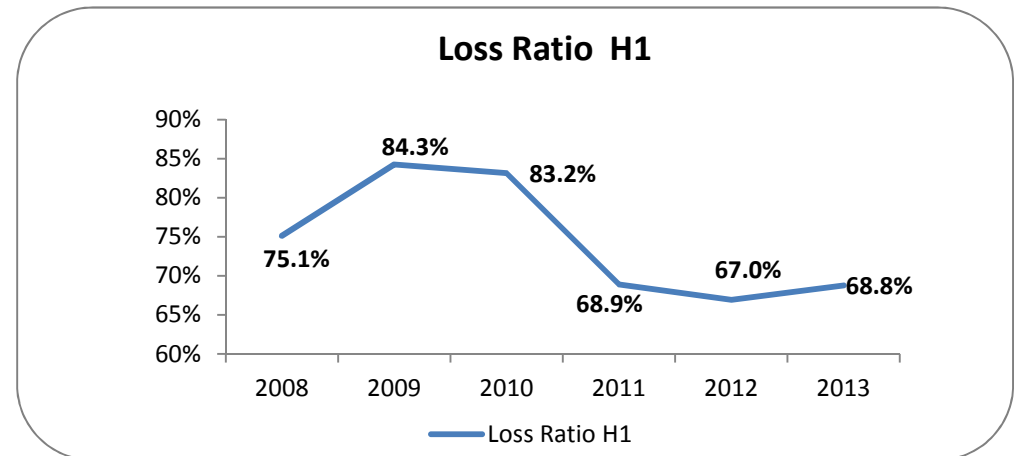
2013 Interim Results – Claims

Loss ratio of 68.8%

- Continued improvement in attritional claims
 - risk selection
 - claims management initiatives
 - rating
 - positive operating environment
- Severe personal injury claims*, which are volatile by nature were ahead of historic norms in early months of 2013
- Likely to revert to norm over the course of the full year
- In contrast, severe weather experience was very benign in the period



*Personal injury claims with net cost greater than €1m



Further improvement in attritional claims

Financial services

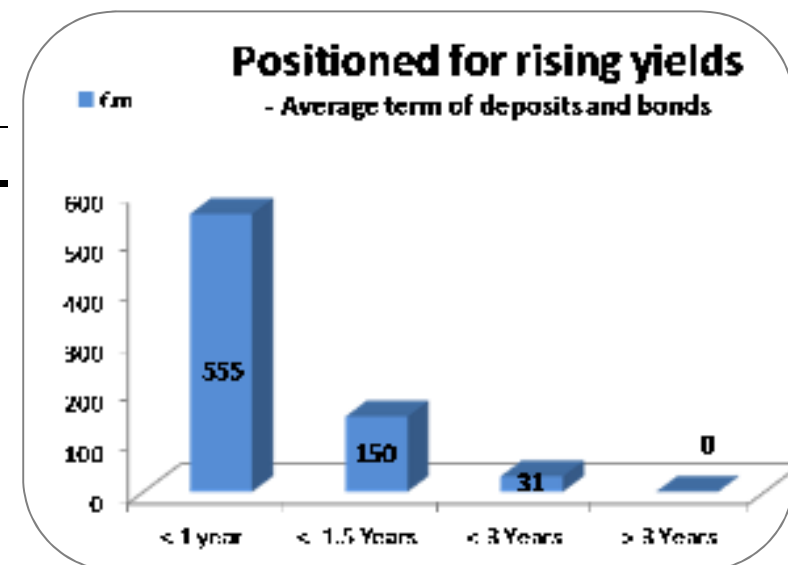
- Includes:
 - premium instalment services
 - life, pension and investment broking (FBD Financial Solutions)
 - less head office cost
- Generated an operating profit of €2.2m (2012: €2.6m)
- An increasing proportion of insurance customers continue to avail of premium instalment services
- The market for life, pensions and investment broking business continued to be challenging
- Financial Solutions is the largest retail broker in Ireland

Joint venture (JV)

- 50% share of property and leisure operations in Ireland and Spain
- Trading has continued to improve in 2013
- Growth in occupancy, rate and revenue per room, particularly in the Irish market
- Sales of units in La Cala continue to be strong and the JV sold the last of the remaining units in July
- The Group's share of JV losses was €0.4m, an improvement on the €0.7m loss in 2012

2013 Interim Results – Asset allocation

- The movement towards our long-term asset allocation began in 2012
 - ~ We added short dated corporate bonds and equities
 - ~ However we did not move to invest in longer-dated bonds
- Sell off in fixed income in June 2013 demonstrated the appropriateness of the current asset allocation
- Substantial cash allocation positions FBD to benefit from rising yields



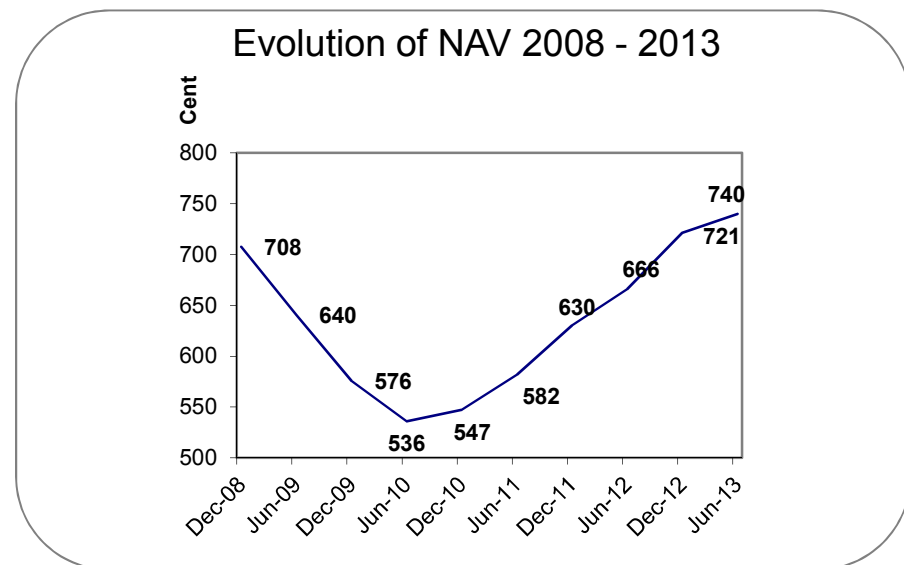
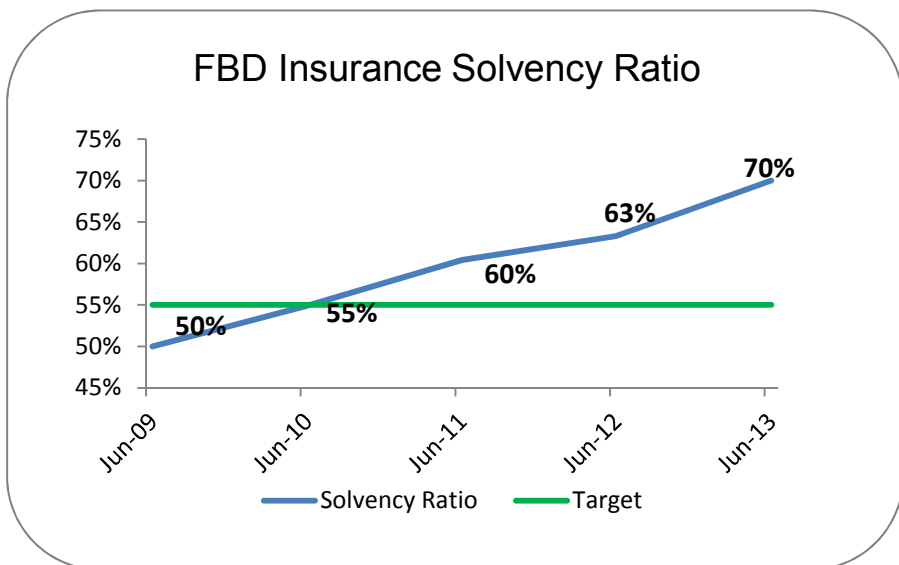
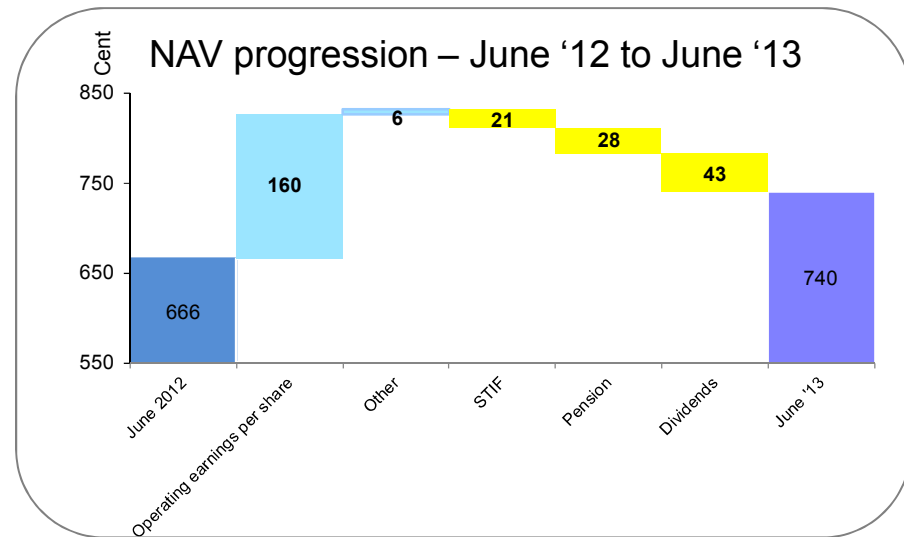
	30-Jun-13		31-Dec-12	
	€m	%	€m	%
Investment assets				
Deposits and cash	513	60%	499	59%
Corporate bonds	140	17%	152	18%
Government bonds & approved securities	83	10%	110	13%
Equities	62	7%	60	7%
Unit trusts	23	3%	-	-
Own land & buildings	16	2%	16	2%
Investment property	11	1%	11	1%
Investment assets	848	100%	848	100%
Trade & other debtors and DAC	103		101	
Reinsurers' share of technical provisions	47		55	
Investment in joint venture	44		44	
Plant and equipment	24		19	
Total assets	1,066		1,067	

2013 Interim Results – Balance sheet



NAV progression & solvency strength

- Strong capital base with solvency level of 70%, up from 63%
- Net asset value per share increased 11% to 740c
- Reserving maintained at same robust level as at the previous year end
- No release or build-up of reserves in period
- The Group has no debt



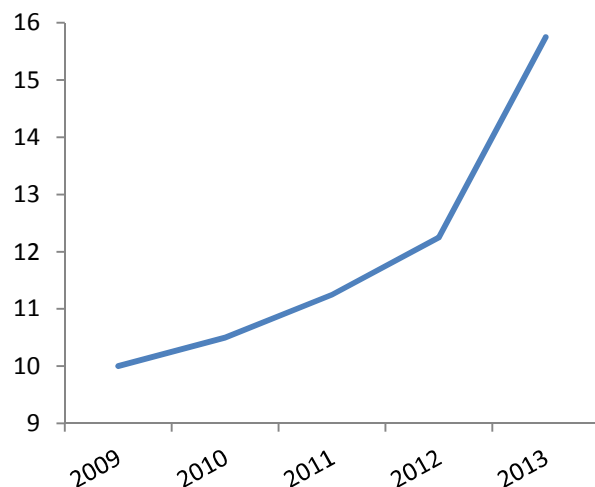
2013 Interim Results – Dividend

Policy

- It is in the long term interest of all stakeholders to maintain strong solvency and liquidity margins
- FBD is committed to a progressive dividend policy and efficient capital management
- Target is a 40% - 50% operating payout ratio

Dividend
per share C

Interim DPS



2013 Interim dividend

- Interim dividend of 15.75c, an increase of 29%
- Further step towards 40% - 50% operating payout ratio
- Further significant increase – rationale:
 - Very strong profit performance
 - Robust financial position
 - Move towards target payout ratio
- Will move to target 40% - 50% ratio in sustainable and progressive steps

Outlook

- Irish domestic demand will stabilise in the second half of 2013, but is unlikely to return to robust growth in short term
- FBD is committed to achieving profitable growth by evolving business to reflect the needs of customers. Growth will be achieved by:
 - delivering products and services that matter to its farming and business customers
 - increasing penetration of key urban markets, in particular Dublin
 - increasing business insurance in partnerships with brokers
 - selling personal lines in partnerships with brokers
- The Group will continue to deliver improvements in those aspects of claims costs that it can control, and expects to maintain the attritional loss ratio achieved in the first half of 2013 throughout the remainder of 2013. It is expected that the severe personal injury claims experience, which can be volatile in any short period, will revert to historic norms
- The Group re-affirms its previous guidance, subject to exceptional events arising, for the full year 2013 operating earnings per share of 145c to 155c

Has a track record of:

- Outperforming its peers and delivering superior returns to shareholders
- Delivering returns in difficult market conditions

The insurance market is:

- Likely to stabilise in line with domestic demand
- Focussing on underwriting returns

FBD has:

- A robust underwriting business with a strong core franchise
- A strong capital base and balance sheet and a prudent reserving strategy
- A low-risk investment allocation

FBD will:

- Increase investment to maximise potential
- Seek opportunities for sustainable growth and profits
- Deliver superior returns to shareholders
- Move to target 40% - 50% operating payout ratio in sustainable and progressive steps



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