

FBD Holdings plc

2009 Interim Results

August 2009

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.

H1 2009 Highlights

Financial

- Solid trading performance
- Operating profit of " 13.0m
- Operating profit from all divisions
- Loss net of valuation adjustments
- Strong balance sheet
- Solvency stays at 50% of NEP

Operational

- 2nd largest P&C insurer in Ireland
- Eight years of market share growth
- Premium rates hardening
- Further Dublin penetration
- Cost improvements . network realigned
- Successful claims initiatives

Rate actions and claims initiatives leading to improved underlying loss ratio

Performance in a market context

Economy

	2009	2010	2011
▪ GDP	(9%)	(5%)	1%
▪ Domestic demand	(14%)	(8%)	(1%)
▪ Unemployment	15%	18%	18%
▪ New car sales down 73%			
▪ New goods vehicles down 65%			
▪ New house completions down 56%			
▪ Business dissolved up 37%			
▪ Business registrations down 19%			
▪ Tourism and second home sales suffering from global economy and sterling weakness			

Insurance industry

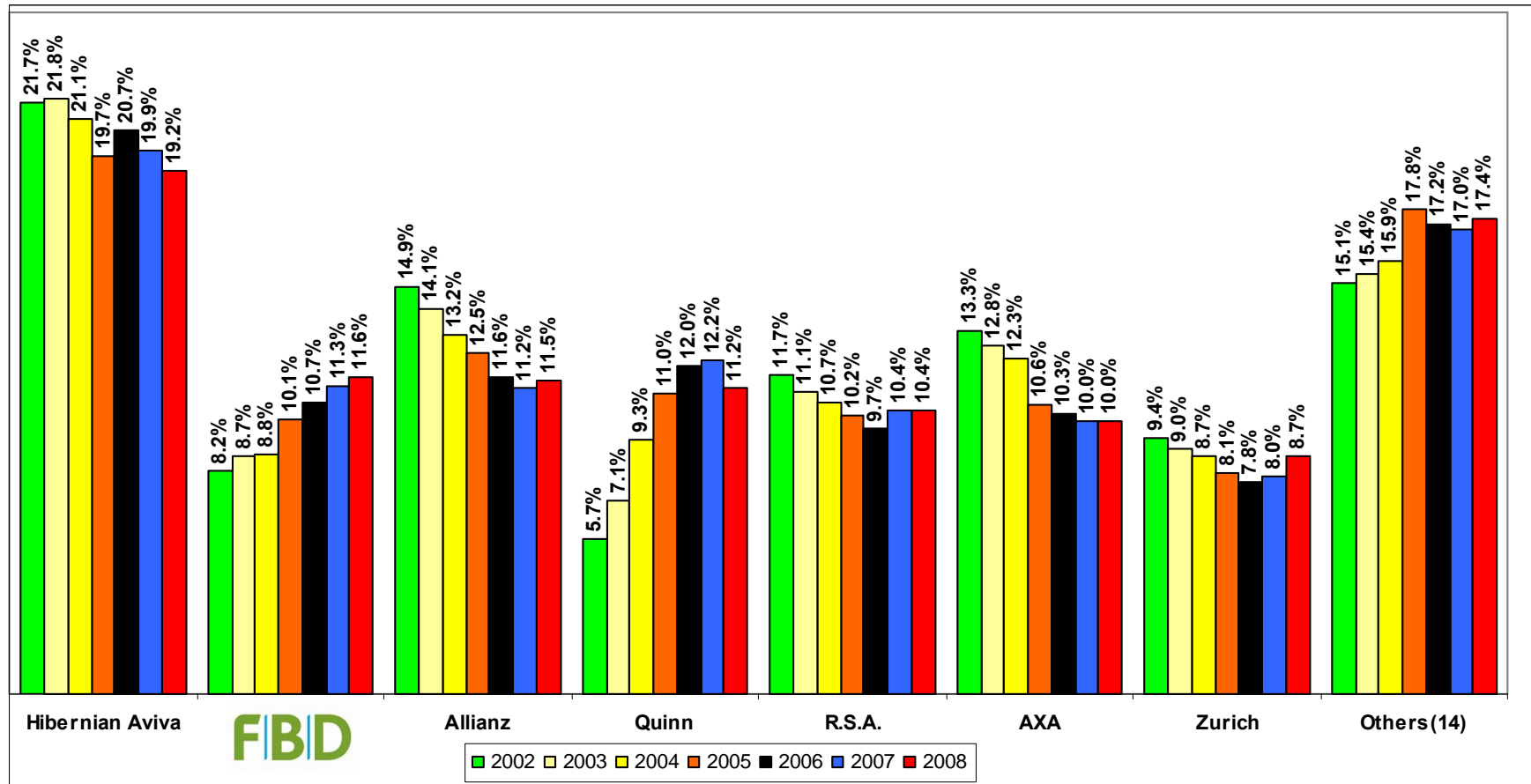
- 8% premium decline and 98% reported COR for the industry in 2008
- Further deterioration in premium and COR likely in 2009
- Industry COR in 2008 of:
 - 137% for home
 - 105% for cars
- Recessionary claims
- Severe weather in January
- Fall in long-term investment returns
 - new norm+for premium pricing is required
- Hardening of rates commenced late in 2008 and continued into 2009

Short term economic outlook is weak but the rate environment will continue to improve

2009 Interim Results - Underwriting



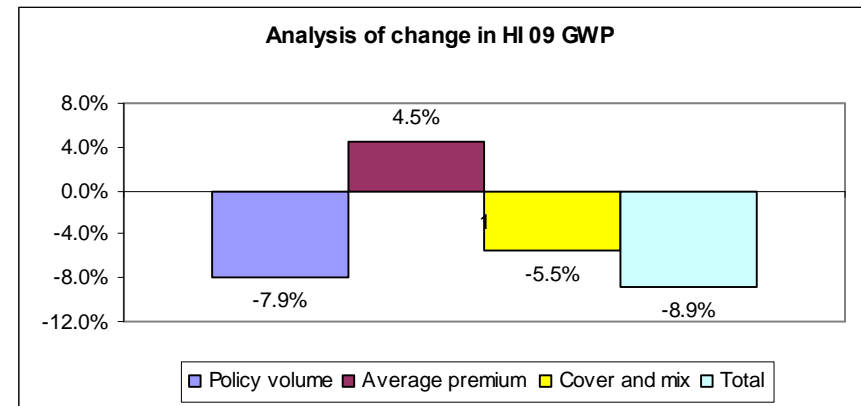
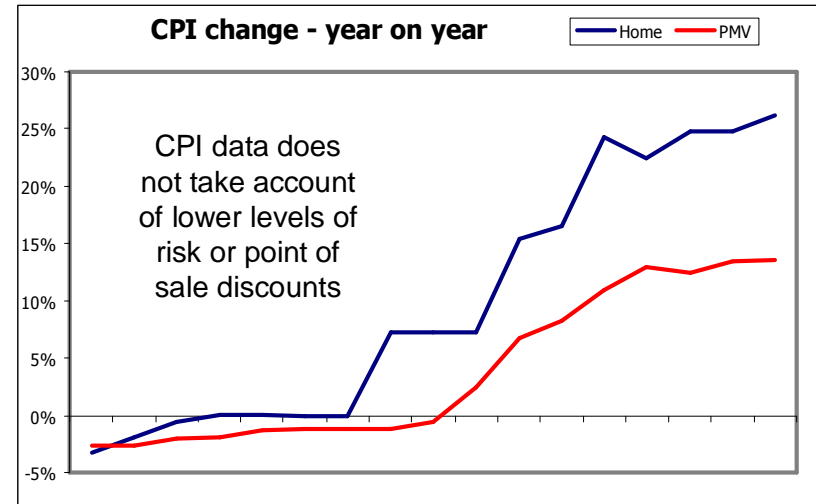
Market Share – Gross Written Premium (IIF)



Total Market 2008 - " 3,333m: 2007 - " 3,604m: 2006 - " 3,822m: 2005 - " 3,841m: 2004 - " 3,933m : 2003 - " 4,239m: 2002 - " 3,955m
 FIBD Premium 2008- " 386m: 2007 - " 408m: 2006 - " 407m: 2005 - " 389m: 2004 - " 351m: 2003 - " 369m: 2002 - " 326m

Premium

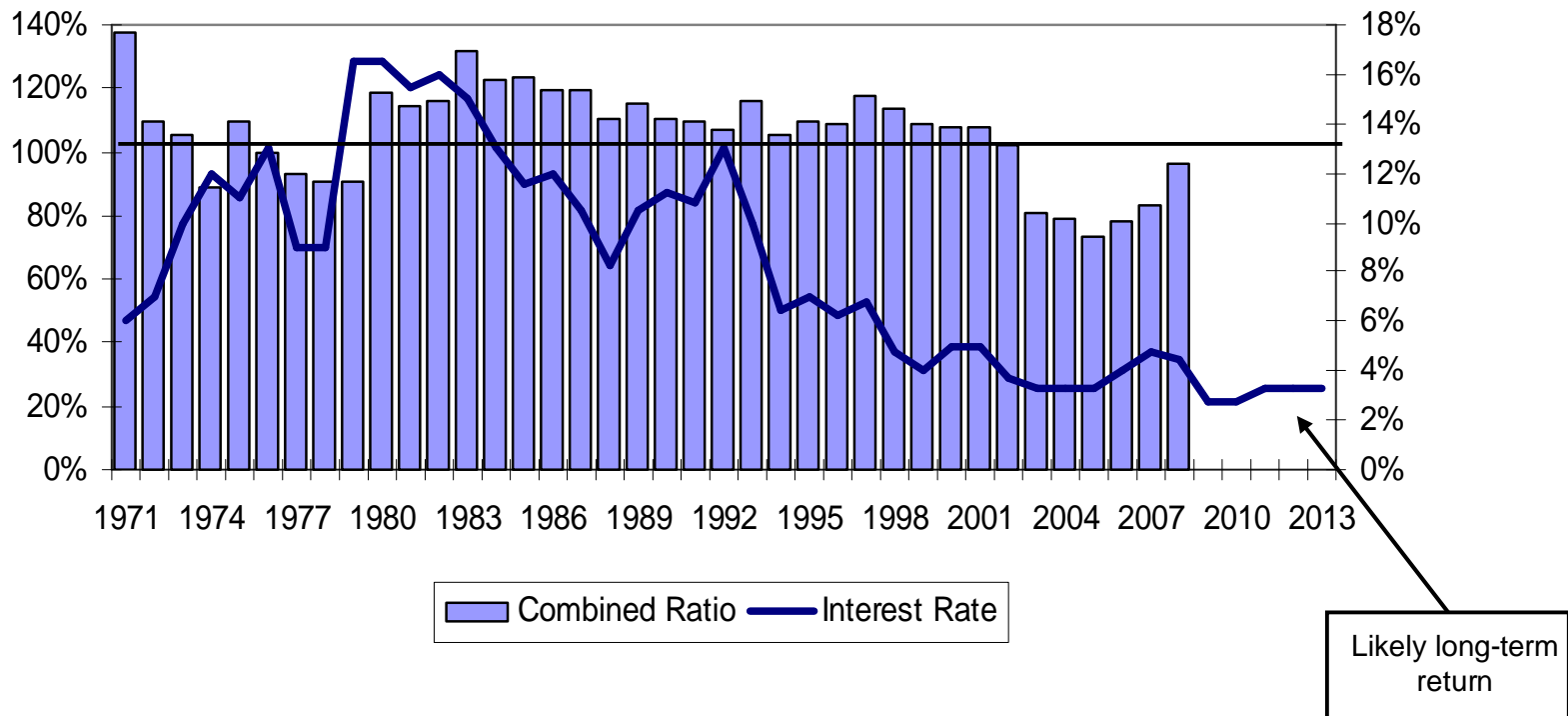
- FBD GWP in H1 was down 8.9% year on year, reflective of industry
- Insurable risk is declining in line with economic activity
- FBD rate actions started in 2008 and continued in 2009
- Prioritising underwriting disciplines resulted in reduced volume
- FBD will benefit from positive operating leverage as prices rise



Prioritisation of underwriting discipline pending improved pricing environment

Premium Pricing – the new norm

FBD COR% and Interest Rates - 1971 to 2013



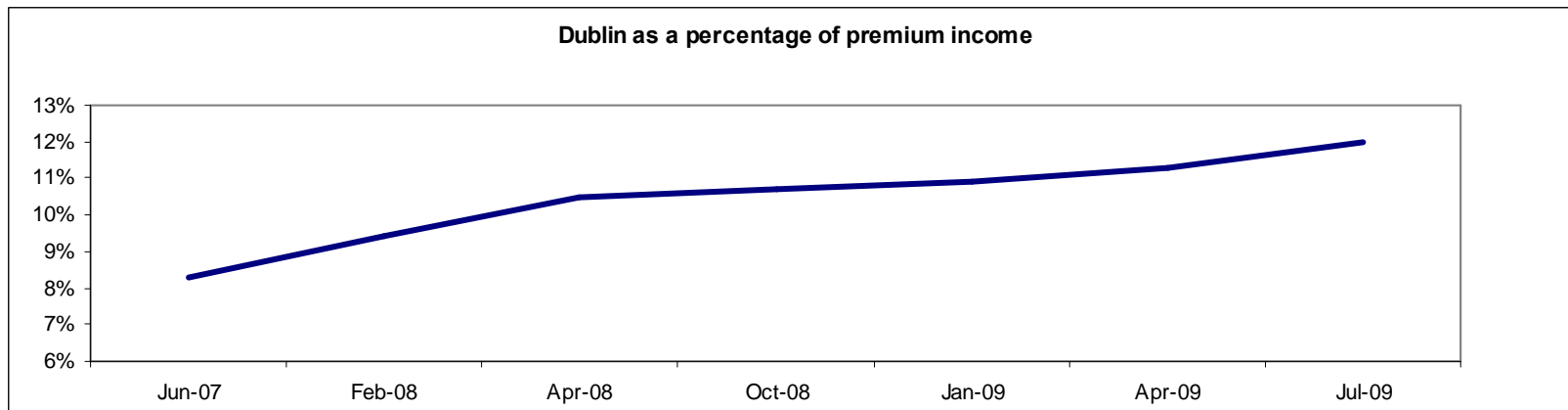
Lower investment returns leading to new norm in combined ratio

Dublin market penetration

- Progress in Dublin and other urban areas continues
- 10% growth in the number of customers in Dublin
- Dublin representing 45% of all web business (Dublin population 28%)

Increasing penetration through:

- FBD.ie
- NoNonsense.ie
- Broker Initiatives
- Direct sales force
- Re-branding campaign

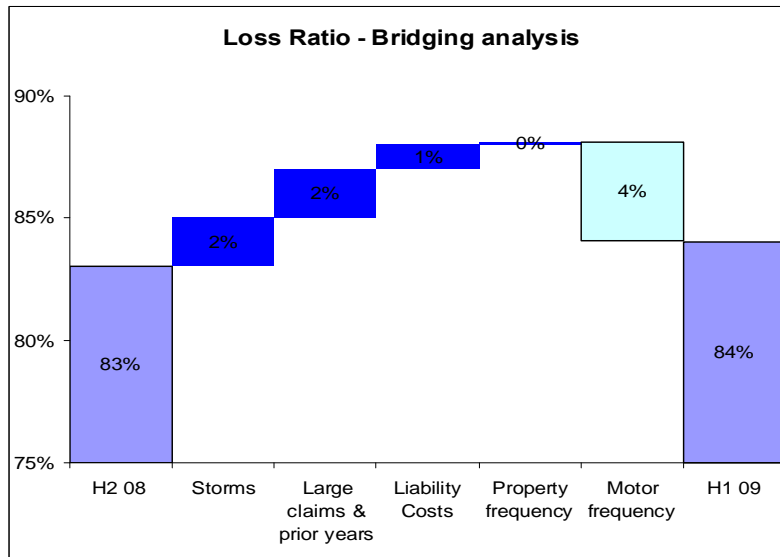


Further progress – significant opportunity

Claims Trends

- Claims ratio up from 75.1% to 84.3%
- Higher property claims frequency
- Severe weather in January year on year
- Large claims . deterioration in small number of prior year claims
- Reduction in motor claims frequency

- Continued initiatives to improve claims costs:
 - Increased resources and training to counter fraud
 - Focus on direct settlement initiative
 - Continued innovation in technology, organisation and process to improve settlement costs
- Contributing to an improvement in underlying loss ratio

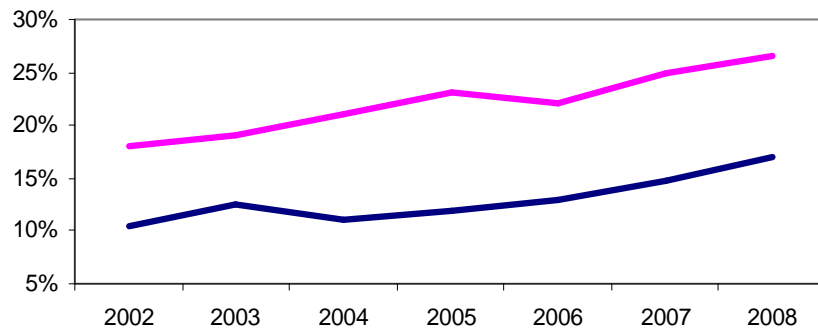


Macro economic trends influence performance			
	Motor	Property	Liability
Topline	Volume and value reduce	Volume and value reduce	Turnover & salaries reduce
Frequency	Lower mileage Recessionary claims	Recessionary claims	Recessionary claims
Average Claim	Lower costs	Lower costs	Unchanged

Continued success in reducing claims costs – “Fair to FBD, fair to the customer”

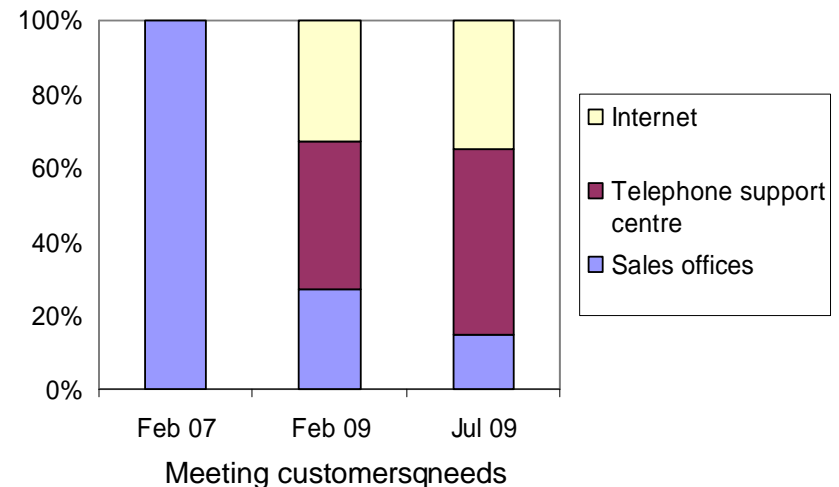
Cost structure

Net Expense Ratio — FBD — Market



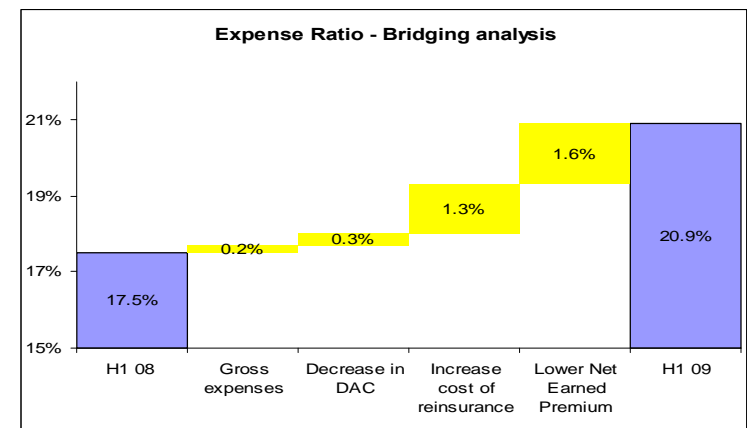
The Group will benefit from operating leverage as premiums rise

Car Insurance - changing Distribution Platform



Initiatives completed

- Local office network realigned (2% reduction in 2010 expense ratio)
- Mullingar support centre completed
- Personal lines by phone and internet
- Local offices focus on farming and commercial
- Central operations established



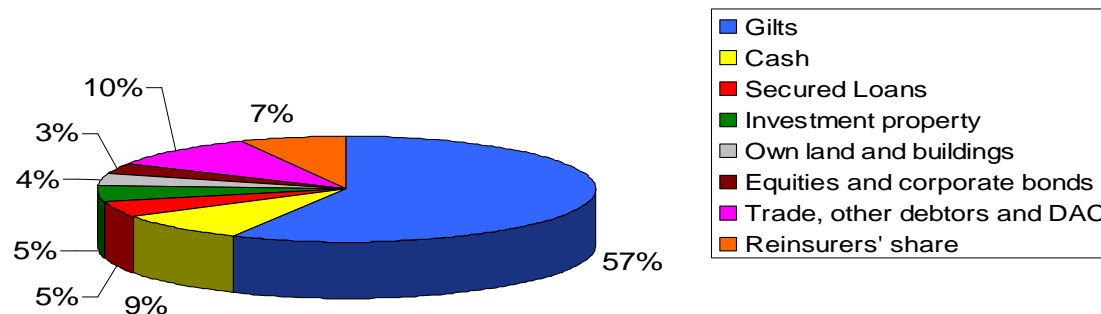
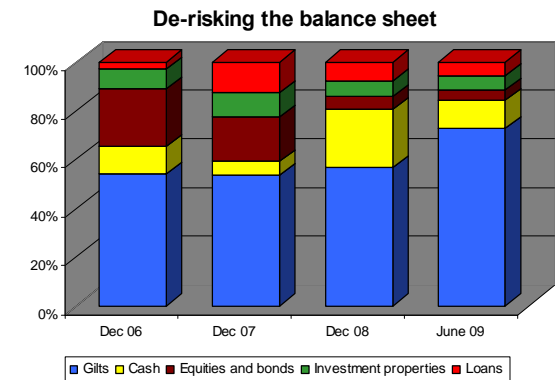
Sustainable competitive advantage

- **La Cala**
 - “ Market environment for property sales challenging
 - “ Focus on costs
 - “ Golf and hotel performing in line with H1 2008 due to proactive marketing
- **Sunset**
 - “ Excellent performance
 - “ Well ahead of the competition
- **FBD Hotels**
 - “ Oversupply in certain market segments . focus on costs
 - “ Re-branded Tower as FBD Hotels
- **Financial Services / Other**
 - “ Strong contribution from FBD Brokers
 - “ FBD Financial Solutions . weak market for investment products
 - “ Focus on costs
 - “ Re-branded as FBD Financial Solutions

2009 Interim Results – Underwriting

Underwriting Assets Allocation

	30 June 2009		1 January 2009	
	€m	%	€m	%
Government gilts	581	57%	466	45%
Trade and other debtors and DAC	102	10%	102	10%
Deposits and cash	92	9%	207	20%
Reinsurers' share of technical provisions	69	7%	58	6%
Secured loans and accrued interest	48	5%	58	6%
Investment properties	46	5%	53	5%
Own land & buildings, fixtures & fittings	39	4%	40	4%
Equities and corporate bonds	35	3%	44	4%
	1,012	100%	1,028	100%



Secured Loans			
	A	B	Total
Location	Manchester, IOM	London	
Origination	£1 . £4	£7	
Recourse	No	No	
Roll-up	Yes	Yes	
	" m	" m	" m
Original	29	33	62
Repayment	-	(4)	(4)
Interest	13	5	18
Balance . 30 June	<u>42</u>	<u>34</u>	<u>76</u>
Less Provision			(28)
Net Balance			<u>48</u>

Underwriting asset allocation remains prudent

2009 Interim Results – Group



Group Assets

	30 June 2009	31 Dec 2008	STIF and Valuation Adjust
	€m	€m	€m
Government gilts	581	466	-
Hotel & golf resort assets	156	167	(10.9)
Trade and other debtors and DAC	116	103	-
Deposits and cash	111	219	-
Reinsurers' share of technical provisions	69	58	-
Inventory	59	63	(2.5)
Secured loans and accrued interest	48	58	(12.0)
Investment properties	46	53	(6.3)
Own land & buildings, fixtures & fittings	41	42	(1.0)
Equities and corporate bonds	40	49	(1.6)
	<u>1,267</u>	<u>1,278</u>	<u>(34.3)</u>

Cumulative write offs as a
% of Dec 2007 values:

Inv. properties	44%
Secured loans	39%
Hotel and golf	20%

Prudent valuations
taking into
consideration the
performance,
quality and
locations of the
underlying assets

Properties independently valued by professional external valuers at 30 June

Dividend policy

- 10 cent interim dividend approved
- Remain committed to maintaining a robust capital position and a strong balance sheet
- Prudence continues to be the appropriate policy given uncertain global outlook for asset values
- Insurance solvency remains at 50% of net earned premium
- Committed to a progressive dividend policy

Outlook - Underwriting

- Industry premium likely to deteriorate further
- Further hardening of market rates is still necessary to provide an adequate return on capital
- FBD will focus on:
 - Profitable growth, maintaining underwriting discipline
 - Increasing penetration of urban markets
 - Implementing further initiatives to reduce claims costs
 - Seeking further opportunities to maximise efficiency
- Pricing cycle is reaching the point at which it will be prudent to grow volumes
- In the absence of severe weather or large claims incidence, the Group expects that H2 combined ratio will improve

FBD well positioned to benefit from hardening market

Outlook – Non Underwriting

Leisure and property development

- Markets will remain difficult
- Market overcapacity should reduce in the medium term
- Trading in July/August was strong
- Continue to focus on the development of new market initiatives and segments to maintain profitability and cash generation
- Continue to focus on costs

Financial Services / Other

- FBD Brokers will benefit from rate increases
- FBD Financial Solutions will focus on pension and protection products as market for retail investment products will remain weak
- Continue to focus on costs
- Consolidate customer relationships

Full year operating profit anticipated

Proposition

FBD has:

- Robust underwriting business
- Appropriate plans, people and infrastructure
- A track record of profitable market share growth
- A quality portfolio of property and leisure businesses
- Strong capital base and balance sheet
- Prudent reserving policy
- A de-risked balance sheet
- A track record of distributing excess capital

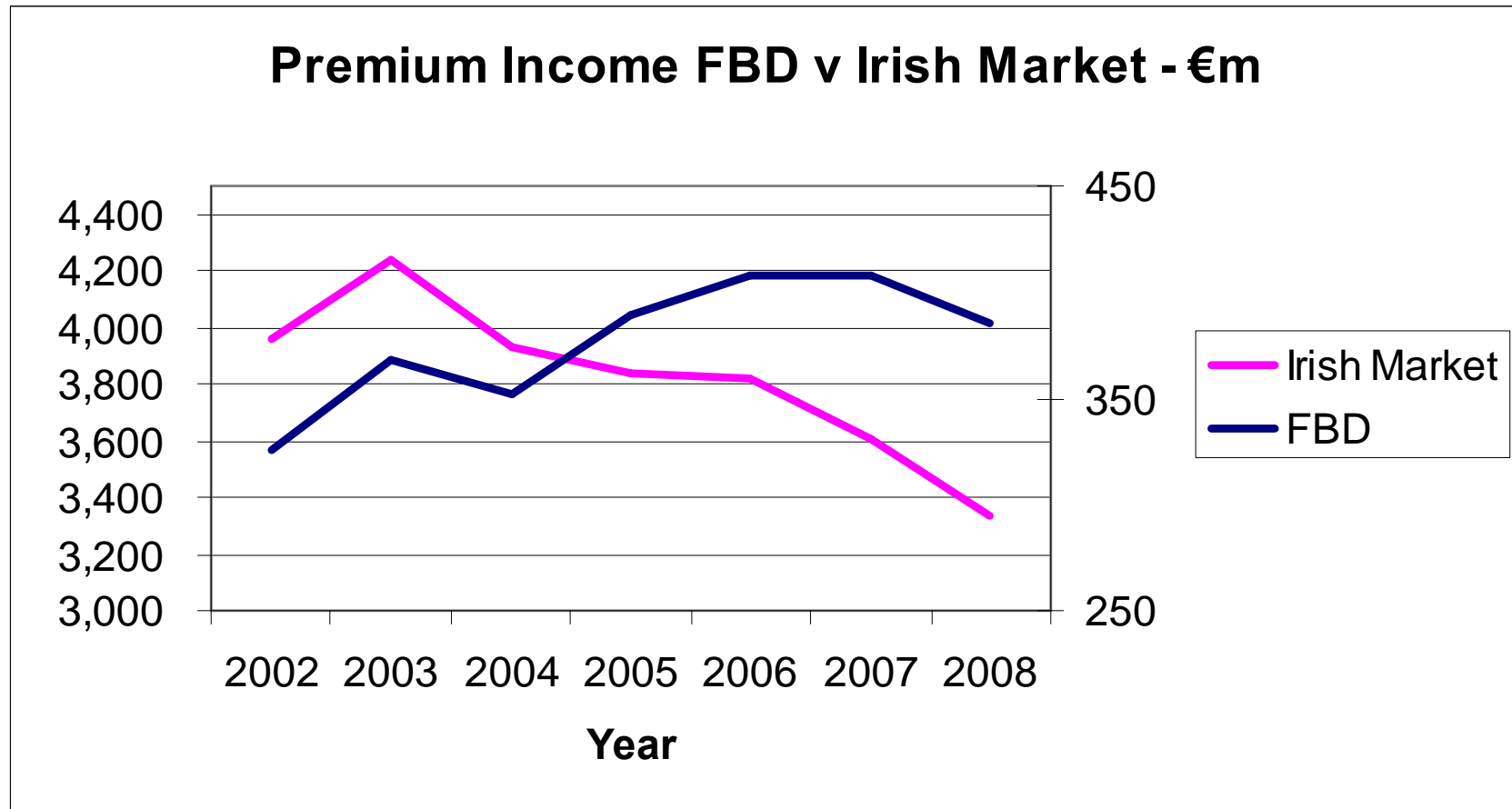
FBD is well positioned to:

- Benefit from hardening market
- Enjoy positive operating leverage as prices rise
- Deliver long-term profitable growth
- Produce superior returns for shareholders



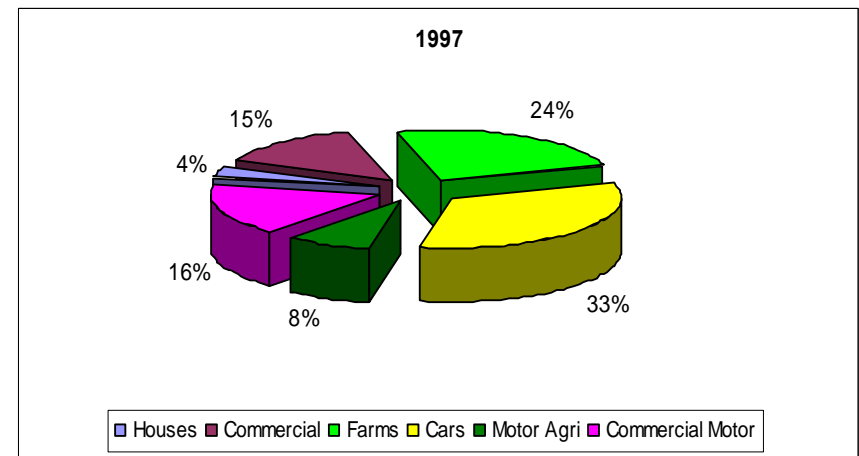
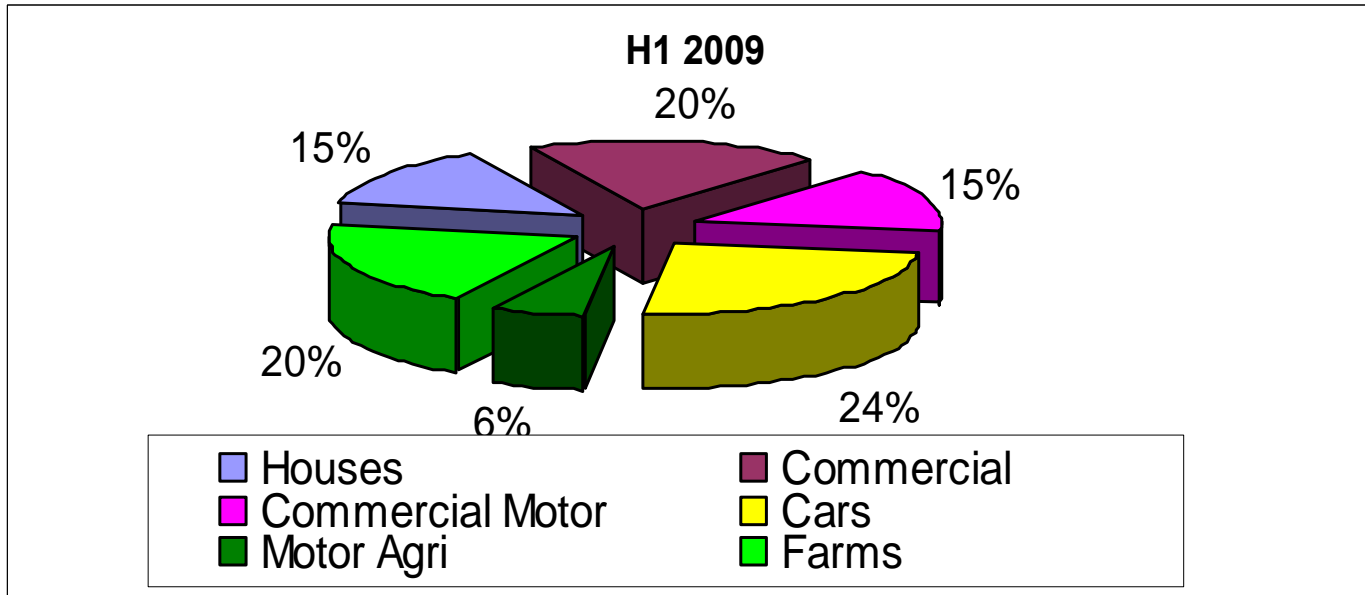
Appendices

Continuing Growth in Market Share



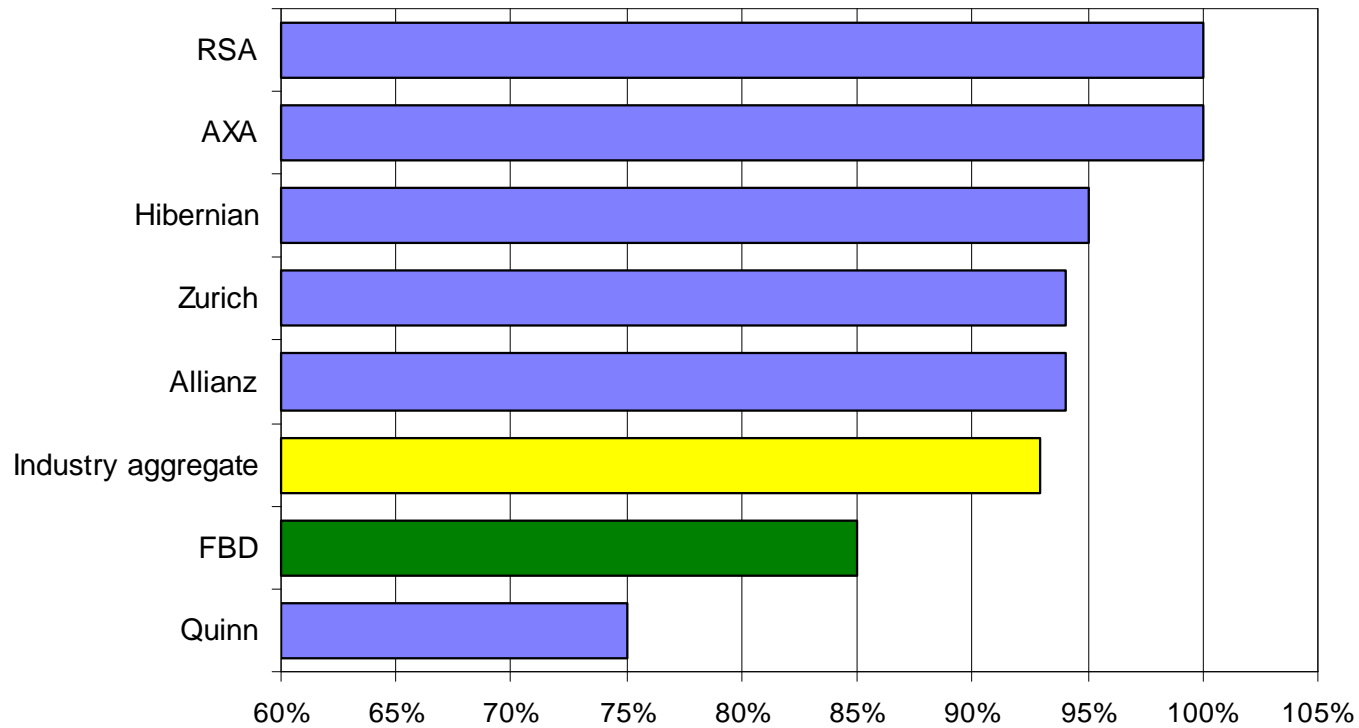
2009 Interim Results – Underwriting

Premium by category



10 year average combined ratio

10 year COR% - 1998 to 2007



Income Statement

	H1 2009	H1 2008
	€000s	€000s
Gross written premiums	<u>180,722</u>	<u>198,335</u>
Net earned premiums	160,314	173,853
Net claims incurred	(135,088)	(130,586)
Net operating expenses	<u>(33,575)</u>	<u>(30,451)</u>
Underwriting Result	<u>(8,349)</u>	<u>12,816</u>
Loss Ratio	84.3%	75.1%
Net Expense Ratio	20.9%	17.5%
Combined Ratio	105.2%	92.6%

Income Statement (cont 'd)

	H1 2009	H1 2008
	€000s	€000s
Underwriting Result	(8,349)	12,816
Longer term investment return	18,428	23,081
Non underwriting operating income	2,881	5,569
Operating profit	12,960	41,466
Operating profit by activity:		
Insurance underwriting	10,079	35,897
Non-underwriting		
- Property/leisure	73	3,928
- Financial services/other	2,808	2,510
- Capital fund	-	(869)
	12,960	41,466

Income Statement (cont 'd)

	H1 2009	H1 2008
	€000s	€000s
Operating profit	12,960	41,466
Short term fluctuation in investment return	(19,852)	(44,175)
Finance costs	(1,766)	(1,780)
Revaluation of land and buildings	(11,077)	-
Restructuring costs	(2,033)	(725)
Loss before tax	(21,768)	(5,214)
Income tax credit/(expense)	977	(1,334)
Loss for the period	(20,791)	(6,548)

2009 Interim Results



Balance Sheet - Assets

		<u>30/06/09</u>		<u>31/12/08</u>
		<u>€000s</u>		<u>€000s</u>
Property & Equipment				
Hotels/golf	155,799		167,088	
Property . own use	23,305		24,335	
Fixtures & Fittings	17,895	196,999	17,236	208,659
Investments				
Property		46,238		52,538
Financial		748,574		768,420
Reinsurers' share of technical provisions		68,009		58,994
Other receivables/DAC's		97,818		86,273
Current Tax		6,193		4,820
Other Assets				
Development land	28,355		30,806	
Work-in-Progress	30,708		31,577	
Cash	43,767	102,830	35,713	98,096
Total Assets		<u>1,266,661</u>		<u>1,277,800</u>

2009 Interim Results



Balance Sheet - Liabilities

		<u>30/06/09</u>		<u>31/12/08</u>
		<u>€000s</u>		<u>€000s</u>
Equity				
Share Capital		21,409		21,409
Reserves		191,587		214,001
		<hr/>		<hr/>
Shareholders' funds – equity interests		212,996		235,410
Preference Shareholders		2,923		2,923
Minority Interests		3,918		4,151
		<hr/>		<hr/>
Total equity		219,837		242,484
Liabilities				
Technical provisions				
- Unearned premiums	184,503		188,017	
- Claims	642,114	826,617	626,188	814,205
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Deferred tax		11,410		15,062
Creditors				
- Loans	120,706		110,968	
- Other	88,091	208,797	95,081	206,049
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Total Liabilities		1,266,661		1,277,800

Cash Flow Statement

	H1 2009 €000s	H1 2008 €000s
Net Cash from operating activities	(5,158)	11,766
From investing activities	6,119	5,590
Released/(Used) in financing activities	6,411	(16,934)
Net increase in cash and cash equivalents	<u>7,372</u>	<u>422</u>
Cash and cash equivalents at the beginning of the period	35,713	35,618
Effect of foreign exchange rate changes	682	(478)
Cash and cash equivalents at the end of the period	<u>43,767</u>	<u>35,562</u>



FBD Holdings plc

2009 Interim Results
QUESTIONS?