



FBD Holdings plc

Corporate Profile

December 2011

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.

- “ FBD is the third largest Property & Casualty insurance underwriter in Ireland with a 12% market share
- “ Established by farmers for farmers in 1969
- “ Approximately 80% of farm insurance market
- “ Large rural and low urban presence
- “ Market share growth in 9 of last 10 years
- “ Multi channel distribution model

- “ Higher RoE than peers over last 10 years
- “ Lower cost structure than competitors
- “ Benefit of stronger customer relationships

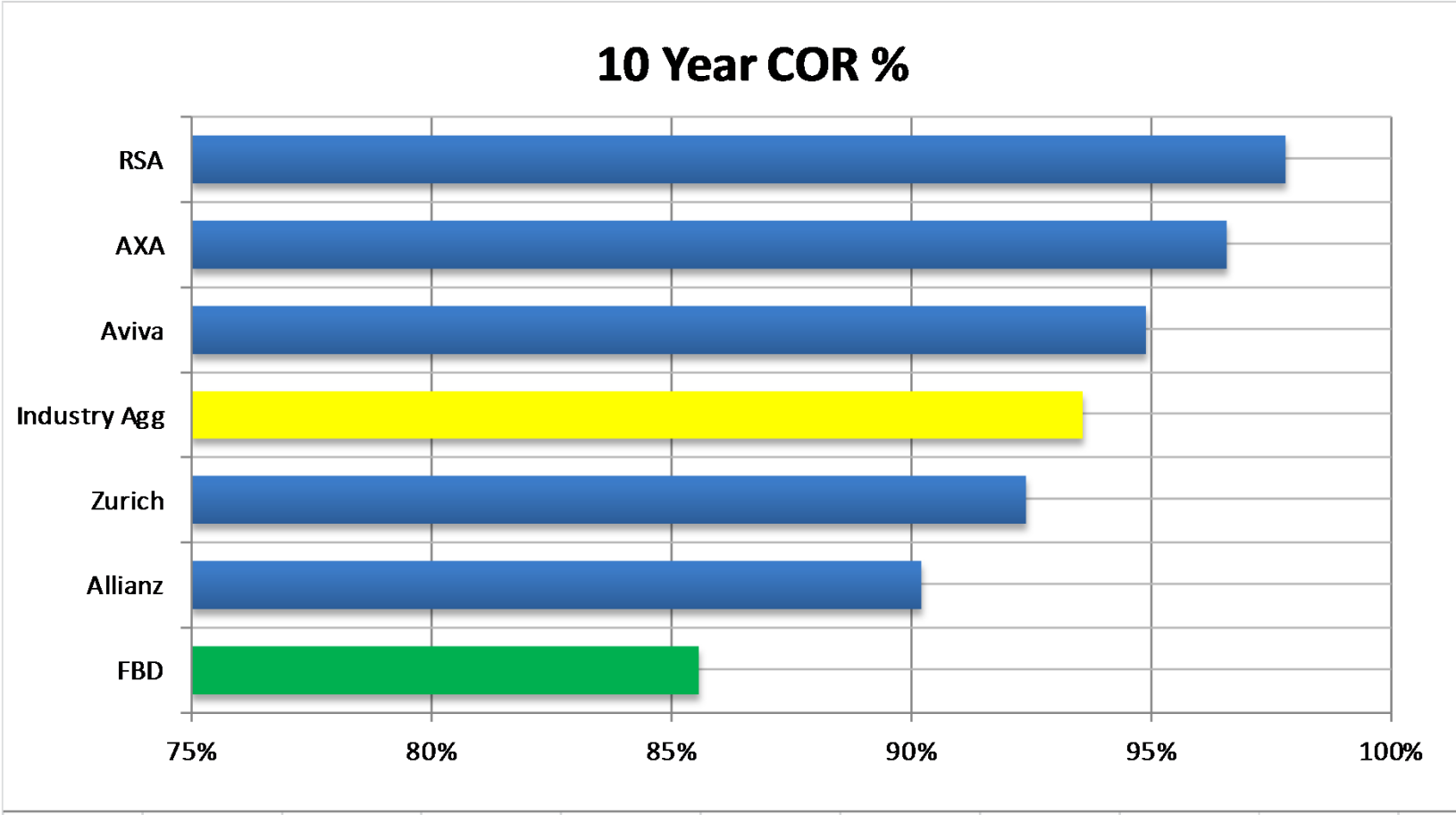
- “ Significant growth opportunities
- “ Strong solvency, prudent reserving and low-risk balance sheet
- “ Prudent risk appetite
- “ Strong track record of returning excess cash to shareholders via special dividends



Superior returns for shareholders



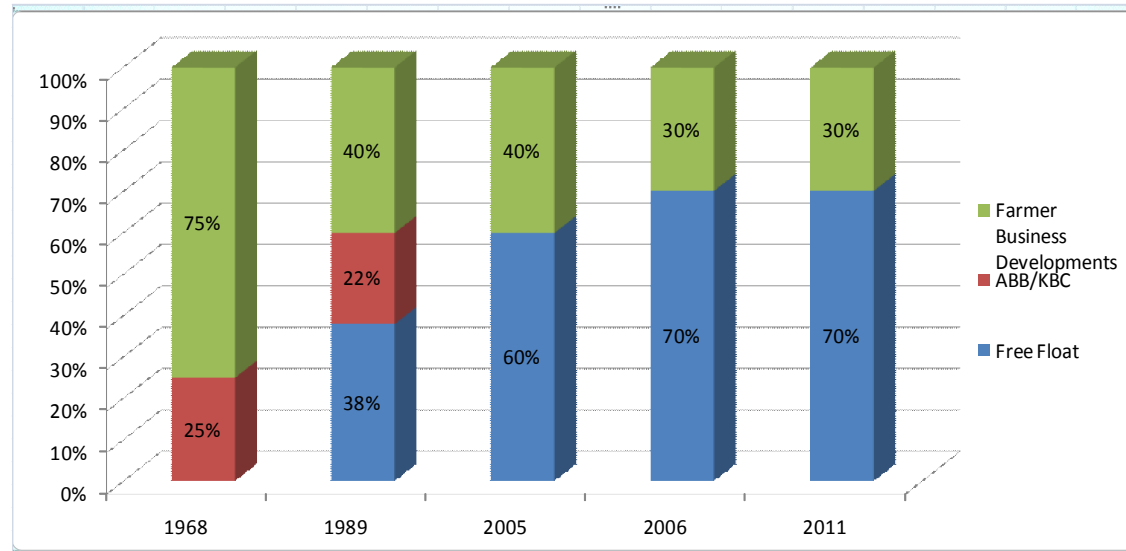
10 year average COR*



* Quinn Direct excluded because data unreliable

FBD has a track record of delivering superior returns

Free-float evolution from 1968 to 2011



Largest shareholders

Shareholder	%
December 2011	
Farmer Business Developments plc	29.70%
FBD Trust Company Limited	8.97%
Invesco Limited	3.00%
M&G	1.86%
Wellington	1.75%
Morgan Stanley Investment Management	1.56%
Fideuram	1.53%
Norges Bank	1.50%

Economy

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011f</u>
GNP	(2.8%)	(9.8%)	0.3%	(1.0%)
Domestic demand	(4.6%)	(11.4%)	(5.8%)	(3.6%)

- Unemployment 14.3% in July
- Economic contraction continues, but potential for positive GNP/GDP in 2012

Industry premium

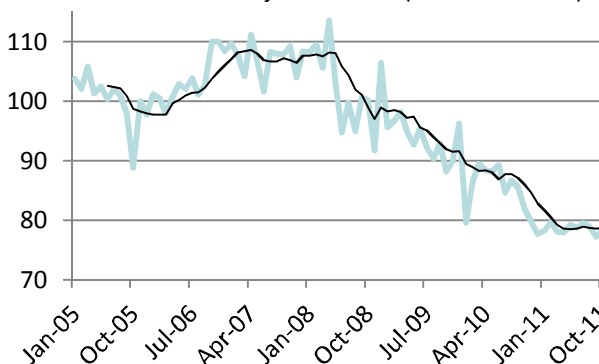
- Volumes and values continue to decline in line with economic activity
- Rate at which prices are rising in the industry is reducing, particularly in motor

Market Dynamics

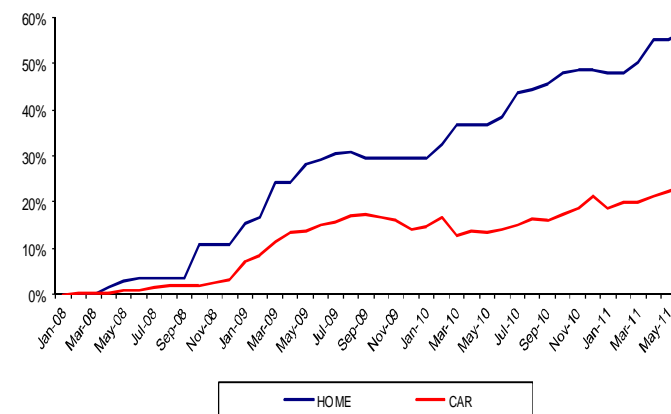
- Different insurance and economic cycle
- Risk reduces as mileage reduces
- Claims frequency improving
- Home and business rates likely to increase further

Retail sales of automotive fuel

Volume adjusted index (Base 2005=100)



CPI Cumulative % Change Jan 08 to Jun 11



Market Dynamics – Structural changes

Structural reform post 2002

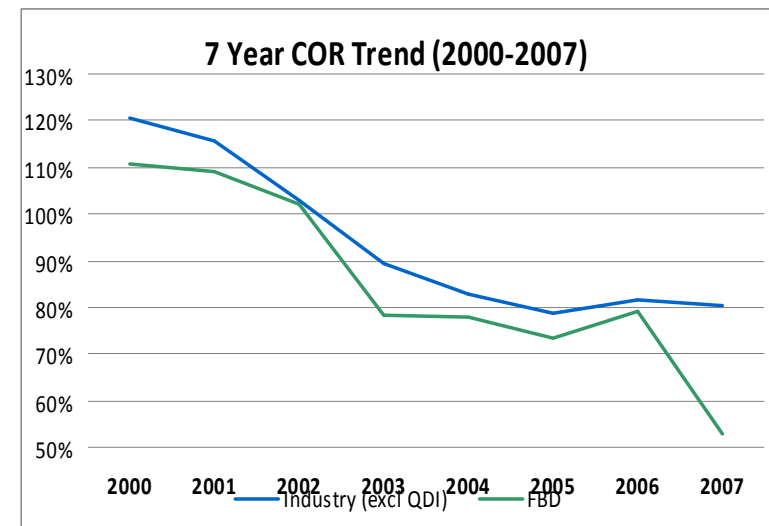
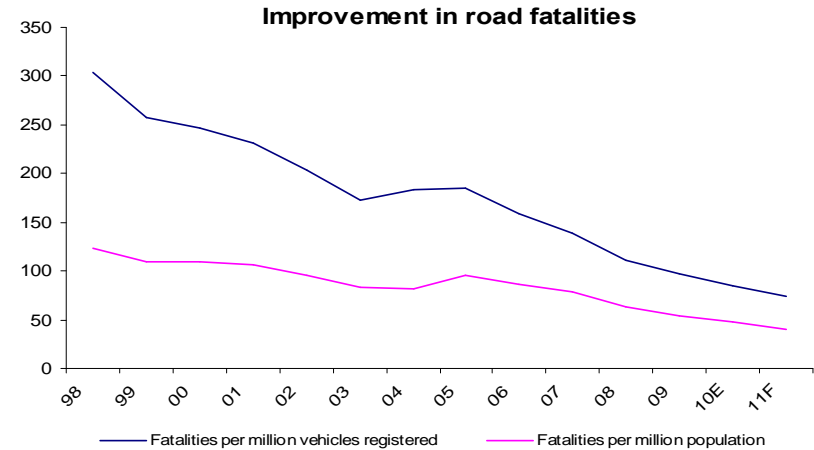
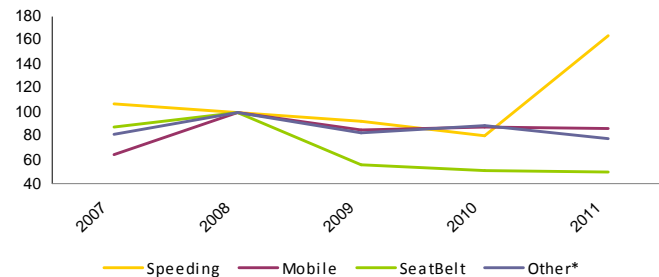
Pre 2002

- Highest premium levels in Europe
- Poor underwriting results for insurers

Post 2002

- Criminalised fraudulent/exaggerated claims
- Introduced PIAB and book of quantum
- Restricted legal costs recovery
- Penalty points and random breath testing
- Learner drivers must be accompanied
- Stringent sanctions for uninsured drivers
- Better road network
- Greater offence detection

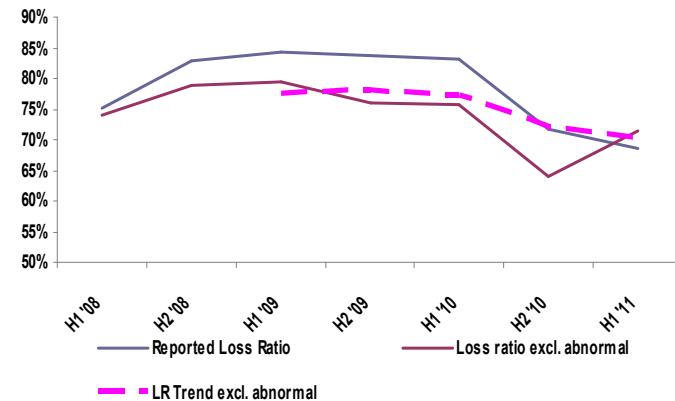
Driving offences - Base of 100 in 2008
YOY Comparison Jan - Apr



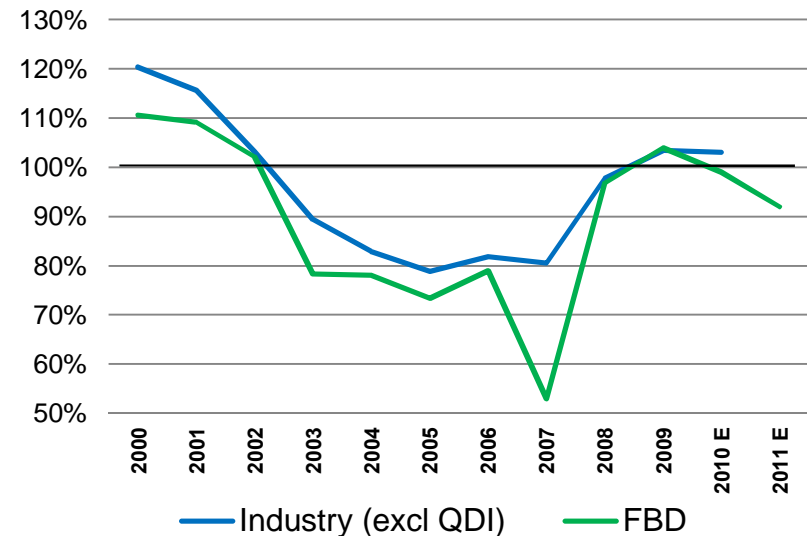
Market Dynamics – current environmental developments

- Claims frequency improving . reduced economic activity has led to less driving and therefore less accidents
- Severe weather events in each of the three years 2009, 2010 and 2011 has increased pricing discipline
- Improvement in FBD loss ratio excluding abnormal events
- Initiatives to improve FBD claims costs
 - “ Underwriting initiatives
 - “ Fraud initiatives
 - “ Direct settlement initiatives
 - “ Innovation in technology and process to improve settlement costs

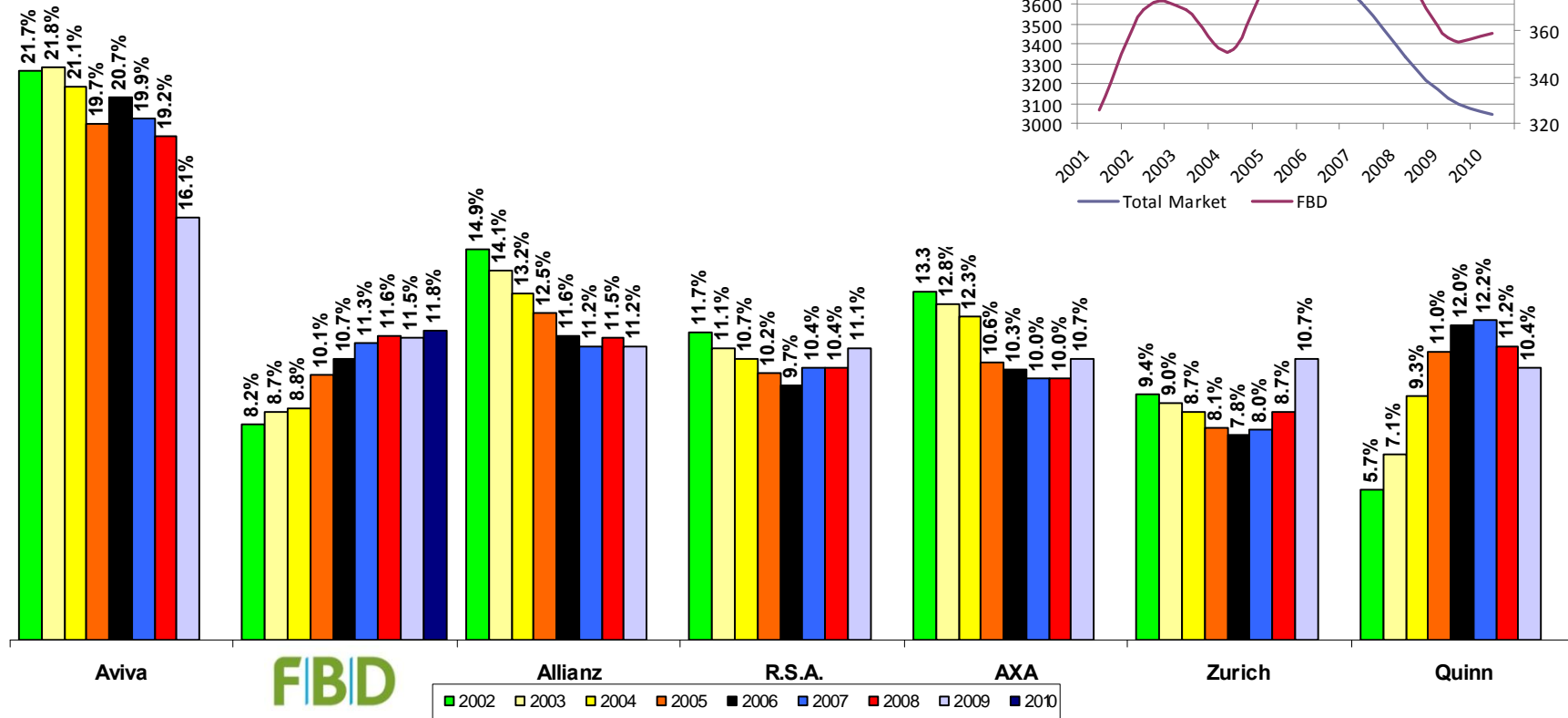
FBD loss ratio excluding abnormal events



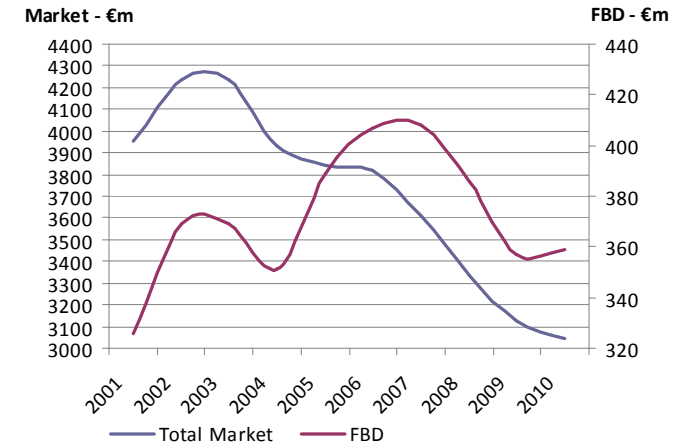
12Year COR Trend



Market Share – Gross Written Premium (IIF)

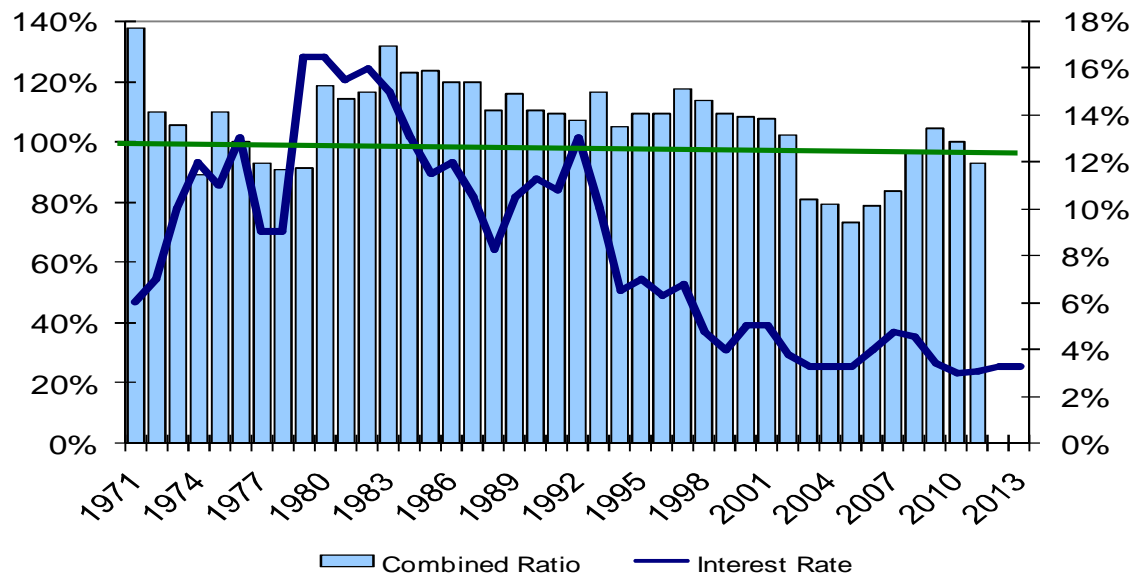


Premium Income - FBD and the Market



- Fall in long-term investment returns - a new norm+ for premium pricing is required
- Investment returns will be lower for longer
- Re-investment Risk = Re-investment Reality
- Difference between LTROR and actual return for pricing
- Focus on underwriting discipline
- Each 1% reduction in investment return requires a 2% improvement in COR%

**FBD COR%* and Interest Rates
- 1971 to 2013**

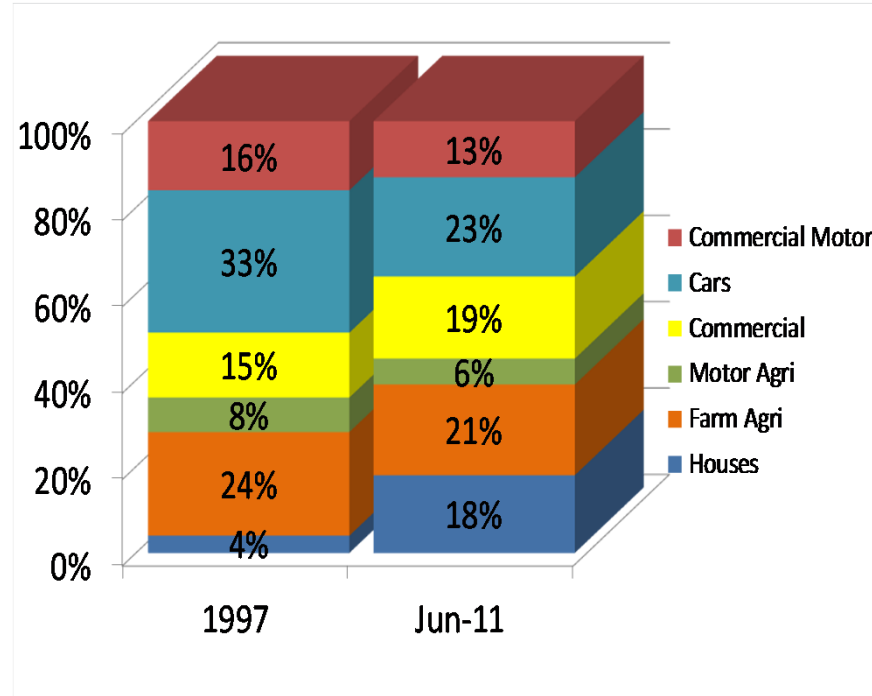


*2011 represents analyst estimates

Lower investment returns leading to new norm in combined ratio

Target Sectors & Premium Breakdown

Premium by category



Target sectors

- Farm Insurance : Property, liability and vehicles
- Commercial Lines : Shops, pubs, guesthouses, retail outlets, small /medium enterprises
- Connected Personal Lines : Motor & home

FBD Insurance – Multi Channel Distribution



Direct

Face-to-face (farming and business)

- Network of 32 Sales offices:
112 Field sales staff
229 Sales / Office support staff

Telephone

- Customer Support Centre - 135

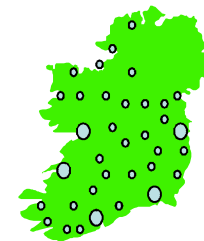
Internet (personal lines)

- fbd.ie
- NoNonsense.ie

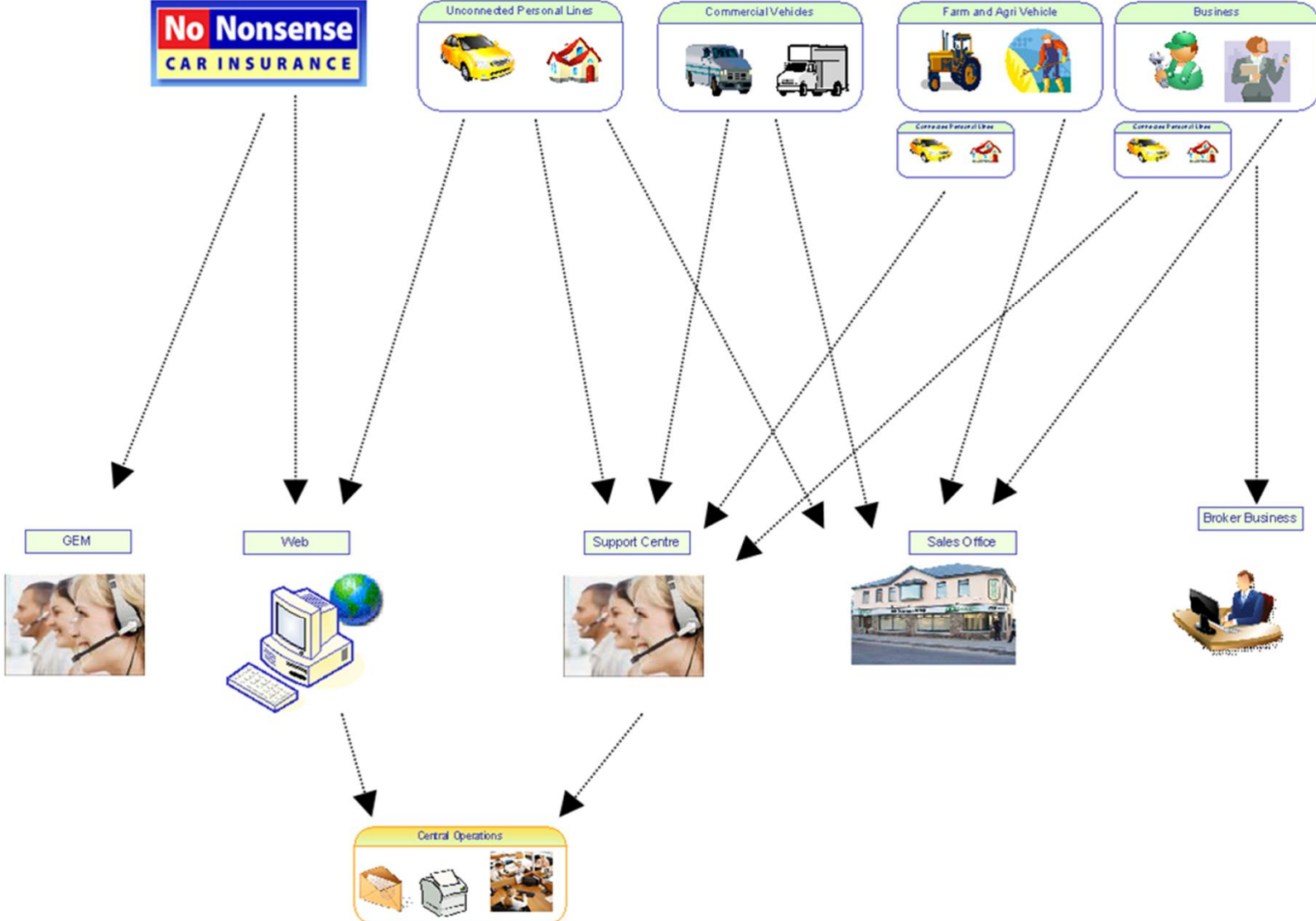
Broker Channel

Business Insurance

- Share of larger risks via FBD Brokers
- Increasing share of target risks in urban areas via panel of Brokers



FBD Insurance . Multi Channel Distribution



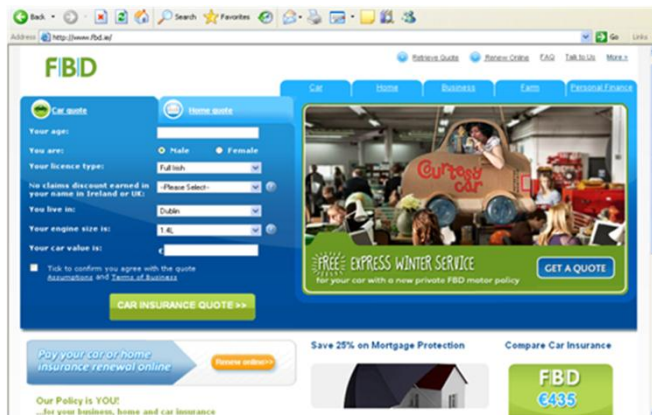
FBD meets its customers' needs profitably

FBD Insurance – Multi Channel Distribution Internet

FBD

fbd.ie

- “ Improve access to FBD core market
- “ Home & Motor . sales & renewal
- “ Farm, Business & Personal Finance
- “ Enhance customer experience
- “ Meet customer demands
- “ Reduce transaction cost

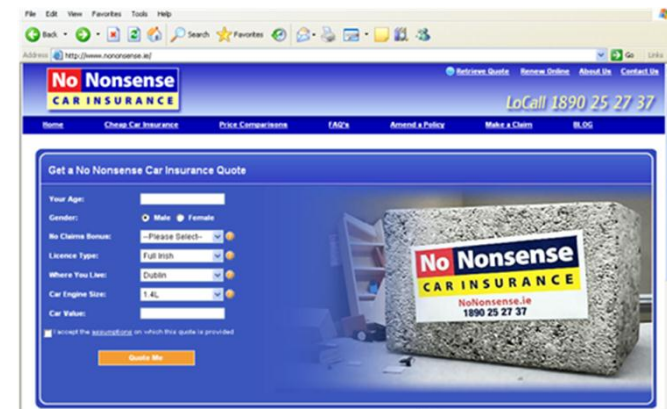


fbd.ie offers:

- “ A quality insurance cover package
- “ Brand comfort
- “ Seamless integration with face-to-face and phone channels
- “ Online renewal facility

NoNonsense.ie

- “ Access budget shoppers
- “ Home and motor . sales & renewals
- “ Increase Dublin penetration
- “ Over 17,000 customers with 3 staff
- “ Meet customer demands
- “ Reduce transaction cost



No Nonsense offers:

- “ Low cost insurance
- “ Stripped down product
- “ Customer can design their own cover
- “ Efficient, transparent, empowered shopping experience

Growth Opportunities

Growth Opportunities

1. Protect & grow farm
2. Urban market penetration
3. Grow business insurance via brokers
4. Personal Lines (Home & car)



Logic

Core business, long term relationships

5% market share in Dublin versus 12% nationally

Broker opportunity

Changing consumer behaviour



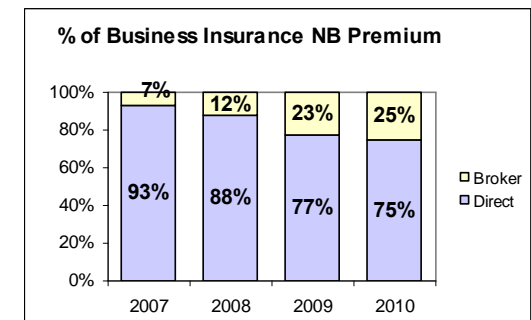
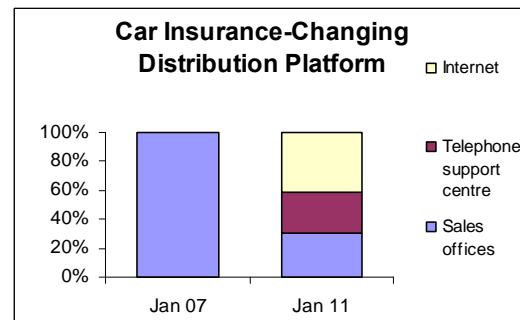
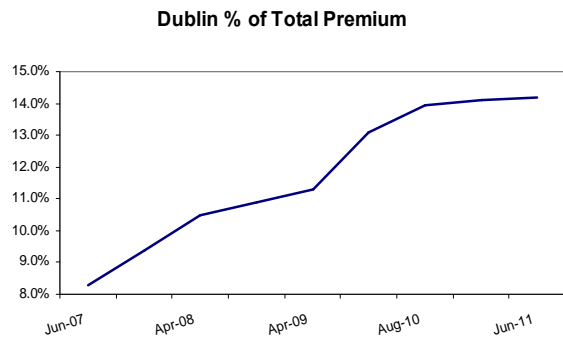
Route to Market

Direct 32 local offices

Support centre & web

Expanding panel of brokers (0-36)

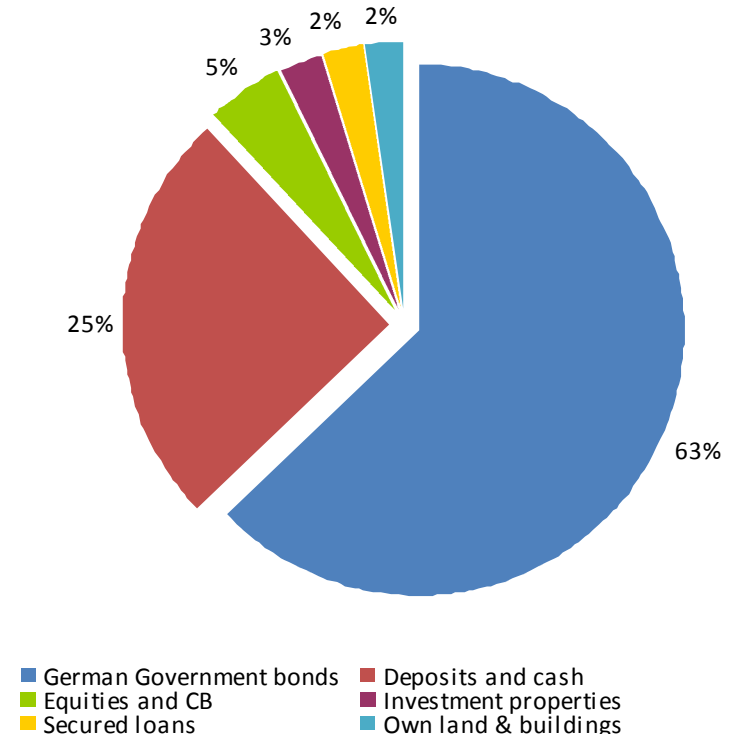
fbd.ie & No Nonsense



FBD adapts to meet changing customer needs

Underwriting Asset Allocation

	30 June 2011	
	€m	%
German government bonds	496	63%
Deposits and cash	200	25%
Equities & corporate bonds	38	4%
Investment properties	20	3%
Secured loans	20	3%
Own land & buildings	17	2%
Total investment assets	791	100%
Trade & other receivables and DAC	103	
Reinsurersqshare	74	
Fixtures and fittings	17	
Total assets	985	



Group Balance Sheet as at 30 June 2011

FIBID

Group Assets

	30 June Actual 2011	30 June Pro-forma 2011
	€m	€m
German government bonds	496	496
Deposits and cash	219	206
Hotel and golf resort assets	120	-
Trade and other receivables and DAC	119	113
Reinsurers's share of technical provisions	74	74
Inventories	41	-
Equities and corporate bonds	41	41
Investment property	20	20
Secured loans	20	20
Plant and equipment	18	18
Own land & buildings	17	17
Share of net assets of joint venture	-	46
	1,185	1,051

In October 2011, FBD entered into a joint venture agreement with Farmer Business Developments to share management and ownership of property and leisure assets previously 100% owned by the Group.

The key benefits of the transaction are:

- To enable the Group to focus resources in its core underwriting business
- To reduce exposure to property valuation fluctuations
- To ensure that operating profit is no longer impacted by the results of Property & Leisure
- To provide greater funding flexibility
- To provide Property & Leisure with a solid foundation to realise value over the medium term.

Balance Sheet – 30 June 2011

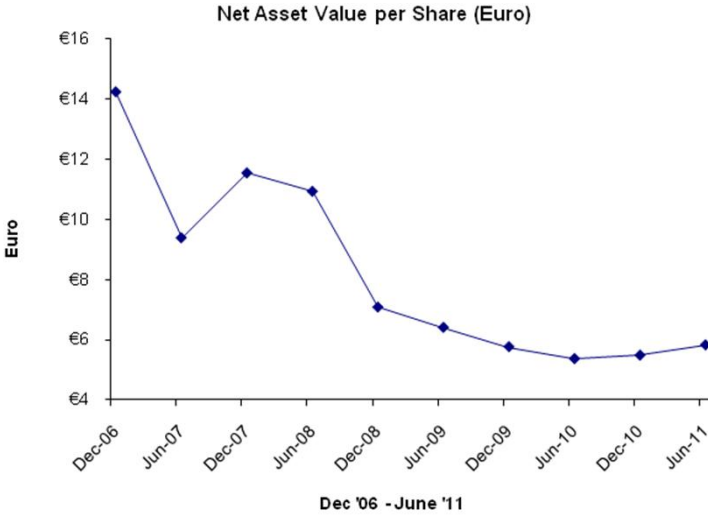
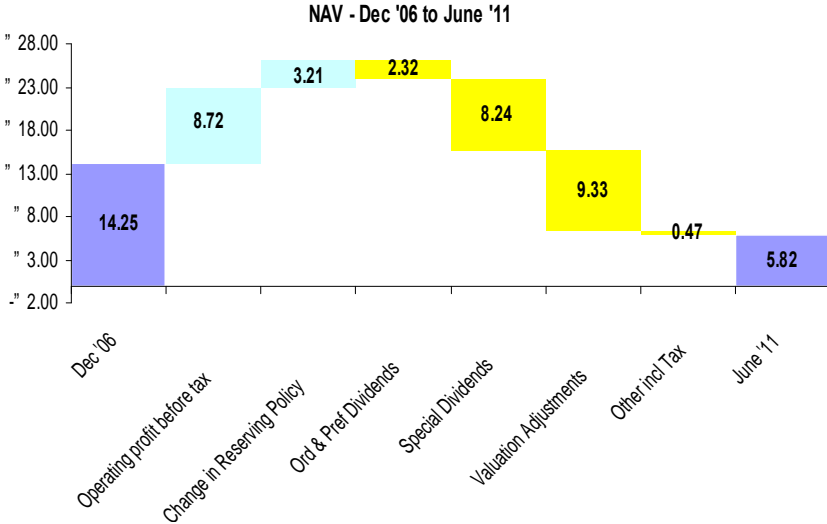


Underwriting

- Strong capital base with solvency level of 60.4%
- Prudent reserving . consistent positive run-off
- Reserving ratio of 238%
- No debt

Group

- Net asset value per share of " 5.82 (30 June 2011)



Run-off 2010

	Prior years €m's	2001 €m's	2002 €m's	2003 €m's	2004 €m's	2005 €m's	2006 €m's	2007 €m's	2008 €m's	2009 €m's	2010 €m's	Total €m's	
Estimate of cumulative claims:													
At end of underwriting year		188	212	221	265	290	298	307	338	308	283		
One year later		185	196	203	228	287	257	281	319	286	-		
Two years later		186	187	183	214	221	254	277	318	-	-		
Three years later		174	171	167	184	210	251	273	-	-	-		
Four years later		158	148	148	176	205	247	-	-	-	-		
Five years later		151	142	141	171	201	-	-	-	-	-		
Six Years Later		146	138	137	168	-	-	-	-	-	-		
Seven Years Later		144	136	135	-	-	-	-	-	-	-		
Eight Years Later		142	135	-	-	-	-	-	-	-	-		
Nine Years Later		139	-	-	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-	-		
		-	-	-	-	-	-	-	-	-	-		
Estimate of cumulative claims		139	135	135	168	201	247	273	318	286	283		
Cumulative payments		(135)	(130)	(128)	(151)	(174)	(203)	(199)	(219)	(172)	(94)		
Claims outstanding		7	4	5	8	17	27	43	74	99	114	189	587
Saving		3	3	1	2	3	4	4	4	1	22	0	49

- Positive run off of " 49m (2009: " 50m)
- Positive run off each year since 2003

Dividend policy

- It is in long term interest of all shareholders to maintain strong solvency and liquidity margins
- Remain committed to progressive and sustainable dividend policy
- Target dividend pay-out of 40-50% of operating PAT
- Progressive before pay-out ratio

Exceptional returns to Shareholders

“Returns of ” 546m to Shareholders since 2006 (in addition to ordinary dividend)

Scope for Growth

- Current yield of 5.1%*
- Dividend pay-out ratio of 21%**
- Currently at the lower end of the specified range
- Implies potential for sustainable growth

* based on ” 6.50 share price and Bloomberg estimate of 2011 dividend

** based on Bloomberg dividend estimate and FY 2011 market guidance of 155-165c

FBD has a track record of:

- Increasing market share, profitably
- Delivering superior returns to shareholders

The insurance market is:

- Benefiting from increased rates and reduced risk
- Enjoying positive cyclical trends

The Group has:

- A robust underwriting business
- Appropriate plans, people and infrastructure to benefit from market opportunities.
- A strong capital base
- A prudent reserving strategy
- A balance sheet appropriate to current market circumstances
- Increased market guidance twice in 2011 to 155c . 165c



FBD Holdings plc

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