



FBD Holdings plc

Corporate Profile

August 2012

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.

Unless otherwise stated, all financial data is presented on the basis of continuing operations.

Comparative figures have been restated to exclude operations that were sold during 2011.

- 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 10 of last 11 years
- Multi channel distribution model

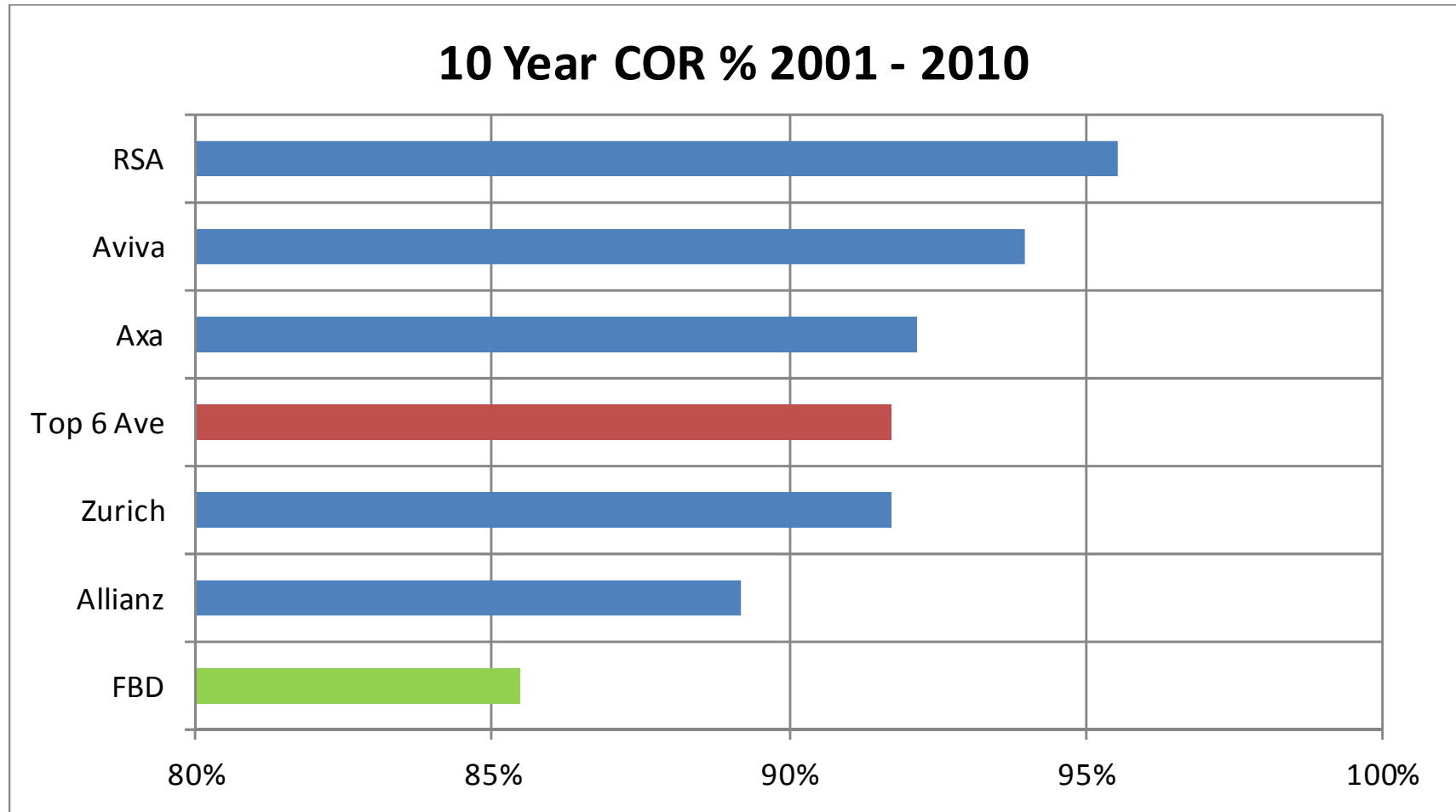
- Higher RoE than peers over last 10 years
- Lower cost structure than competitors
- Benefit of stronger customer relationships

- Significant growth opportunities
- Strong solvency, prudent reserving and low-risk balance sheet
- Prudent risk appetite

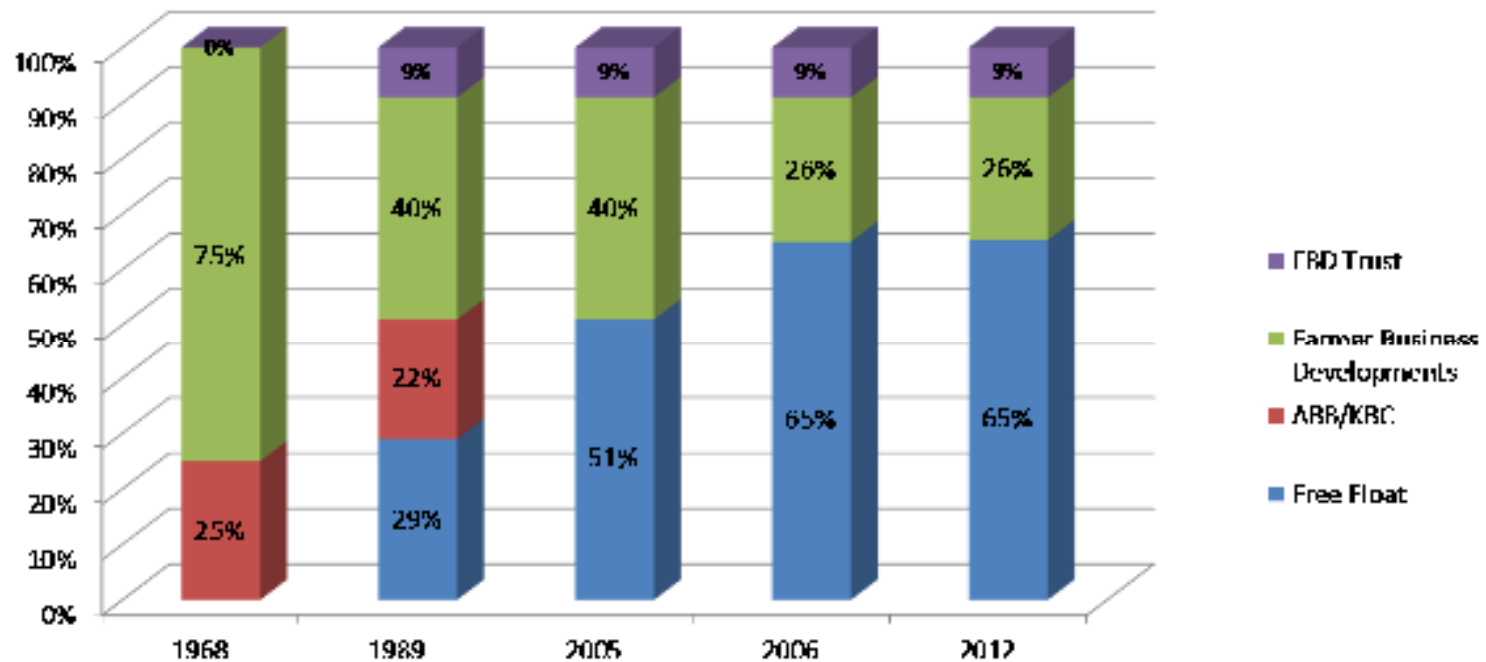


Superior returns for shareholders

10 year average COR*



Free-float evolution from 1968 to 2012



Performance of insurance in an Irish economic context



Economy

	GNP	Domestic Demand
2008	-2.8%	-4.6%
2009	-9.8%	-11.4%
2010	-0.6%	-5.8%
2011	-2.5%	-4.3%
2012 (f)	-0.6%	-1.9%

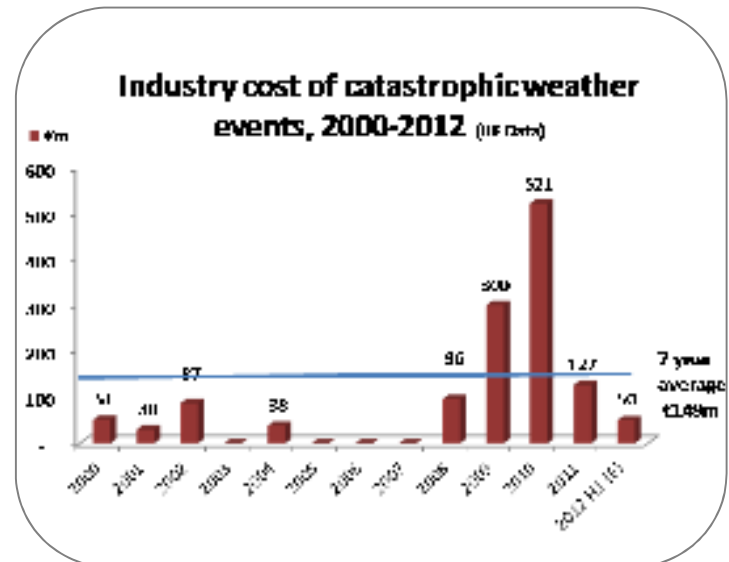
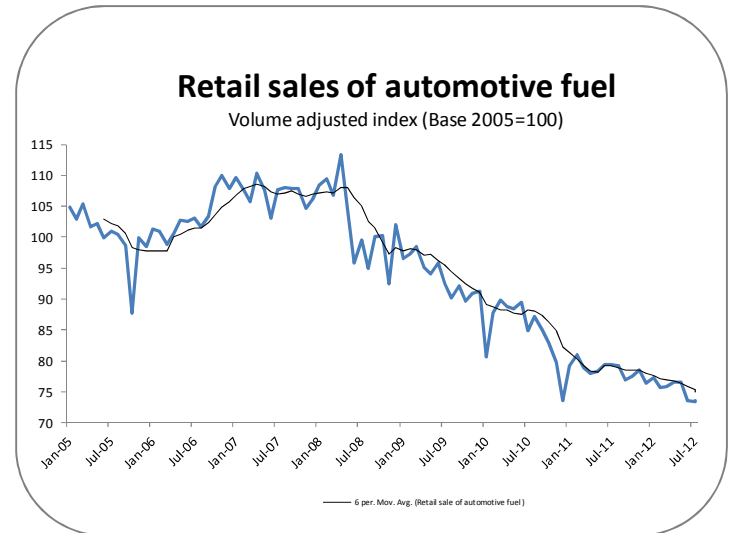
- Domestic demand is likely to decline further, albeit at a slower pace

Insurance industry

- Prices for certain products have moved lower to reflect risk and competitive pressure
- Direction of market rates likely to be determined by economic factors, safety measures and driver behaviour
- 'Noisy' advertising market

Claims environment

- Activity levels and road safety measures result in positive claims environment despite challenging economy
- Industry benefits from favourable weather experience



Market dynamics – structural changes



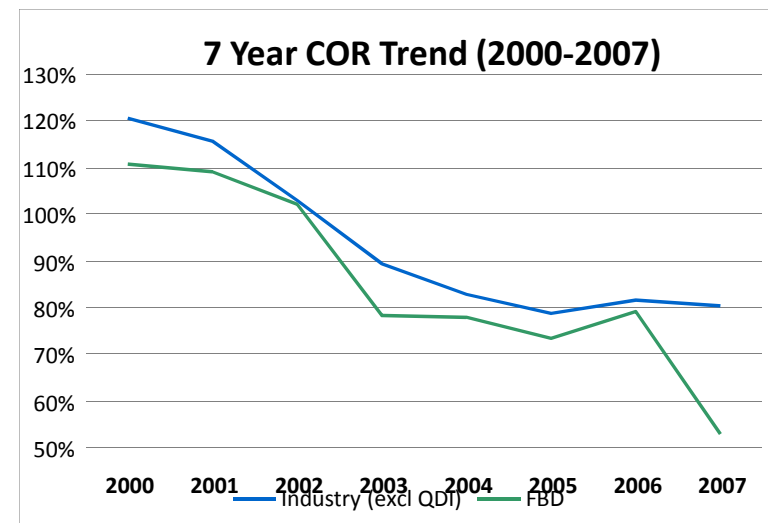
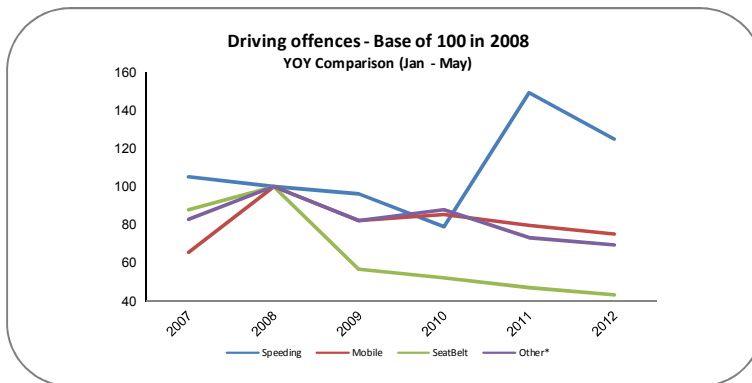
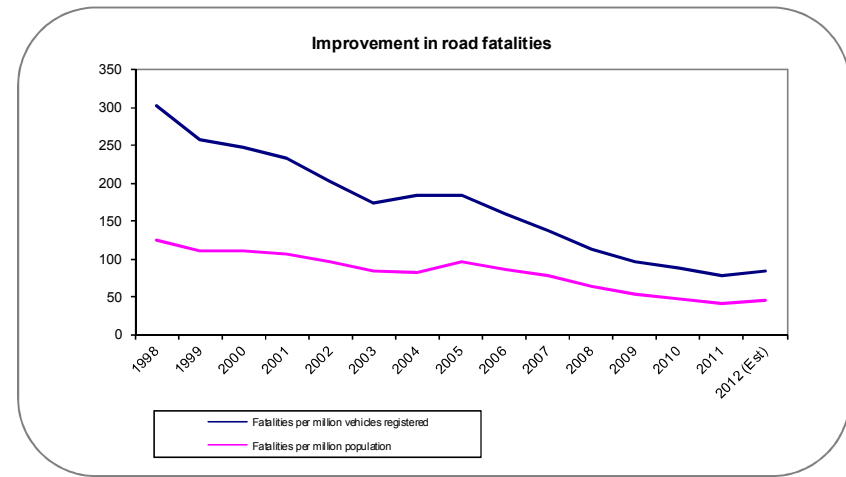
Structural reform post 2002

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

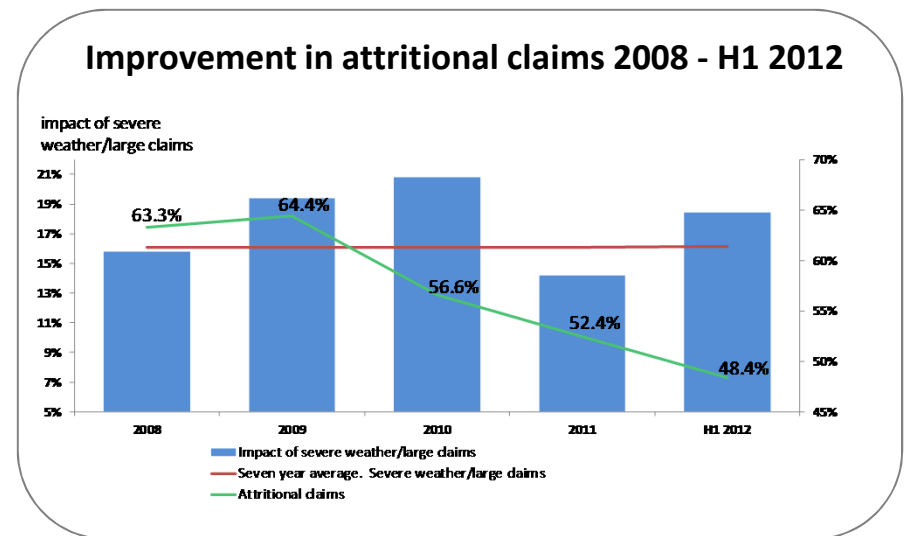
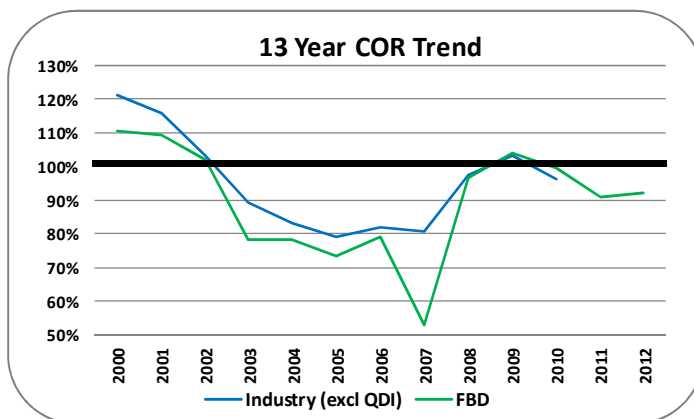
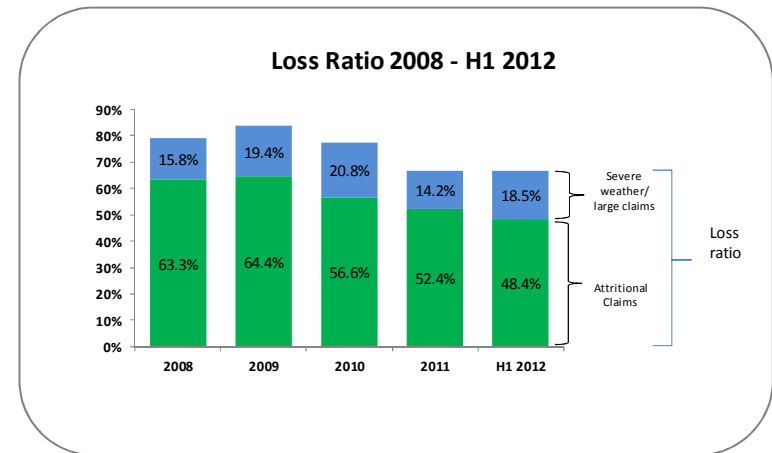


FBD is well positioned to benefit from industry structural changes

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 2009 and 2010 has increased pricing discipline
- Improvement in FBD attritional claims
- Initiatives to improve FBD claims costs
 - Underwriting initiatives
 - Fraud initiatives
 - Direct settlement initiatives
 - Innovation in technology and process to improve settlement costs

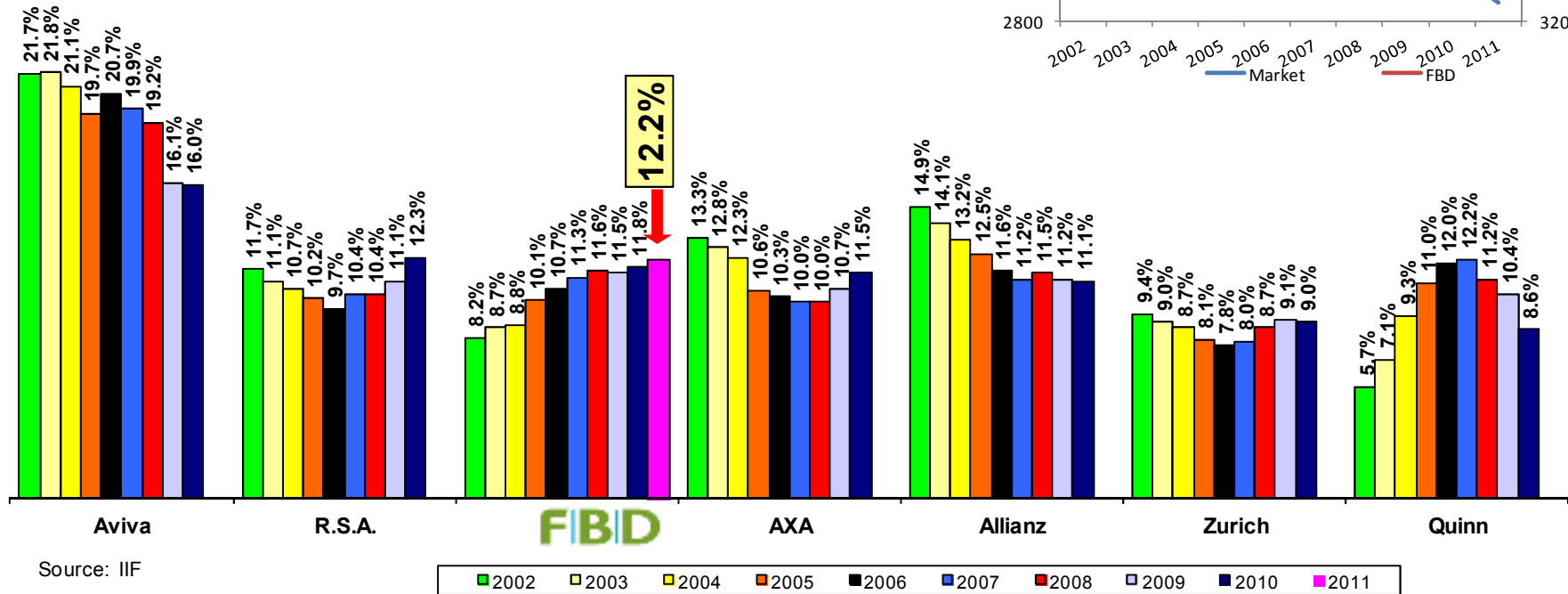
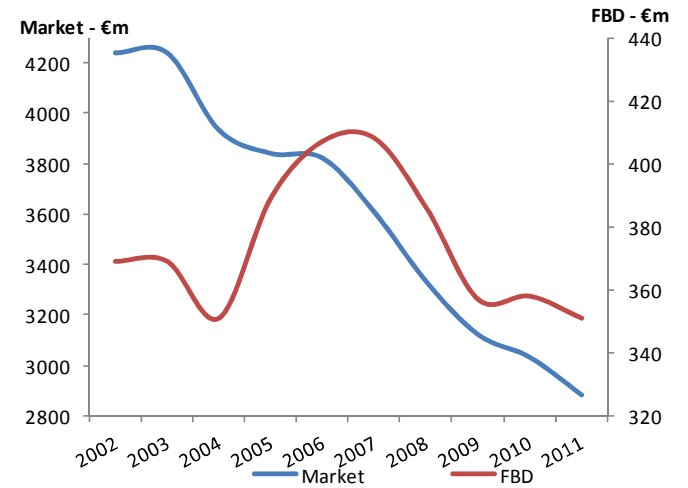


Market dynamics – market share



Latest available market data

Premium Income - FBD and the Market

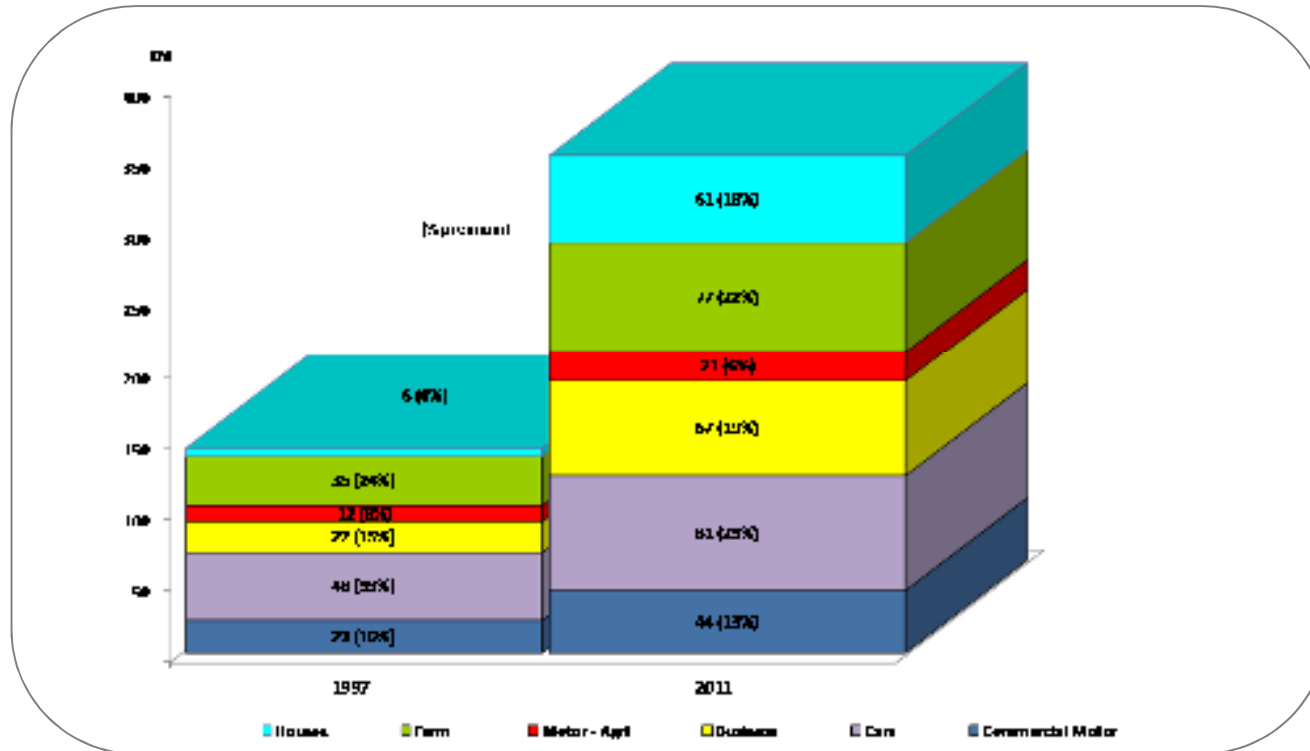


Source: IIF

Market share growth – in 10 of the last 11 years

Target sectors – premium breakdown

Premium by category



Target sectors

- Farm Insurance, including property, liability and vehicles
- Business Insurance, including shops, pubs, guesthouses, retail outlets, small /medium enterprises
- Personal Lines, including motor & home

FBD Insurance – multi-channel distribution



Direct

Face-to-face (farming and business)

- Network of 32 sales offices:
field sales staff
sales/office support staff

Telephone

- Customer support centre

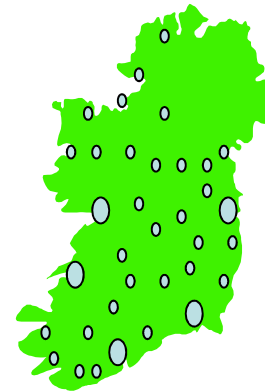
Internet (personal lines)

- 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 internet



fbd.ie

- Improve access to FBD core market
- Home and motor – sales & renewals
- Farm, business & personal finance
- Enhance customer experience
- Meet customer demands
- Reduce transaction cost

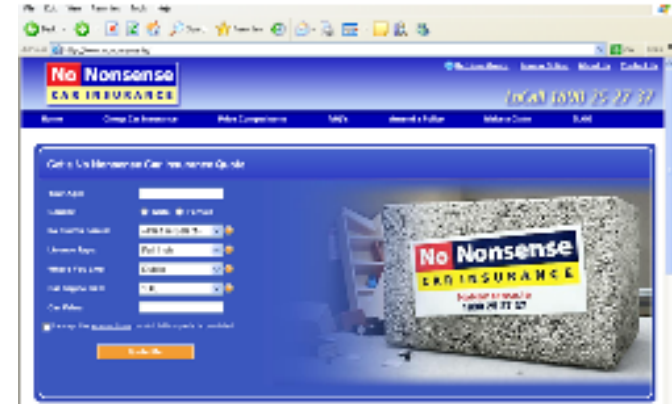


fbd.ie offers:

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

NoNonsense.ie

- Access 'budget shopper'
- Home and motor – sales & renewals
- Increase Dublin penetration
- Over 23,000 customers with 3 staff
- Meet customer demands
- Reduce transaction cost

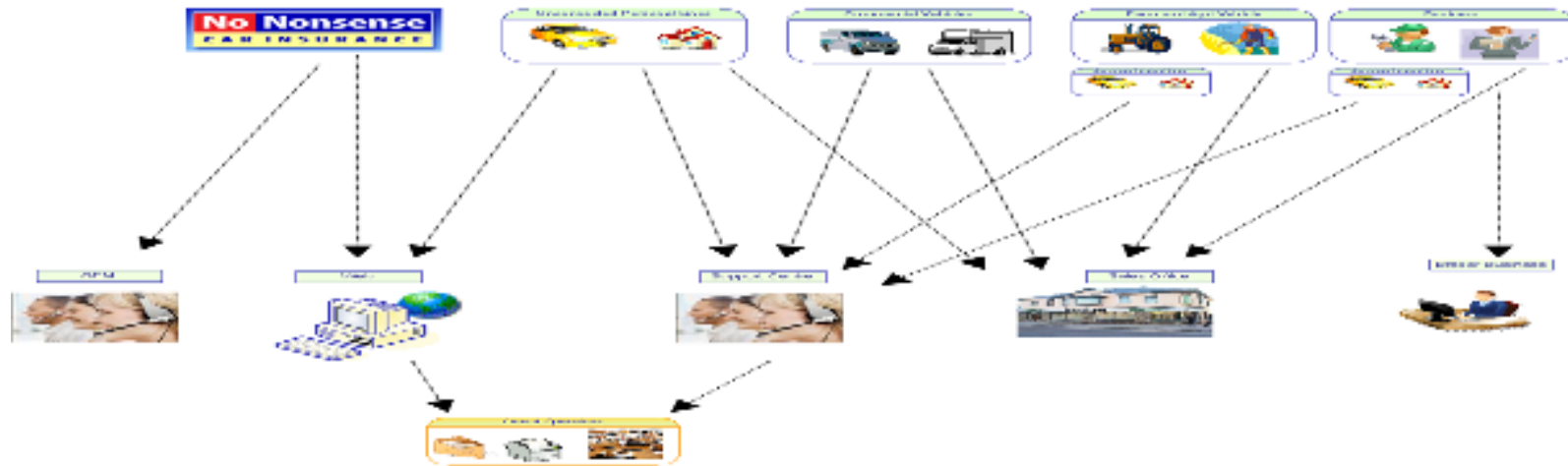


NoNonsense.ie offers:

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

Growth opportunities

Multi-channel distribution



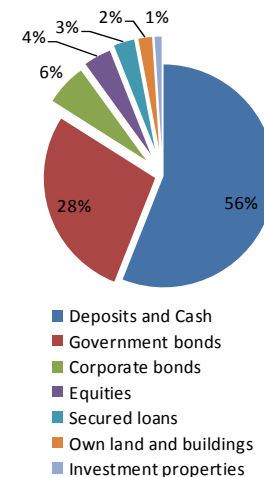
Growth opportunities



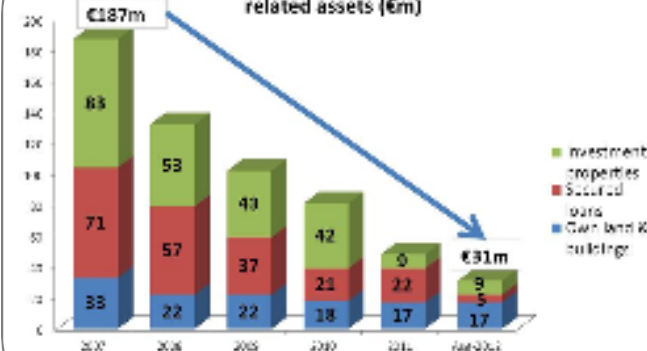
Asset allocation

	30-Jun-12		31-Dec-11	
	€m	%	€m	%
Underwriting investment assets				
Deposits and cash	466	56%	345	42%
Government bonds	230	28%	406	49%
Corporate bonds	46	6%	3	0%
Equities	33	4%	25	3%
Secured loans	24	3%	22	3%
Own land & buildings	17	2%	17	2%
Investment properties	8	1%	9	1%
Underwriting investment assets	824	100%	827	100%
Trade receivables and DAC	112		103	
Reinsurers' share of provisions	59		64	
Joint venture	45		46	
Plant & equipment	15		16	
Total Group assets	1,055		1,056	

Underwriting Investment allocation



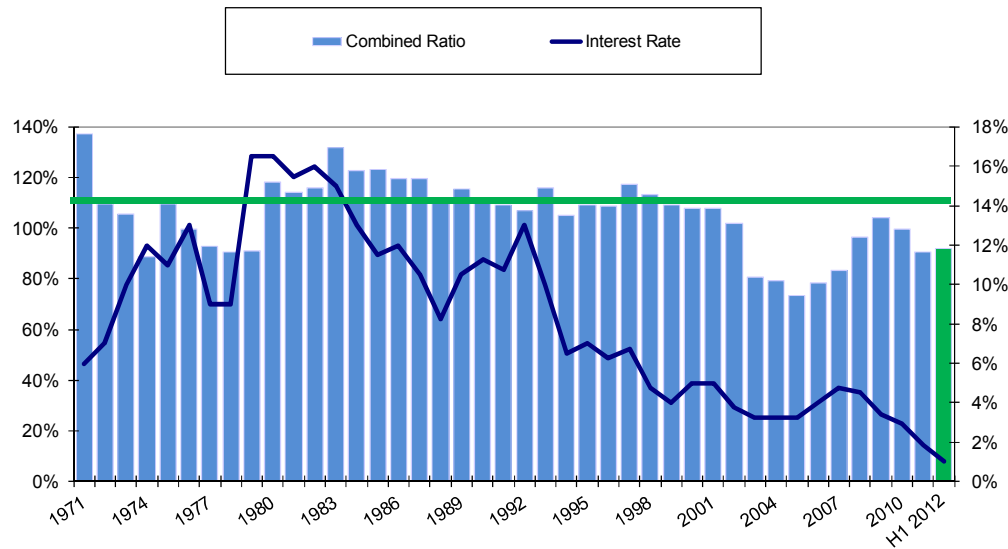
2007 - 2012: Reduction in underwriting property related assets (€m)



Two levers to deliver ROE

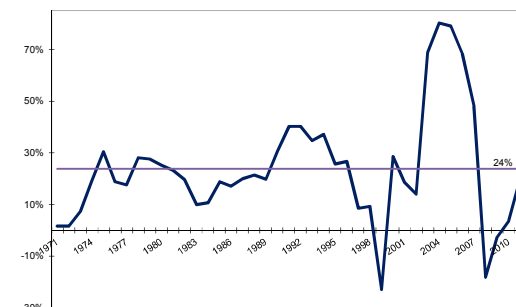


FBD Insurance COR% and Interest Rates - 1971 to 2013



COR required to achieve an 18% ROE if duration of liabilities is 3 years

Investment Return	COR Required
1%	91%
2%	94%
3%	96%
4%	99%



FBD Insurance ROE - 1971 to 2011

Superb track record in delivering ROE to shareholders

Property and Leisure Joint Venture



- In October 2011, FBD Holdings and Farmer Business Developments plc (Developments) entered a 50/50 joint venture agreement to share management and ownership of FBD Property & Leisure Ltd (PLL). Previously PLL had been 100% owned by FBD Holdings
- PLL owns and operates a portfolio of four Irish hotels and two Spanish resorts
- The deal arose from a strategic review, which resulted in a recommendation to focus FBD Holdings' resources on its core insurance underwriting business. The JV reduced FBD Holdings' exposure to property valuation fluctuations
- Developments in an investment holding company which holds 29.7% of the voting shares of FBD Holdings
- For PLL, the transaction replaced €122.6m of short-term debt facilities with longer term financing. €115.1m of debt was converted into Irredeemable Convertible Unsecured Loan Notes (ICULN)
- The ICULN's will convert into PLL equity between the fifth and tenth anniversary of the JV's creation. On conversion, FBD will own between 25% and 50% of PLL depending on property values at that time
- The joint venture is included in the Group balance sheet at €45m

The key benefits are:

- The Group can now increase focus on its core insurance underwriting business;
- The Group's exposure to property valuation fluctuations has reduced;
- The operating profit of the Group, post completion of the transaction, more clearly reflects the contribution from its core business;
- Group debt reduced from €117.8 to nil and guarantees provided by the Group reduced by €52.5m; and
- The ability of the property and leisure operation to realise value over time has been enhanced because its funding structure has been substantially strengthened

Reserving strength



Net run-off 2011

	Prior years €000s	2002 €000s	2003 €000s	2004 €000s	2005 €000s	2006 €000s	2007 €000s	2008 €000s	2009 €000s	2010 €000s	2011 €000s	Total €000s	
Estimate of cumulative claims:													
At end of underwriting year		212	221	265	290	298	307	338	308	283	233		
One year later		196	203	228	287	257	281	319	286	265	-		
Two years later		187	183	214	221	254	277	318	286	-	-		
Three years later		171	167	184	210	251	273	317	-	-	-		
Four years later		148	148	176	205	247	269	-	-	-	-		
Five years later		142	141	171	201	243	-	-	-	-	-		
Six years later		138	137	168	199	-	-	-	-	-	-		
Seven years later		136	135	167	-	-	-	-	-	-	-		
Eight years later		135	134	-	-	-	-	-	-	-	-		
Nine years later		134	-	-	-	-	-	-	-	-	-		
Ten years later		-	-	-	-	-	-	-	-	-	-		
Estimate of cumulative claims		134	134	167	199	243	269	317	286	265	233		
Cumulative payments		(131)	(130)	(157)	(184)	(215)	(219)	(241)	(195)	(148)	(76)		
Claims outstanding 2011		8	3	5	10	15	27	50	76	91	118	157	560
Saving		1	1	1	1	2	4	4	1	0	17	-	32

- Claims provisions further strengthened in 2011
- Positive run-off of €32m (2010: €49m)
- Positive run-off each year since 2003

Reinsurance - risk mitigation

- FBD cedes 14% of GWP to reinsurers. The reinsurance panel is composed of 27 global reinsurers.
- A minimum credit rating of A- is required.
- The amount placed with any one reinsurer is limited to 20% of any one treaty.

Motor & public liability - excess of loss treaty

- Unlimited cover for motor
- FBD retention is first €3m for motor, first €2m for employers liability and public liability
- Man-made catastrophe cover of €90m

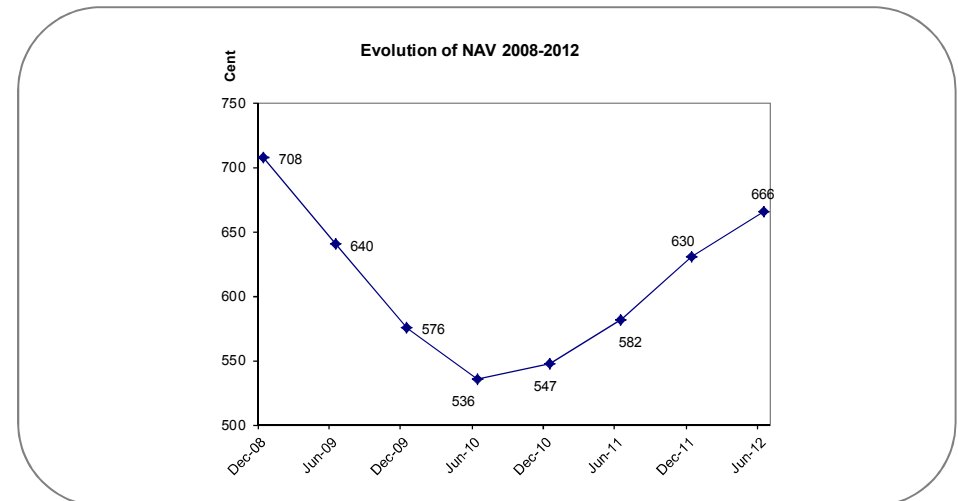
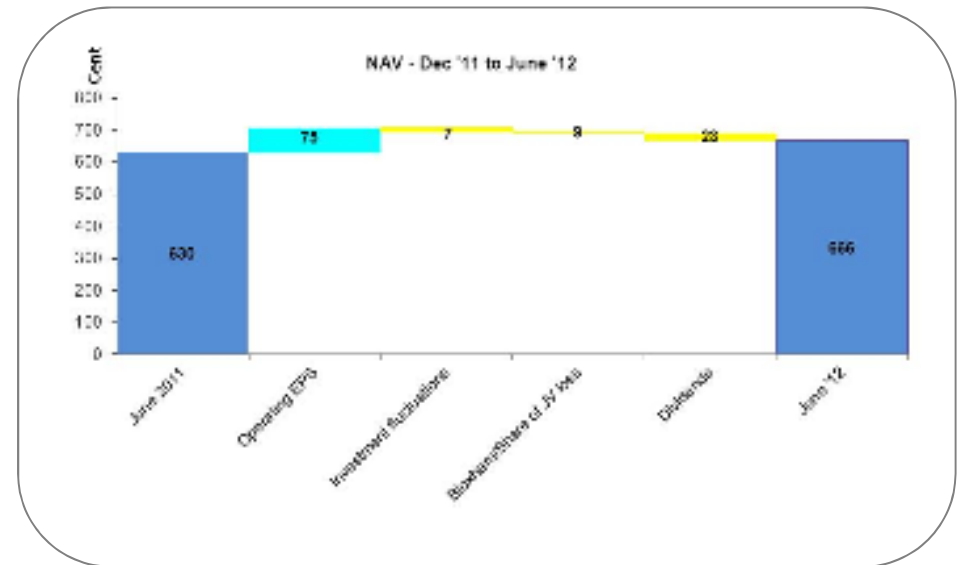
Property - proportional treaty

- Risk sharing proportional with maximum retention of €300,000
- FBD retains first €300,000 of all property risks
- Max loss on retention in event of CAT is €5m
- FBD catastrophe cover of €130m over €5m

Sum Insured €000's	Premium and Claims		FBD Max Exposure €000's
	FBD	Reinsurer	
300	100%	0%	300
500	60%	40%	300
1,000	30%	70%	300

Reserving & solvency strength

- Prudent reserving
- Positive run off each year since 2003
- Reserving maintained at same robust level as at the previous year end
- Reserving ratio of 232% (2011: 238%)
- Strong capital base with solvency level of 63.3%, up from 60.4% (H1 2011)
- Net asset value per share progressed 14% yoy to 666c

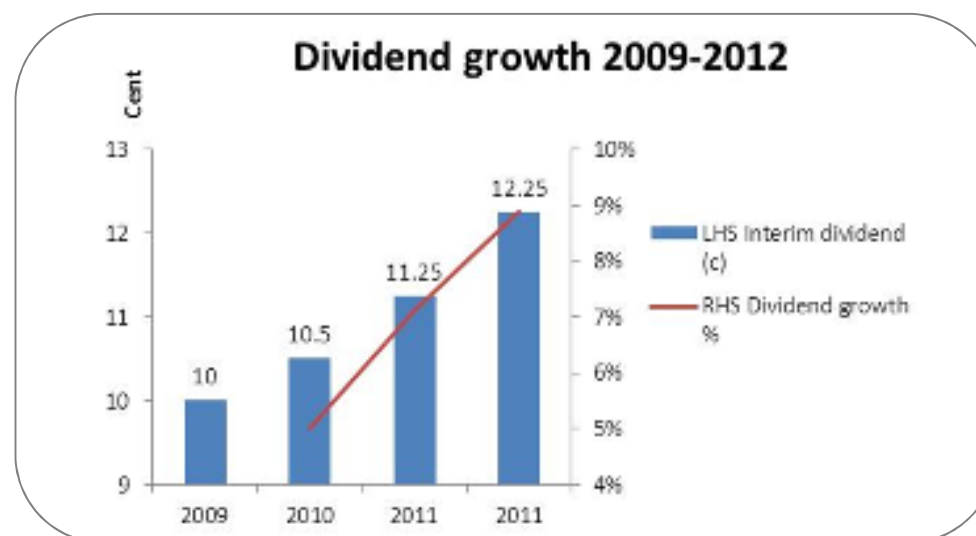


Policy

- It is in long-term interest of all shareholders to maintain strong solvency and liquidity margins
- FBD remain committed to progressive dividend policy and efficient capital management
- Target dividend pay-out ratio remains at 40% - 50%

2012 Dividend

- Interim dividend of 12.25c
- Up 8.9% on 2011
- Currently at the lower end of the pay-out range
- Further potential for sustainable growth



2012 Interim Results



Financial

- Last year's excellent performance repeated, PBT increased 1.6% to €22.2m
- Operating profit increased 2.2% to €28.7m
- NAV increased by 14.4% yoy to 666c
- Solvency strengthened to 63.3% of NEP (2011: 60.4%)
- Interim dividend of 12.25c, up 8.9%

Operational

- Performance well ahead of a contracting market - GWP of €174.7m
- NEP of €150.9m up 0.7%
- Underwriting profit up 8.9% to €11.7m
- Market leading COR improved to 92.2% from 92.8% driven by excellent loss ratio 66.9% (2011: 68.9%)

	2012	2011	Change
GWP	€174.7m	€177.5m	-1.6%
NEP	€150.9m	€149.7m	0.7%
Operating profit	€28.7m	€28.0m	2.2%
PBT	€22.2m	€21.8m	1.6%
Operating EPS	75c	74c	1.4%
NAV	666c	582c	14.4%

Strategic Developments

- Multi-channel distribution strategy strengthens market position:
 - Continues to develop core farming base
 - Expands access to business insurance market through relationship with brokers
 - Reaches urban customer through NoNonsense.ie and FBD.ie

FBD has a track record of:

- Increasing market share, profitability
- Delivering superior underwriting returns
- Rewarding shareholders

The insurance market is:

- Reliant on underwriting returns
- Benefiting from a positive claims environment
- Facing a challenging economic backdrop

The Group has:

- A robust underwriting business with a strong core franchise
- Multi-channel distribution
- Appropriate plans, people and infrastructure to benefit from market opportunities
- A strong capital base and balance sheet
- A prudent reserving strategy
- A low-risk investment allocation



FBD Holdings plc

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