



FBD Holdings plc

2014 Results

March 2015

Forward Looking Statement

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.

Our Policy is You

2014 Results – Highlights



Performance

- Rate led Gross Written Premium (GWP) up 3.6%
- Combined Operating Ratio (COR) of 113%:
 - Sharp deterioration in market claims environment
 - Worst weather experience in Group's history
 - Increase in claims frequency associated with economic growth
 - Poor large claims experience
 - Adverse development of some prior year claims
- Annualised investment return of 3.1%, excellent result in a low yield environment

Financial strength

- NAV of 693c
- Reserving ratio 251% (2013: 235%)
- Solvency of 67.6% of NEP

Dividend

- Final dividend of 34c
- Full year dividend up 4.1% to 51c

	2014	2013
GWP	€363.7m	€351.2m
Result before tax	(€4.5m)	€51.5m
Operating EPS	(13c)	136c
Diluted EPS	(11c)	131c
NAV	693c	823c
DPS	51c	49c

Path to profitability

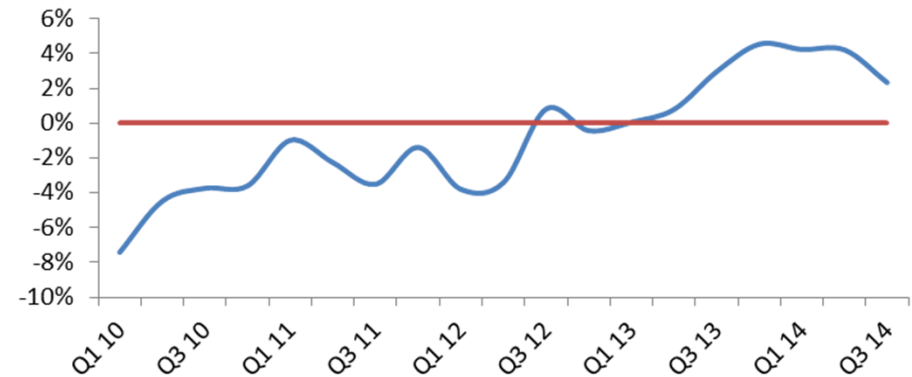
- Market wide rating action is required
- This underscores the need for underwriting discipline at FBD
- Significant underwriting action and rate increases implemented since June 2014
- We will be in a period of reduced exposure while uneconomic market rates prevail

2014 Results – Irish economy

Economy

- Economic growth stronger than expected
- Domestic demand forecast to grow 4.1% in 2015
- Unemployment rate 10.8% in 2014, down from 12.2% in 2013
- Consumer sentiment at an eight year high
- Increase in 2014 new vehicle registrations:
 - Cars up 30% (Highest sales since 09)
 - HGVs up 16%
 - LCVs up 51%

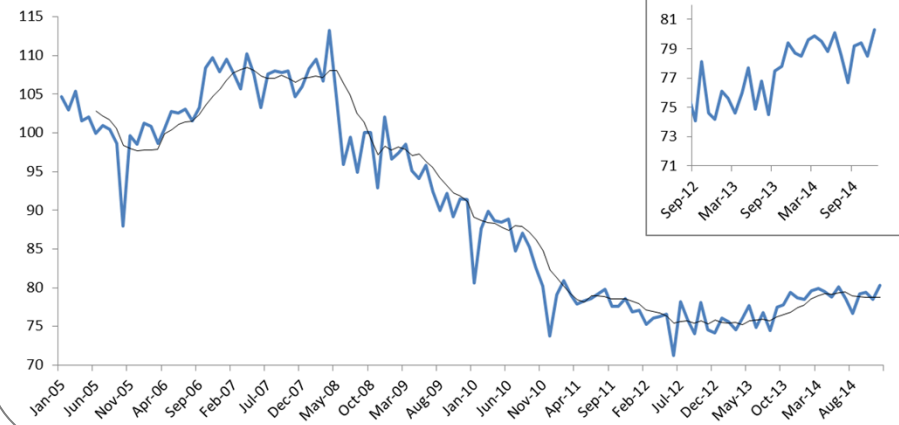
Domestic Demand (yoy change) *



Source: CSO/Goodbody * excludes aircraft and R&D

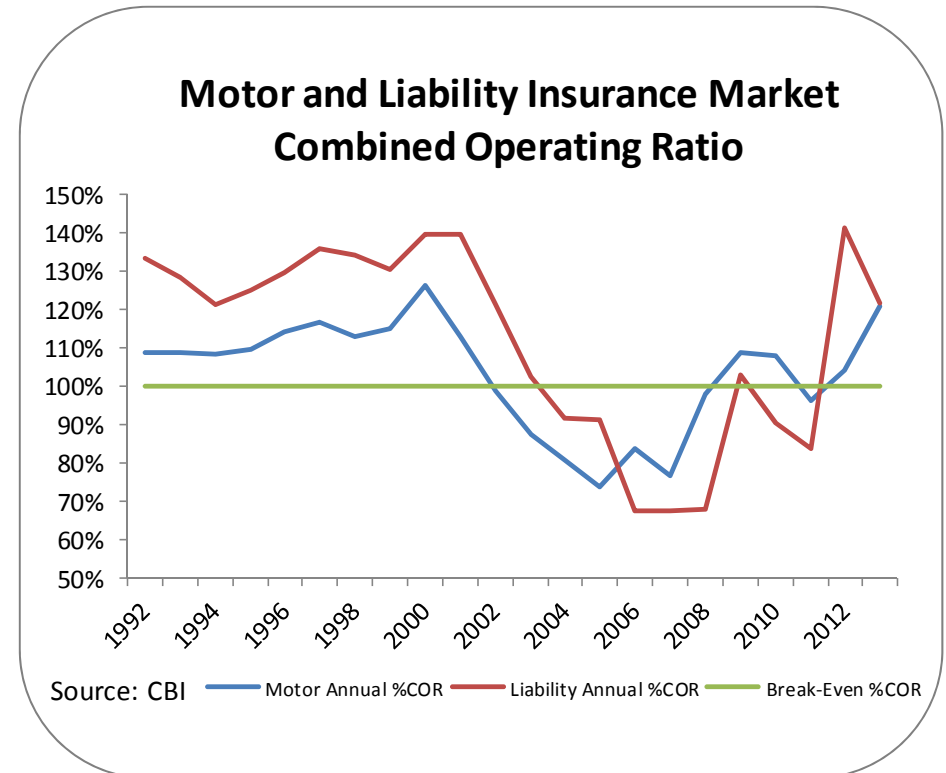
Retail sales of automotive fuel

Volume adjusted index (Base 2005=100)



Insurance industry

- The Irish property and casualty insurance market increased by 3.4% in 2014, the first market growth since 2003
- The market COR in 2012 and 2013 was 109%
- The deterioration in the claims environment is likely to result in another loss-making year for the industry in 2014
- Industry risk exposure will rise with economic activity
- Market rates have begun to harden on motor and liability, but more is required to deliver adequate returns

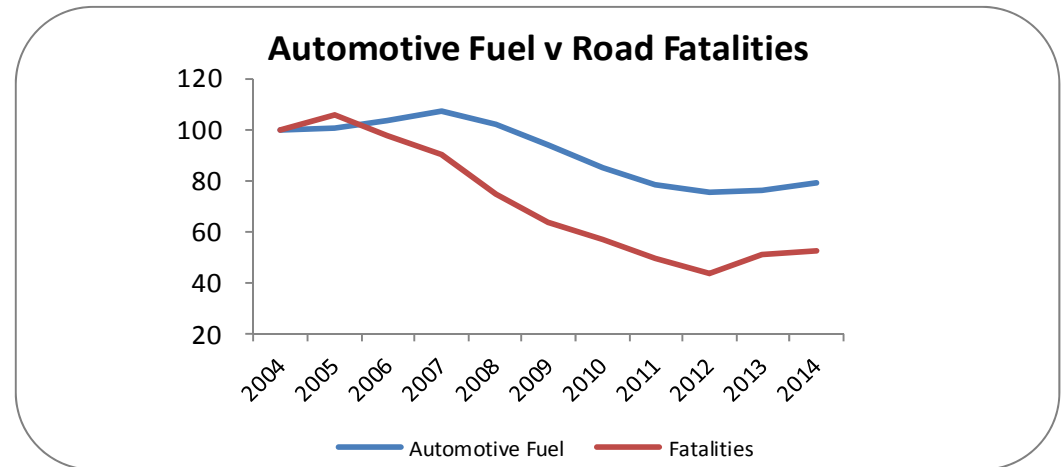
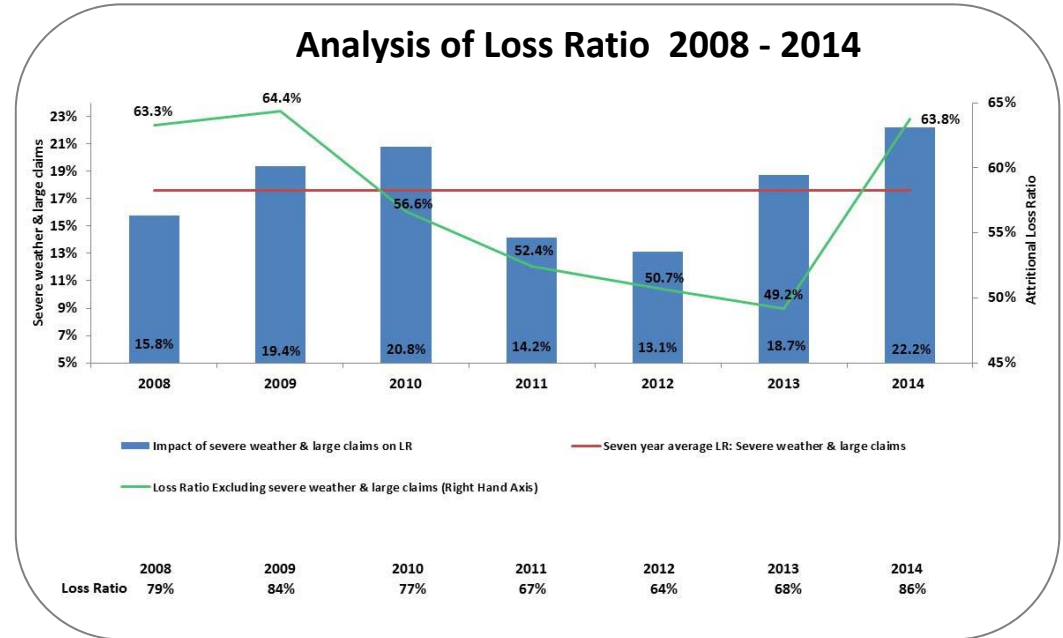


Attritional claims environment

- Attritional loss ratio rose from 49.2% to 63.8%
 - Frequency of motor and liability claims
 - Prior year development
 - Potential slowdown in settlements
 - Discount rate judgement

Higher claims frequency

- Economic recovery and increased activity led to higher frequency in motor and liability claims
- Increase evident across all customer profiles
- NRA Toll usage 2011-14: +20% HGVs, +11% Non HGVs
- Highest level of road fatalities since 2010



Non-attribitional claims environment

- Non-attribitional weather and large claims accounted for 22% of NEP vs seven year average of 17.6%

Weather

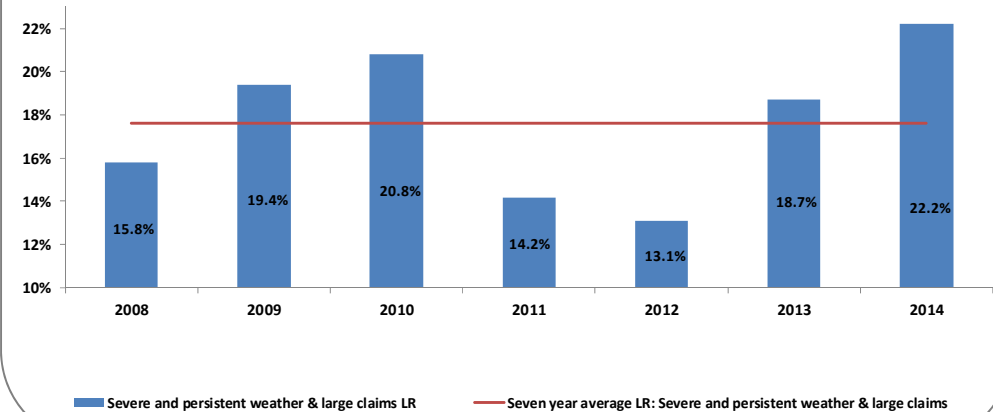
- Severe and persistent weather experience in areas where FBD's risk exposure is highest
- 9,000 customers affected
- Group reinsurance treaties operated effectively and reduced overall cost to €15.2m
- Customer feedback positive



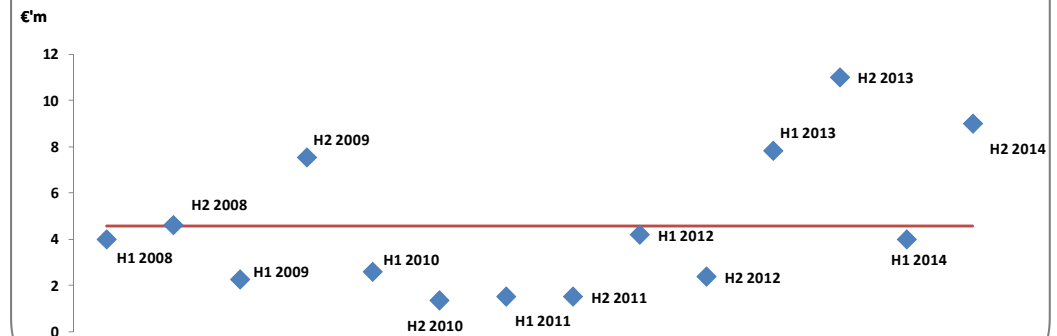
Large claims

- Cost of large claims has been above seven year average for three of last four reporting periods
- Volume of claims has remained within its historic range

Analysis of Loss Ratio 2008 – 2014



Net cost of accident and liability claims (> €1m) 2008 - 2014



2014 Results – Underwriting and rating actions **F|B|D**

Underwriting and rating actions

- FBD has taken strong rating action
- Selective risk appetite on certain classes, lines
- Focus on stable lines and classes of risk
- Retention of performing risk segments
- Expanded product offering and upselling contributes to higher cover levels

Premium

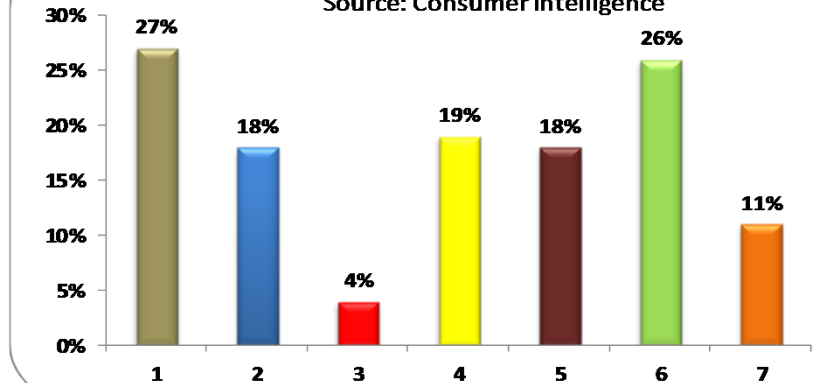
- GWP up 3.6%
- Rate led growth
- FBD has prudent approach to new risks in a recovering economy experiencing increased claims frequency
- Average premium up 4.5%, policy volume reduced 1.9%

Analysis of change in GWP (YoY)



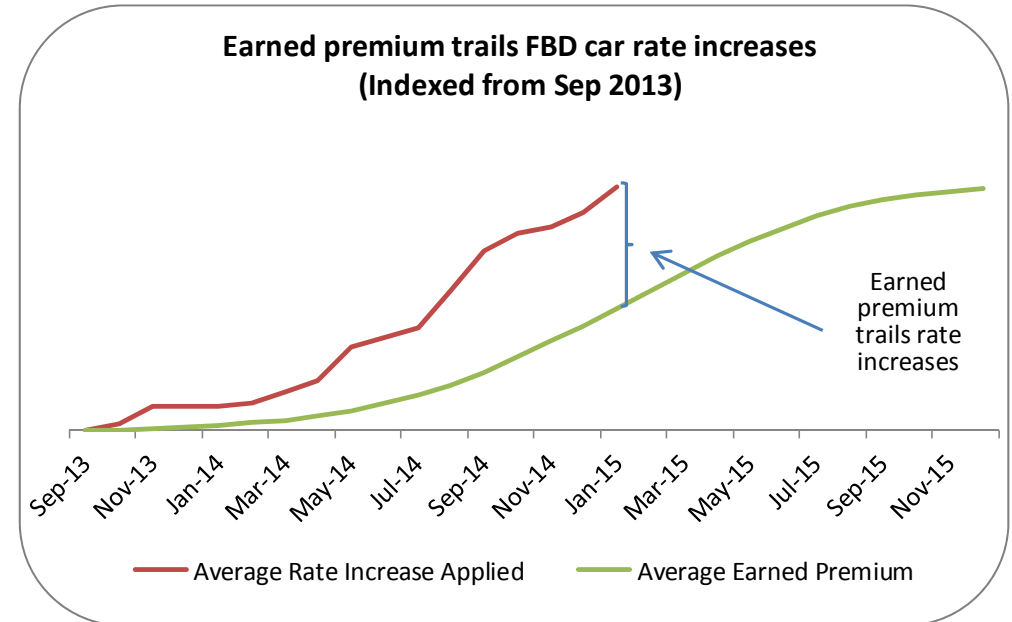
Online Car (new business) - rate change last twelve months

Source: Consumer Intelligence



Earned premium trails rate increases

- The increase in economic activity is positive for FBD in the medium term
- The pace of growth in economic activity results in increased claims activity and impacts profitability in the short term
- There is a time lag before rate increases are fully reflected in profitability



2014 Results – FBD’s business mix stable over time



Farm and business direct

- Expanded product offering to farmers
- Enhanced call handling
- Non-core activity centralised to allow sales offices focus on customers’ needs

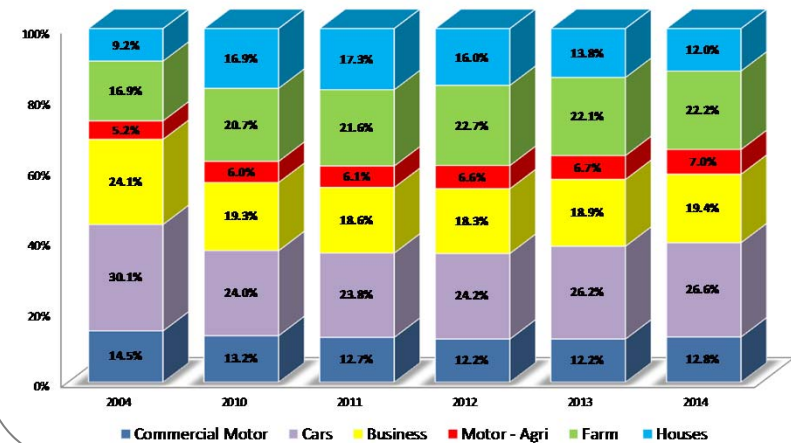
Brokers

- 20% of all new business
- Broker book has reached target levels and relationships with broker partners developing well
- Market rates hardening for business insurance, particularly liability
- Broker book has diversification characteristics

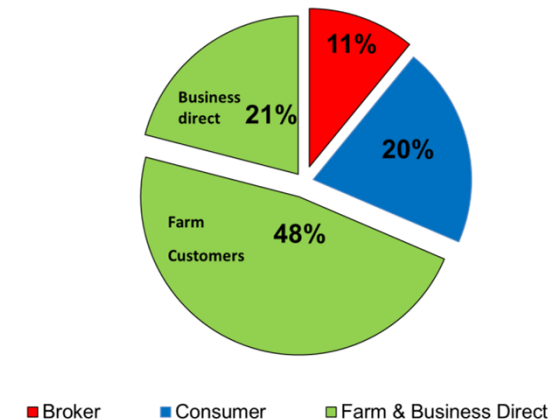
Consumer

- Rate-led growth in car insurance
- Launched new home insurance product in July and new home marketing campaign in February 2015

Balanced premium growth



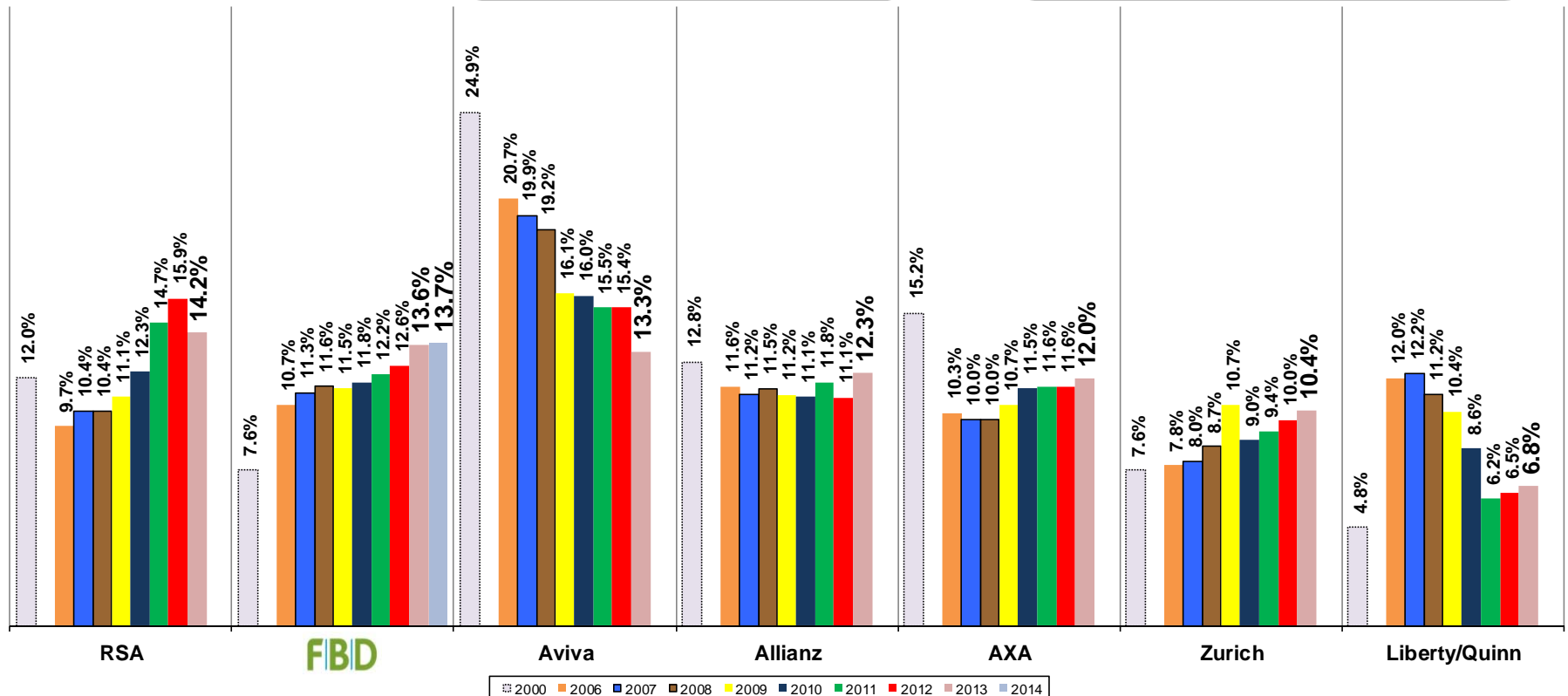
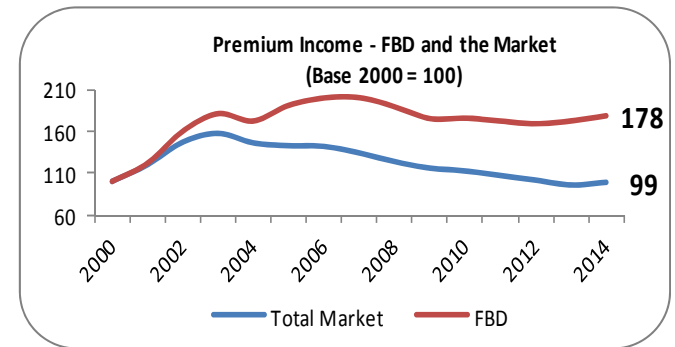
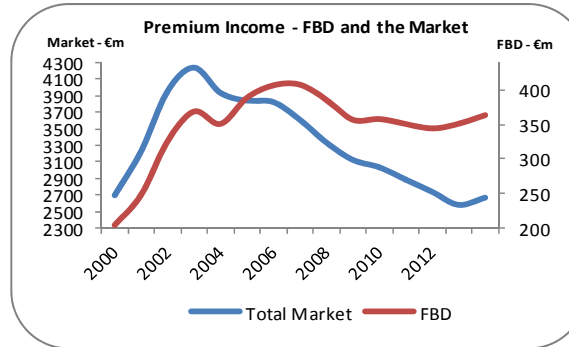
Premium by customer segment 2014



2014 Results – Market share (GWP)



Latest available market data (II)



Market share growth in 13 of the last 14 years

Financial services

- Includes:
 - premium instalment services
 - life, pension and investment broking (FBD Financial Solutions, largest retail broker in Ireland)
 - costs of Holding Company
- Solid performance in a tough environment, delivering an operating profit of €5.2m (2013: €6.4m)

Joint venture (JV)

- 50% share of property and leisure operations in Ireland and Spain
- Trading performance improved in 2014, driven by growth in occupancy and yield, particularly in Irish market, where revpar increased by 9%
- The Group's share of JV profits was €1.9m (2013: €1.3m)
- In early 2015, JV completed the sale of Temple Bar Hotel in Dublin city centre
- Agreement with Taylor Wimpey plc on development land at La Cala Resort in Spain is ahead of plan
- Objective is to realise value as market conditions improve

2014 Results – Investment asset allocation

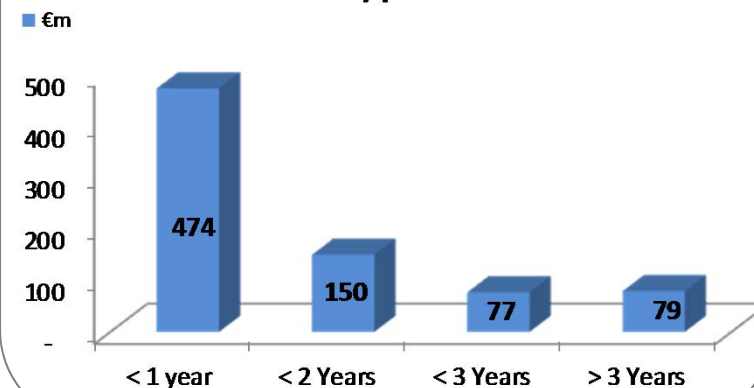


Underwriting investment assets	31-Dec-14		31-Dec-13	
	€m	%	€m	%
Deposits and cash	511	58%	454	53%
Corporate bonds	224	25%	144	17%
Government bonds	46	5%	134	16%
Equities	41	5%	73	8%
Unit trusts	25	3%	24	3%
Own land & buildings	16	2%	15	2%
Investment property	20	2%	12	1%

Underwriting investment assets	883	100%	856	100%
Other assets	118		116	
Reinsurers' share of provisions	57		44	
Investment in joint venture	47		45	
Plant and equipment	47		31	
Total assets	1,152		1,092	

- Investment return of 3.1%, an excellent performance in a low yield environment
- Return delivered with a low risk portfolio
- All asset classes contributed to performance
- Tactical allocation guards against volatility and provides flexibility to take opportunities
- Equity holdings reduced by 44% as gains were realised

Tactical allocation - flexibility to take opportunities
- Maturity profile of term assets



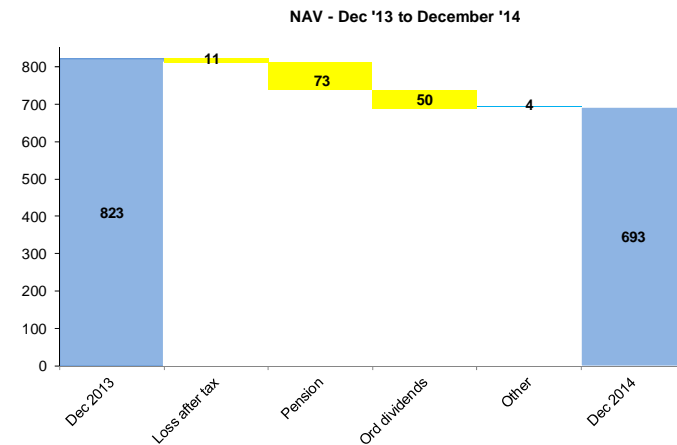
2014 Results – Balance sheet



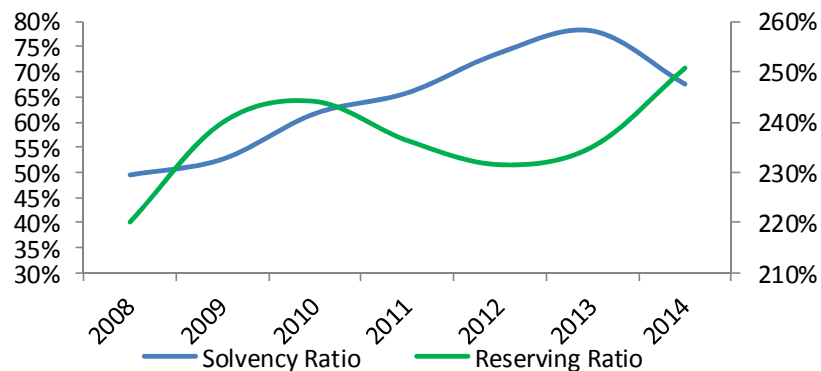
NAV & solvency strength

- IAS 19 retirement benefit obligation increased by €22m, discount rate reached historic low
- Resilient solvency level of 67.6% of NEP which equates to 343% of minimum solvency level
- Reserving ratio* 251% (2013: 235%)
- Net asset value per share 693c

NAV progression – Dec 2013 to Dec 2014



Solvency & Reserving Ratios



*Reserving ratio = (Outstanding claims reserve + unearned premium reserve)/ Net earned premium

2014 Results – Reserving strength



Net reserving and run off

	Prior years €m	2005 €m	2006 €m	2007 €m	2008 €m	2009 €m	2010 €m	2011 €m	2012 €m	2013 €m	2014 €m	Total €m
Estimate of cumulative claims:												
At end of underwriting year		290	298	307	338	308	283	233	235	248	276	
One year later		287	257	281	319	286	265	208	219	232		
Two years later		221	254	277	318	286	266	216	226			
Three years later		210	251	273	317	284	260	218				
Four years later		205	247	269	313	274	255					
Five years later		201	243	263	306	272						
Six years later		199	239	259	303							
Seven years later		198	236	256								
Eight years later		196	236									
Nine years later		197										
Estimate of cumulative claims		197	236	256	303	272	255	218	226	232	276	
Cumulative payments		(190)	(229)	(245)	(285)	(245)	(206)	(150)	(132)	(113)	(87)	
Claims outstanding		8	7	7	11	18	28	49	68	94	119	189
Saving 2014		0	(1)	(0)	2	2	1	5	(2)	(7)	16	-

Robust reserves

2014 Results – Dividend



	Operating EPS c	Dividend per Share c	Dividend payout %
2003	238	28	12%
2004	256	40	16%
2005	364	58	16%
2006	377	69	18%
2007	316	80	25%
2008	172	40	23%
2009	75	30	40%
2010	106	32	30%
2011	157	35	22%
2012	170	42	25%
2013	136	49	36%
2014	-13	51	NA

2014 Dividend

- Final dividend of 34c, an increase of 2.3%
- Full year dividend of 51c, an increase of 4.1%
- Confidence in capacity of business model to deliver returns through the insurance cycle

External environment

- Economic indicators point to an improved outlook for Ireland
- First growth in Irish Insurance market in eleven years
- Industry profitability continues to be challenging
- We have entered a period of uncertainty
- Improvement in market profitability will be contingent on :
 - evolution of claims costs
 - market rating actions

FBD

- Is committed to achieving profitable growth in book value through underwriting discipline
- Is well positioned to continue to outperform the market
- Has taken and will continue to take appropriate action to deliver strong shareholder returns
- Actions since early 2014 are having a beneficial impact on the loss ratio
- Profitability in 2015 will be impacted by external environmental challenges
- In particular, heightened uncertainty in the claims environment contributes to our cautious outlook
- Subject to no exceptional events arising, the Group is guiding full year 2015 operating earnings per share of between 20 and 40 cent

The insurance market

- Is inherently cyclical and is experiencing heightened uncertainty in claims environment
- Continues to face profitability challenges
- Rates have begun to harden but more is required
- Competitive dynamics will decide the speed and extent of recovery

FBD will

- Achieve profitable margins through underwriting discipline
- Seek opportunities for sustainable growth
- Continue to invest in people and technology
- Deliver superior returns to shareholders

FBD has

- A long track record of superior shareholder returns
- A robust underwriting business and an excellent franchise
- Industry leading net promotor score
- A resilient balance sheet and a prudent reserving strategy
- A low-risk investment portfolio



FBD Holdings plc

2014 Final Results

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