THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt about the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent professional adviser, who if you are taking advice in Ireland, is authorised or exempted under the Investment Intermediaries Act, 1995 of Ireland or the Stock Exchange Act, 1995 of Ireland or pursuant to the Financial Services and Markets Act, 2000, or from another appropriately independent financial advisor if you are in another overseas territory.

If you sell or have sold or otherwise transferred all of your Ordinary Shares in FBD Holdings plc, please send this document, the accompanying Form of Proxy and Election Form at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares in FBD Holdings plc, you should retain this document.

FBD Holdings plc

Notice of Extraordinary General Meeting

Proposed Introduction of "A" Ordinary Shares into the Capital Structure of the Company

Proposed Purchase of "A" Ordinary Shares /Special Dividend

Proposed Sub-Division of Ordinary Shares

Proposed Adoption of the Employee Save As You Earn Scheme

Proposed Adoption of the Performance Share Plan

And

Proposed Amendments to the Articles of Association

An Extraordinary General Meeting of the Company will be held at FBD House, Bluebell, Dublin 12 on Thursday 31 May 2007 at 11.00am for the purpose of considering and, if thought fit, passing the resolutions set out in Part 8 of this document.

A letter from the Chairman of FBD Holdings plc is set out on pages 5 to 10 inclusive of this document describing the reasons for and the details of the resolutions and confirming why the Board of Directors is recommending that you vote in favour of them at the EGM.

A Form of Proxy for use at the Meeting is enclosed and, if you wish to appoint a proxy, the form should be returned to the Company's Registrars, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 so as to be received no later than 11.00am on Tuesday 29 May 2007.

An Election Form for use by Shareholders in connection with the proposed purchase of "A" Ordinary Shares/Special Dividend is enclosed with this document. To be valid Election Forms must be received by the Company's Registrars, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 as soon as possible and in any event no later than 11.00am on Friday 15 June 2007. Shareholders should note that an Election cannot be made through CREST.

IF YOU REQUIRE ASSISTANCE IN RELATION TO THE RETURN OF YOUR FORM OF PROXY OR REGARDING COMPLETION OF THE ELECTION FORM, YOU CAN TELEPHONE THE COMPANY'S REGISTRARS ON 01 4475101.

Contents

Expected Timetable of Principal Events

Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	11.00am on 29 May 2007
Time and date of Extraordinary General Meeting	11.00am on 31 May 2007
Record date for the Return	8 June 2007
Latest time and date for receipt of Election Forms	11.00am on 15 June 2007
Issue of "A" Ordinary Shares	22 June 2007
Date of Purchase of "A" Ordinary Shares	22 June 2007
Special Dividend declared and paid to Shareholders who have validly elected for the Special Dividend	22 June 2007
Despatch of Cheques in respect of the proceeds of the Special Dividend and the proceeds of the purchase of the "A" Ordinary Shares	27 June 2007
Despatch of Cheques in respect of the proceeds from the purchase of the "A" Ordinary Shares	27 June 2007

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

" "A" Ordinary Share"	proposed "A" Ordinary Shares of one cent (1 cent) each in the capital of the Company
"Articles"	the Memorandum and Articles of Association of the Company
""A" Share Dividend"	the dividend of 1.25 cent per Ordinary Share paid to the holders of Ordinary Shares on the register of members of the Company at the relevant record dates
"Board of Directors"	the board of directors of the Company
"€"	euro
"Company's Registrars"	Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18
"CREST"	the relevant system for the paperless settlement of trades and the holding of uncertified securities operated by CRESTCo Limited in accordance with the 1996 Regulations
"Election"	an election for receipt of the Special Dividend when declared, approved and paid which is made by completing, signing and returning an Election Form.
"Election Form"	the form enclosed with this document by which a Shareholder may choose the Special Dividend Alternative
"Extraordinary General Meeting", or "EGM"	the Extraordinary General Meeting of the Company convened by the Notice for 11.00am on Thursday 31 May 2007
"FBD" or "the Company"	FBD Holdings plc
"Granting Company"	the Company
"Group"	the Company and its Subsidiaries
"Irish Stock Exchange"	the Irish Stock Exchange Limited
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	the ordinary shares of nominal value fifteen cent (15 cent) each arising pursuant to the proposed sub-division
"Notice"	the Notice of the Extraordinary General Meeting contained at Part 8 of this document
"Ordinary Shares"	the ordinary shares of sixty cent (60 cent) each in the capital of the Company
"Participating Company"	the Granting Company and any company which is for the time being a Subsidiary to which the Board of Directors has nominated that the SAYE Scheme shall for the time being extend

"Return"	the return to Shareholders of €177 million by the Company as announced on 17 April 2007
"SAYE Scheme"	FBD's employee Save As You Earn Scheme
"Shareholder"	a holder of Ordinary Shares in the capital of the Company
"Share Purchase Alternative"	the option for Shareholders to have their "A" Ordinary Shares purchased by the Company and not to receive the Special Dividend
"Special Dividend Alternative"	the option for Shareholders to elect to receive the Special Dividend and to then have their "A" Ordinary Shares purchased by the Company
"Special Dividend"	any dividend declared by the Company in respect of the "A" Ordinary Shares which the Shareholders can elect to receive
"Stock Exchanges"	the Irish Stock Exchange and the London Stock Exchange
"Subsidiary"	any company which is for the time being both a subsidiary (as defined in section 155 of the Companies Act 1963) of the Granting Company and under the control of the Granting Company

FBD Holdings plc

(Incorporated and registered in Ireland, with registered number 135882)

Directors:
Michael Berkery (Chairman)
John Donnelly
Philip Fitzsimons (Chief Executive)
Andrew Langford
Philip Lynch
Patrick O'Keeffe
Joseph Rea
Vincent Sheridan
Adrian Taheny
Johan Thijs
Padraig Walshe

Registered Office:
FBD House
Bluebell
Dublin 12

9 May 2007

To shareholders and for information only to optionholders

Dear Shareholder,

INTRODUCTION

FBD Holdings plc is proposing a number of resolutions to shareholders at the forthcoming EGM which reflect the successful development of the FBD Group to date and will help build on that growth and development and will support the delivery of future Shareholder value. Briefly the proposals are:

- the introduction of "A" Ordinary Shares into the capital structure of the Company;
- the purchase of "A" Ordinary Shares/Special Dividend;
- the ability to sub-divide the Group's Ordinary Shares;
- the introduction of an Employee Save As You Earn Scheme;
- the introduction of a Performance Share Plan;
- amendments to the Articles of Association which are related to these various proposals.

The purpose of this letter is to describe the reasons for and the details of the resolutions and to explain why the Board of Directors is recommending that you vote in favour of them at the EGM.

PROPOSED INTRODUCTION OF "A" ORDINARY SHARES INTO THE CAPITAL STRUCTURE OF THE COMPANY

The Board of Directors consider that the introduction of the proposed "A" Ordinary Shares into the capital structure of the Company will provide it with the flexibility to manage the Company's capital and enable the Company to maximise returns to Shareholders. This will be achieved by the issue from time to time of "A" Ordinary Shares and the subsequent purchase of "A" Ordinary Shares by the Company following their issue or, alternatively, by the payment of a Special Dividend and the subsequent purchase of those "A" Ordinary Shares following their issue. This mechanism would be in addition to having the authority to make market purchases of the Company's Ordinary Shares.

Returns made using this proposed "A" Ordinary Share structure will give Shareholders a choice as to what form they wish to receive their proceeds. This approach provides flexibility in terms of tax treatment by enabling certain Shareholders to receive a capital return, whilst other Shareholders can elect to receive returns as income if preferred.

It is not the intention of the Board of Directors that the issue of "A" Ordinary Shares, the payment of "A" Share Dividends or the payment of any Special Dividends would be a substitute for the payment of regular dividends. The Board of Directors intend that the issue of "A" Ordinary Shares and their subsequent purchase by the Company would only occur when they consider it to be in the best interests of Shareholders after taking into account the Company's overall financial position. The maximum consideration for the purchase of "A" Ordinary Shares is set out in the purchase contract, the details of which are set out in Part 7 of this document. The total consideration paid to purchase "A" Ordinary Shares under the authorities being sought at the EGM will not exceed [€285,000,000] or approximately 20% of the current market capitalisation of the Company as at the date of this document. Any further purchases will be subject to approval of the Company's shareholders in general meeting.

Any such purchases of "A" Ordinary Shares will be in cash and the Board of Directors will then decide whether to hold the shares as treasury shares or cancel them. The Board of Directors believe that this proposal may increase the attractiveness of the Company's Ordinary Shares, because the issue of the "A" Ordinary Shares followed by either (i) their immediate purchase by the Company; or (ii) the payment of the Special Dividend and their immediate purchase by the Company may encourage further investors to purchase the Company's Ordinary Shares in order to benefit from the enhanced return which may be provided by this mechanism.

To facilitate the creation of the "A" Ordinary Shares the authorised share capital of the Company will be increased by €1,200,000 representing 3.06 per cent to €40,449,600 in total or 2.97% of the enlarged authorised share capital. Currently, there are 353,807 Ordinary Shares held by the Company as treasury shares which represent 1.00 per cent of the total ordinary share capital of the Company. The Board of Directors may in addition to the issue of "A" Ordinary Shares to facilitate the Return decide from time to time to proceed with further issues of "A" Ordinary Shares, where it considers it to be in the best interests of the Company and the Shareholders. However, including the Return, the total aggregate consideration to be paid for the purchase of any further issues of "A" Ordinary Shares by the Company would not exceed €285,000,000 or approximately 20% of the current market capitalisation of the Company at the date of this document. Any issue of "A" Ordinary Shares in excess of this limit would be subject to approval of Shareholders. As the "A" Ordinary Shares will be immediately purchased by the Company on issue, it will not apply to the Stock Exchanges for the "A" Ordinary Shares to be listed.

Proposed Resolutions to Facilitate the Introduction of "A" Ordinary Shares

The purpose of the relevant amendments to the Articles to be proposed at the EGM is to facilitate the Company in (i) issuing from time to time "A" Ordinary Shares to Shareholders, (ii) immediately purchasing the "A" Ordinary Shares by means of off-market purchases of the shares from the holders of the "A" Ordinary Shares (within the meaning of section 213 of the Companies Act, 1990 relating to the "A" Ordinary Shares) or alternatively the payment of Special Dividends followed by the immediate purchase of the "A" Ordinary Shares from Shareholders who make a valid Election.

If the proposals are approved by shareholders at the EGM, the authority of the Board of Directors to issue "A" Ordinary Shares, to make purchases of "A" Ordinary Shares and to pay Special Dividends will expire on the date of the Company's Annual General Meeting to be held in 2008 or fifteen months after the date of the forthcoming Extraordinary General Meeting, whichever comes first. It is the Board of Directors' intention, however, to ask shareholders to renew the relevant authority under Section 213 of the Companies Act, 1990 at general meetings in the future.

It is proposed in Resolutions 1 and 2 that the authorised share capital of the Company be amended to facilitate the creation of "A" Ordinary Shares. Resolution 6 seeks to amend the Articles to set out the rights and restrictions to be attached to the "A" Ordinary Shares and to make related changes. A copy of the existing Memorandum and Articles of the Company and a copy of the Memorandum and Articles of the Company as proposed to be amended are available for inspection as set out in Part 7 of this document.

Resolution 7 seeks shareholder approval for the granting to the Board of Directors or a Committee thereof the authority to enter into the purchase contract with the holders of the "A" Ordinary Shares regarding the purchase by the Company of the "A" Ordinary Shares in issue from time to time.

Funding the Issue of "A" Ordinary Shares

If Resolutions 1 and 2 set out in the Notice are passed the Company will from time to time pay "A" Share Dividends of 1.25 cent per Ordinary Share to the holders of Ordinary Shares on the register of members at the relevant record date. 1 cent of each "A" Share Dividend will be applied by the Board of Directors on behalf of the holders of Ordinary Shares by way of a subscription for one "A" Ordinary Share. For certain recipients, mainly Irish resident individuals, these "A" Share Dividends of 1.25 cent per Ordinary Share may be subject to dividend withholding tax ("DWT") currently 20% and in these circumstances the balance of the "A" Share Dividends of 0.25 cent will be withheld by the Company and paid to the Collector-General as DWT. Those Shareholders who are exempt from DWT and have completed the appropriate declaration will receive a cash payment of 0.25 cent per Ordinary Share. Dividend vouchers showing the amount of withholding tax will be sent to all Shareholders. Resolution 5 authorises the Board of Directors to pay an "A" Share Dividend to fund issues of "A" Ordinary Shares from time to time.

Taxation

Part 3 sets out notes summarising the taxation implications for Shareholders of an issue of "A" Ordinary Shares, the purchase of "A" Ordinary Shares and a payment of Special Dividends. These notes which are for guidance only do not constitute advice offered by the Company or its advisors and are based on current Irish legislation and the current practice of the Irish Revenue Commissioners and are therefore subject to any changes therein. You should consult your own taxation advisors in relation to your own taxation position.

Summary of the Proposed Introduction of "A" Ordinary Shares into the Capital of the Company

The issue from time to time of "A" Ordinary Shares will involve the following:

- An "A" Ordinary Share will be allotted to holders of Ordinary Shares on the basis of:

  One "A" Ordinary Share for every one Ordinary Share held at the relevant record date

- The "A" Ordinary Shares will have a nominal value of 1 cent each. They will not enjoy the right to any dividends save for any Special Dividends provided a valid Election Form has been received by the Company in respect of those shares and will carry restricted voting rights.
- Following an issue of "A" Ordinary Shares, Shareholders will have the option to have the "A" Ordinary Shares purchased by the Company or to receive a Special Dividend and to immediately thereafter have the "A" Ordinary Shares purchased by the Company.

A summary of the rights and restrictions attaching to the "A" Ordinary Shares, the proposed purchase procedure and the payment of Special Dividends is set out in Part 2 of this document.

PROPOSED PURCHASE OF "A" ORDINARY SHARES/SPECIAL DIVIDEND RELATING TO THE RETURN

On 17 April 2007, FBD announced that it would make a return to Shareholders of €177 million from the Company's financial reserves. This Return follows an assessment of the Group's capital requirement in the context of its ambitious growth plans. This approximates to €5.00 per Ordinary Share and reaffirms the Company's pro-active management of its capital which has seen the repatriation of €265 million to Shareholders since March 2005.

Subject to shareholder approval at the EGM, the Company intends to issue one "A" Ordinary Share for every one Ordinary Share held by each Shareholder on 8 June 2007. Shareholders will have two alternatives in relation to their "A" Ordinary Shares which are set out below and which are intended to provide flexibility by offering the choice to Shareholders of receiving the Return as either capital or, if so chosen, income for taxation purposes.

(i) Share Purchase Alternative

For Shareholders who do not make an Election, the Board of Directors will, following the issue of the "A" Ordinary Shares, immediately purchase the "A" Ordinary Shares for €5.00 per "A" Ordinary Share (free of all dealing expenses and commissions) from the holders of the "A" Ordinary Shares. Proceeds to Shareholders from this are expected to be treated as capital for Irish tax purposes.

(ii) Special Dividend Alternative

The Board of Directors will immediately upon the issue of the "A" Ordinary Share declare a Special Dividend of €4.99 per "A" Ordinary Share in respect of those "A" Ordinary Shares for which a valid Election has been made and then purchase those "A" Ordinary Shares which were the subject of an Election for 1 cent per "A" Ordinary Share.

It is expected that the Special Dividend will be treated as income for Irish tax purposes. The Special Dividend of €4.99 per "A" Ordinary Share may be subject to Dividend Withholding Tax ("DWT") currently at 20% and in these circumstances 99.8 cent will be withheld by the Company and paid to the Collector General as DWT. It is expected that the proceeds in respect of the purchase of the "A" Ordinary Shares will be treated as capital for Irish tax purposes.

It is expected that the cheques for the payment of proceeds from both the Share Purchase Alternative and the Special Dividend Alternative will be despatched to you on 27 June 2007. All payments will be made in Euro.

The issue of the "A" Ordinary Shares will be funded in the manner described above.

Resolution 8 seeks approval for the Board of Directors to declare, approve and pay the Special Dividend of €4.99 per "A" Ordinary Share to the holders of those Shares who have made an Election.

Taxation

Please refer to "Taxation " on page 15 of this document.

Elections

Shareholders can elect for the Special Dividend Alternative by completing, signing and returning the Election Form.

If you choose the Share Purchase Alternative and therefore do not wish to avail of the Special Dividend Alternative you do not need to take any further action or complete the Election Form. Shareholders who wish to receive the Special Dividend should complete Box 1 on the Election Form, sign the form and return it to the Company's Registrars. If you do not complete the Election Form you will be deemed to have chosen to have your "A" Ordinary Shares purchased by the Company.

Shareholders should send the completed Election Form, duly signed to the Company's Registrars, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 so as to be received no later than 11.00am on 15 June 2007.

If you do not properly complete, sign and return your Election Form, you will be deemed to have chosen the Share Purchase Alternative. No partial election will be available. If you need assistance you may telephone the Company's Registrars, Computershare Investor Services (Ireland) Limited on 01 4475101. This helpline will not provide advice on the merits of the Return, the Share Purchase Alternative or the Special Dividend Alternative or give any financial or taxation advice. For financial advice, including taxation advice you will need to consult your own financial and/or taxation advisor.

PROPOSED SUB-DIVISION OF ORDINARY SHARES

The last number of years has seen a marked increase in the market price of FBD's Ordinary Shares and the Board of Directors believe that it is appropriate to consider sub-dividing the Company's Ordinary Shares to reduce the market price per Ordinary Share, while preserving the level of the Company's reserves. The Board of Directors is of the view that a sub-division would be in the best interests of shareholders as it should increase the liquidity and marketability of the Ordinary Shares. Under Resolution 3 to be proposed at the Extraordinary General Meeting, each Ordinary Share of FBD with a current nominal value of 60 cent each is to be divided, subject to the Board of Directors resolving that such sub-division is in the best interests of the Company, into four New Ordinary Shares with a nominal value of 15 cent each. The sub-division will not result in any new shares being issued by the Company or becoming available in whole or in part to the public. It is intended that the proposed sub-division will be implemented before the 2008 Annual General Meeting and the appropriate announcement will be made through the Regulatory News Service of the Stock Exchanges setting out the details and timetable.

The effect of the proposal is that each Shareholder will own four New Ordinary Shares for every one existing Ordinary Share held on a record date (to be determined in due course and which will be notified to the market). Except for this change, the New Ordinary Shares will in all other respects be the same as the existing Ordinary Shares. Subject to market conditions, the aggregate value of each Shareholder's holding of Ordinary Shares should remain the same following the sub-division.

The underlying interests of Shareholders in the profits and net assets of the Company will not be affected by the proposed sub-division and Shareholders will have the same rights and be subject to the same restrictions as they are with their existing holding of Ordinary Shares.

The sub-division requires that shareholders approve two resolutions. Resolution 3 authorises the sub-division of all of the Company's authorised Ordinary Shares and "A" Ordinary Shares, while Resolution 4 would amend the Articles to reflect the sub-division. The full text of the proposed amended Articles will be available for inspection as set out in Part 7 of this document.

Following the sub-division, the Company's Registrars will issue new share certificates to the Company's Shareholders on the register as at the record date for the transaction. Shareholders' existing share certificate(s) will no longer be valid and will be replaced by a new share certificate. Please note these share certificates will be posted to the registered address of all Shareholders at their own risk. If you hold your shares in uncertificated format, your relevant CREST account will be credited with the New Ordinary Shares on the first day of trading after the sub-division is effected.

PROPOSED SAYE SCHEME

The Company is proposing to establish a SAYE Scheme to facilitate savings for ongoing purchases of Ordinary Shares by employees of the Group. The purpose of the SAYE Scheme is to incentivise and reward employees in a tax efficient manner and to align the interests of employees more closely with the interests of shareholders.

Under the SAYE Scheme, eligible employees can participate in the scheme through entering into a savings contract with an approved savings body. They will be granted an option to subscribe for Ordinary Shares on the completion of the savings contract, at a price determined at the time of the grant of the option. The related savings contract will be for a period of 3 years.

It is proposed under Resolution 11 that the Company establish a SAYE Scheme. In addition to approval of the scheme by shareholders, the introduction of the SAYE Scheme is also subject to approval of the Revenue Commissioners.

The principal terms of the SAYE Scheme, which have been approved by the Irish Association of Investment Managers, are set out in Part 4. The draft rules will be available for inspection as set out in Part 7.

PROPOSED ADOPTION OF THE FBD PERFORMANCE SHARE PLAN

The Remuneration Committee, which is made up entirely of non-executive directors has recently carried out a thorough review of executive remuneration to ensure that the Company's arrangements were aligned with its business strategy and were competitive with the external market. The Committee was advised by independent consultants Mercer Human Resource Consulting. One of the main conclusions of the review was that the current Executive Share Option Scheme was not consistent with current best remuneration practices. The Committee concluded that the new FBD Performance Share Plan (the "Plan") should be introduced. The proposed Plan has been designed to increase the alignment of senior executives with the interests of shareholders through increased ownership of the Company's Ordinary Shares. The level of each executive's maximum possible award of Ordinary Shares will be determined by his particular role. His award level will be based on a specific percentage of salary in the relevant financial year. Award levels for participants will range between 15% and 100% of salary. The extent that these Ordinary Shares vest and are transferred to participants will depend on the Company's performance over a three-year period.

The Board of Directors are therefore seeking authority under Resolution 12 to adopt the Plan, whose principal terms are summarised in Part 5 to this document. The Board of Directors are also seeking authority to be empowered to do all things that they consider necessary to implement the Plan and to make any changes to the rules of the Plan they deem necessary from an Irish taxation, legal or regulatory perspective.

The rules of the Plan may be inspected as set out in Part 7.

PROPOSED AMENDMENT TO THE ARTICLES

It is proposed to amend the Articles to incorporate the rights and restrictions attaching to the "A" Ordinary Shares, to amend the authorised share capital of the Company and to make related changes. A summary of the proposed changes to the Articles are set out in Part 6. A copy of the existing Articles and the proposed amended Articles may be inspected as set out in Part 7. Resolution 9 authorises the Board of Directors to amend the Articles to reflect the resolutions passed at the EGM. Resolution 10 approves and adopts the amendments to the Articles set out in the printed document produced to the meeting.

FURTHER ACTION

An Extraordinary General Meeting of the Company will be held in FBD House, Bluebell, Dublin 12 at 11.00am on Thursday 31 May 2007. At the meeting, the resolutions set out in the Notice of the EGM at Part 8 of this document will be proposed.

A Form of Proxy for use at the EGM in enclosed. To be valid, the Form of Proxy must be completed and returned to the Company's Registrars, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, no later than 11.00am on Tuesday 29 May, 2007. The return of the Form of Proxy will not prevent you from attending the Extraordinary General Meeting of the Company and voting in person at the meeting should you wish to do so.

If you wish to elect for the Special Dividend Alternative you must return the enclosed Election Form before 11.00am on 15 June 2007.

RECOMMENDATION

Your Board of Directors considers that the proposals set out above are in the best interests of the Company and its Shareholders as a whole and, accordingly, your Board of Directors recommends that you vote in favour of the resolutions at the forthcoming Extraordinary General Meeting.

Yours sincerely,

MICHAEL BERKERY
Chairman

Part 1

Questions and Answers relating to the Return

This part of the document sets out some commonly asked questions and provides brief responses. It is particularly intended to assist the Company's individual Shareholders. Please read both it and the rest of this document carefully. If you still have any questions, you may call the Company's Registrars, Computershare Investor Services (Ireland) Limited on 01 4475101. This helpline will not provide advice on the merits of the Return, the Share Purchase Alternative or Special Dividend Alternative or give any financial or taxation advice. For financial advice, including taxation advice you will need to consult your own financial and/or taxation advisor.

You should be aware that the issue and purchase of the "A" Ordinary Shares by the Company and the payment of the Special Dividend is conditional upon approval by shareholders of the Resolutions to be proposed at the EGM.

1. What is being proposed?

The Company intends to return to Shareholders €5.00 for each Ordinary Share that you hold at 8 June 2007. To facilitate this the Company will issue you with one "A" Ordinary Share for every Ordinary Share you hold. The form of the Return made will depend on whether you choose the Share Purchase Alternative or elect for the Special Dividend Alternative. This Return will be made by the payment of a Special Dividend where an Election has been validly made and duly returned to the Company. Where no Election has been made in respect of your "A" Ordinary Shares, the Return will be made by means of the Share Purchase Alternative which will involve the purchase by the Company of your "A" Ordinary Shares.

2. What is the impact on the value of my shares?

You will receive €5.00 per Ordinary Share that you hold on 8 June 2007 without the need to sell any of your Ordinary Shares or incur dealing charges or commissions and you will continue to own the same number of Ordinary Shares as you did before.

3. What choices do I have?

You will have two choices. You can do nothing in which case you will be deemed to have chosen the Share Purchase Alternative or you may make an election for the Special Dividend Alternative. The consequences of choosing these alternatives are described below.

Share Purchase Alternative

All your "A" Ordinary Shares will be purchased by FBD at €5.00 per "A" Ordinary Share, free of expenses. If you do this, it is expected that FBD will despatch a cheque to you for the proceeds on 27 June 2007; or

Special Dividend Alternative

You will receive a Special Dividend of €4.99 per "A" Ordinary Share together with 1 cent for each of the "A" Ordinary Shares being purchased by the Company. In total you will therefore receive €5.00 per "A" Ordinary Share. This is the alternative that is applicable to all Shareholders who make an Election for the payment of the Special Dividend. If you elect for this it is expected that we will despatch a cheque to you for your dividend and the proceeds of the "A" Ordinary Shares purchased on 27 June 2007.

Examples

Share Purchase Alternative

Number of Ordinary Shares owned on 8 June 2007	Number of "A" Ordinary Shares which will be issued	Purchase Proceeds €	Total Proceeds €
100	100	500	500
300	300	1,500	1,500
500	500	2,500	2,500
1,000	1,000	5,000	5,000

Special Dividend Alternative

Number of Ordinary Shares owned on 8 June 2007	Number of "A" Ordinary Shares which will be issued	Special Dividend received €	+	Purchase Proceeds €	Total Proceeds* €
100	100	499		1	500
300	300	1,497		3	1,500
500	500	2,495		5	2,500
1,000	1,000	4,990		10	5,000

*Sum of Special Dividend and Purchase Proceeds

4 How do I make my choice?

If you wish to have your "A" Ordinary Shares purchased by the Company, no further action is required. If you wish to receive the Special Dividend **you must** complete, sign and return the Election Form sent to you with this document to FBD's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Herron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 to be received no later than 11.00am on 15 June 2007.

5. In what currency will I receive my Special Dividend or Purchase Proceeds?

All payments will be made in Euro.

6. What is my tax position?

If you are an Irish resident shareholder then, depending on your circumstances, if you choose the:

Share Purchase Alternative

The proceeds of the purchase of the "A" Ordinary Shares should be treated as a capital disposal for Irish tax purposes;

or if you elect by completing, signing and returning the Election Form for the:

Special Dividend Alternative

The Special Dividend should be treated as income for Irish tax purposes.

Further details on the taxation treatment are set out in Part 3.

7. Do I need to do anything?

Yes. The Return in the proposed manner needs Shareholder approval before it can take place. In order for the Return in the proposed manner to become effective you should exercise your right to vote at the EGM. Whether or not you intend to be present at the EGM, you are requested to lodge a proxy in accordance with the instructions printed on the EGM Proxy Form with FBD's Registrar as soon as possible, and, in any event no later than 11.00am on 29 May 2007.

8. What happens if I do not make my Election in time?

If you do not make an Election by 11.00am on 15 June 2007 you will be treated as having chosen to accept the purchase of your "A" Ordinary Shares by the Company rather than receive the payment of the Special Dividend. This will also happen if you fill in the Election Form incorrectly or fail to sign it.

9. What are the conditions to the Return?

The Return in the proposed manner is conditional upon the approval by shareholders of the Special Resolutions to be proposed at EGM.

10. Under what circumstances may the Return not take place?

The Return in the proposed manner will not take place if it does not receive shareholder approval at the EGM.

11. What do I do if I still have questions?

You may telephone the Company's Registrar, Computershare Investor Services (Ireland) Limited on 01 4475101. Please note that this helpline will not provide advice on the merits of the Return, the Share Purchase Alternative or the Special Dividend Alternative or give any financial or taxation advice. For financial advice, including taxation advice you will need to consult your own financial and/or taxation advisor.

Part 2

Principal Features of the Proposed Purchase of "A" Ordinary Shares/Special Dividend Relating to the Return

1. Allotment of "A" Ordinary Shares

It is proposed that the "A" Ordinary Shares will be alloted to Shareholders on the Company's register of members on 8 June 2007 on the basis of one "A" Ordinary Share for every one Ordinary Share then held. The "A" Ordinary Shares will not be marketed or made available in whole or part to the public or listed on any stock exchange.

The "A" Ordinary Shares will not be entitled to dividends, save for any Special Dividends paid to shareholders who have validly made an Election, they will carry restricted voting rights (but no voting rights on a resolution under section 213(2) of the Companies Act, 1990 relating to the "A" Ordinary Shares), will not be transferable save to the Company pursuant to the Articles and on a winding up they will rank equally with the Ordinary Shares as regards the return of their nominal capital, but will not entitle their holders to share in any surplus.

Subject to the EGM sanctioning the proposed creation of "A" Ordinary Shares, an announcement will be made through the Regulatory News Service of the Stock Exchanges advising Shareholders of the expected timetable of events concerning the issue of the "A" Ordinary Shares, the purchase of the "A" Ordinary Shares and the payment of the Special Dividend. As the "A" Ordinary Shares will in any event be immediately purchased by the Company upon issue they will not be listed on any stock exchange.

2. Purchase by the Company of "A" Ordinary Shares

The Company through its directors, will have the authority from time to time to make off market purchases of the "A" Ordinary Shares provided Resolution 7 is passed at the EGM. This resolution would authorise the Company to purchase the "A" Ordinary Shares from Shareholders at a price of up to €5.00 per "A" Ordinary Share, save where the holder of those "A" Ordinary Shares has elected to receive a Special Dividend in which case the price paid per "A" Ordinary Share shall be reduced by the amount of the Special Dividend. A copy of the purchase contract may be inspected at the registered office of the Company at FBD House, Bluebell, Dublin 12 during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including the conclusion of the EGM on 31 May 2007.

3. Special Dividend

For Shareholders who have made an Election by 11.00am on 15 June 2007, it is proposed to declare, approve and pay, subject to the passing of Resolution 8, a Special Dividend of €4.99 per "A" Ordinary Share to those Shareholders on the register of members at 8 June 2007.

Irish resident Shareholders who are individuals will suffer DWT at 20% on the gross Special Dividend paid and will be liable to income tax on the gross Special Dividend. An individual's income tax liability is reduced by the amount of the tax withheld on a dividend. An individual may be able to claim a refund of the tax withheld or part thereof if, because of personal allowances or other reliefs, he has no income tax liability or his liability is less than the amount of the tax withheld.

Irish resident corporate Shareholders who have made an appropriate declaration on a timely basis should be exempt from DWT. Irish resident corporate Shareholders who have been charged DWT should be entitled to a refund of the tax withheld if the Company has no corporation tax liability or the corporation tax liability of the Company is less than the amount of the tax withheld.

Irish resident corporate Shareholders are generally not subject to corporation tax on dividends received from Irish resident companies. However, the receipt of a dividend may give rise to a tax liability for certain corporate Shareholders.

4. Rights and Restrictions attaching to "A" Ordinary Shares

The following is a summary of the rights and restrictions proposed to be attached to the "A" Ordinary Shares, which, subject to shareholder approval at the EGM, will be reflected in the proposed amended version of the Articles.

(a) Income

The "A" Ordinary Shares shall have no entitlement to any dividends declared save for any Special Dividends declared provided that an Election has been validly made and received by the Company. The "A" Ordinary Shares will not confer any other right to share in FBD's profits.

(b) Capital

On a return of capital on a winding up or otherwise (other than on conversion, redemption or purchase of shares), the holders of "A" Ordinary Shares shall be entitled, pari passu with the holders of the Ordinary Shares, to repayment of a sum equal to the nominal value of 1 cent per share. The "A" Ordinary Shares shall not confer upon the holders thereof any rights to participate further in the profits or assets of the Company.

(c) Voting and General Meetings

The holders of the "A" Ordinary Shares shall not be entitled in respect of their holdings of such shares to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting, unless the business of the meeting includes a resolution varying or abrogating any of the special rights attaching to the "A" Ordinary Shares. If such a resolution is proposed, on a show of hands, every holder of "A" Ordinary Shares who is present in person or by proxy shall have one vote and on a poll every such holder who is present in person or by proxy shall have one vote for every "A" Ordinary Share of which he is the holder. However, on a resolution under section 213(2) of the Companies Act, 1990 relating to the "A" Ordinary Shares, the "A" Ordinary Shares shall carry no voting rights and any such resolution shall not be regarded as a variation or abrogation of their rights.

(d) Purchases by the Company of "A" Ordinary Shares

The Company will purchase all "A" Ordinary Shares in issue from time to time pursuant to the terms of the purchase contract after notice to the holders of the "A" Ordinary Shares, which may be given through the Regulatory News Service of the Stock Exchanges, on any date specified in such notice. This will be in addition to the Company's authority to make market purchases of its own Ordinary Shares from time to time.

The price payable for each "A" Ordinary Share purchased by the Company shall be the amount of capital paid up or credited as paid up thereon together with such further sum, if any, as the Board of Directors may think fit from time to time and as appears to be justified by the circumstances and the financial position of the Company, to pay for the shares (subject to the terms of the purchase contract) less the amount of any Special Dividend elected to be received by the holder of the "A" Ordinary Shares provided the Board of Directors in exercising their powers have due regard to compliance with Irish and EU Market Abuse Rules. The total cumulative consideration which may be paid by the Company for the purchase of all issues of "A" Ordinary Shares will not exceed €285,000,000 unless such consideration amount and further issues are approved by Shareholders at general meeting. Proceeds in respect of such purchases by the Company of "A" Ordinary Shares shall be paid in Euro currency.

(e) Class Rights

The Company will be entitled from time to time in accordance with the Companies Acts, to effect a reduction of its capital and to create, allot and issue further shares, whether ranking pari passu with, in priority to or deferred to the "A" Ordinary Shares, and such reduction of capital or creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the "A" Ordinary Shares and whether or not the same confer on the holders voting rights more favourable than those conferred by the "A" Ordinary Shares) shall be deemed not to involve a variation of the rights attaching to the "A" Ordinary Shares for any purpose.

(f) Transferability

The "A" Ordinary Shares will not be transferable save to the Company pursuant to the Articles.

(g) Transfers

All transfers of "A" Ordinary Shares may be made in accordance with the/any contractual arrangement entered into between the Company and the Shareholders.

Part 3

Taxation Implications of Proposed Purchases of "A" Ordinary Shares/Special Dividends

(i) Taxation Implications of an Issue and Purchase of "A" Ordinary Shares

1. Irish Taxation Treatment of "A" Share Dividends

Subject to the passing of the appropriate Resolutions, and subject to the Board of Directors deciding to issue the "A" Ordinary Shares, the Company will declare an "A" Share Dividend to its Shareholders of 1.25 cent per Ordinary Share, of which, 1 cent per Ordinary Share will be applied by the Board of Directors on behalf of each Shareholder by way of subscription for one "A" Ordinary Share in the Company. For certain recipients, mainly Irish resident individuals, this "A" Share Dividend of 1.25 cent is subject to Dividend Withholding Tax (DWT) currently 20%. The balance of the "A" Share Dividend of 0.25 cent will be withheld by the Company and paid over to the Collector-General as DWT. Those Shareholders who are exempt from DWT and have completed the appropriate declaration will receive a cash payment of 0.25 cent per Ordinary Share.

The taxation treatment of any "A" Share Dividend for the Company and for Irish resident Shareholders is set out below.

(a) Consequences for the Company

DWT applies to dividend payments made by the Company. On the payment of a dividend or distribution to non-exempt persons, the Company is obliged to withhold income tax and pay that income tax to the Collector-General by the 14th day of the month following the month in which the payment is made.

Exemptions from DWT apply in the case of certain shareholders including Irish resident companies, charities, pension funds, certain collective investment funds, certain residents of EU member states or countries with which Ireland has a double tax treaty and companies whose principal class of shares is substantially and regularly traded on a recognised stock exchange in an EU member state or a country with which Ireland has a double tax treaty. To be entitled to an exemption, a Shareholder must make an appropriate declaration.

(b) Consequences for Irish resident Shareholders

Irish resident Shareholders who are individuals will suffer DWT at 20% on the gross amount of any "A" Share Dividend paid and will be liable to income tax on the gross amount of any "A" Share Dividend. An individual's income tax liability is reduced by the amount of the tax withheld on a dividend. An individual may be able to claim a refund of the tax withheld or part thereof if, because of personal allowances or other reliefs, he has no income tax liability or his liability is less than the amount of the tax withheld.

Irish resident corporate Shareholders who have made an appropriate declaration on a timely basis should be exempt from DWT. Irish resident corporate Shareholders who have been charged DWT will be entitled to a refund of the tax withheld if the Company has no corporation tax liability or the corporation tax liability of the Company is less than the amount of the tax withheld.

Irish resident corporate Shareholders are generally not subject to corporation tax on dividends received from Irish resident companies. However, the receipt of a dividend may give rise to a tax liability for certain corporate Shareholders.

(c) Consequences for Non-Irish resident Shareholders

Non-Irish resident Shareholders should seek separate advice on the tax consequences of the possible payment of an "A" Share Dividend.

2. Irish Taxation Treatment of the Purchase of "A" Ordinary Shares by the Company

(a) Consequences for the Company

A purchase by the Company of "A" Ordinary Shares for their par value should not be treated as a distribution for income tax purposes.

In accordance with Section 175 Taxes Consolidation Act 1997, the purchase by the Company of "A" Ordinary Shares for an amount in excess of their par value should not be treated as a distribution for income tax purposes.

On the basis that a purchase of "A" Ordinary Shares is not a distribution, the DWT regime should not apply to such purchases.

(b) Consequences for Irish resident Individual and Corporate Shareholders

In accordance with Section 175 of the Taxes Consolidation Act 1997, the purchase of "A" Ordinary Shares should not be treated as a distribution for Irish income tax or corporation tax purposes. The purchase should be treated as a capital disposal by the Shareholder of the "A" Ordinary Share and capital gains tax, currently at 20%, will apply on the difference (if any) between the purchase price and the base cost of the share. This treatment should apply for Irish resident individual and corporate Shareholders.

The base cost of each "A" Ordinary Share for capital gains tax purposes should be its par value of 1 cent.

Individuals have an annual exemption of €1,270 from capital gains tax which may reduce or in some cases eliminate the tax liability arising on the purchase by the Company of "A" Ordinary Shares.

(c) Approved pension funds and collective investment undertakings

Certain approved pension funds and collective investment undertakings are exempt from capital gains tax and therefore, no capital gains tax liability should arise on any purchases of "A" Ordinary Shares by the Company whether or not the purchase is for an amount in excess of their par value.

(d) Non-Irish resident Individual and Corporate Shareholders

Non-Irish resident shareholders should seek separate advice on the tax consequences of purchases of "A" Ordinary Shares at par or at a premium.

3. Stamp Duty

(a) Consequences for the Company

The purchase of "A" Ordinary Shares by the Company may be subject to stamp duty at 1%. This liability would be payable by the Company.

(b) Consequences for Shareholders

The issue of "A" Ordinary Shares to Shareholders and their purchase by the Company should not give rise to a stamp duty liability for Shareholders.

The above comments are based on current Irish tax legislation and are intended only as a guide to the potential tax liabilities which might arise from the issue of new shares or the purchase of shares by the Company. If you are in any doubt as to your liability to tax you should immediately consult your professional tax adviser.

(ii) Taxation Implications of an Issue of "A" Ordinary Shares, Payment of a Special Dividend and Subsequent Purchase of "A" Ordinary Shares

1. Irish Taxation Treatment of "A" Share Dividends

Please see (i) 1 above.

2. Irish Taxation Treatment of Special Dividends

Subject to the passing of the appropriate Resolutions, and subject to the Board of Directors deciding to issue the "A" Ordinary Shares, the Company will declare a Special Dividend to those shareholders who have made an Election. For certain recipients, mainly Irish resident individuals, Special Dividends may be subject to Dividend Withholding Tax (DWT) currently 20% which will be withheld by the Company and paid over to the Collector-General as DWT. Those Shareholders who are exempt from DWT and have completed the appropriate declaration will receive their Special Dividend free of DWT.

The taxation treatment of Special Dividends for the Company and for Irish resident Shareholders is set out below.

(a) Consequences for the Company

DWT applies to dividend payments made by the Company. On the payment of a dividend or distribution to non-exempt persons, the Company is obliged to withhold income tax and pay that income tax to the Collector-General by the 14th day of the month following the month in which the payment is made.

Exemptions from DWT apply in the case of certain shareholders including Irish resident companies, charities, pension funds, certain collective investment funds, certain residents of EU member states or countries with which Ireland has a double tax treaty and companies whose principal class of shares is substantially and regularly traded on a recognised stock exchange in an EU member state or a country with which Ireland has a double tax treaty. To be entitled to an exemption, a Shareholder must make an appropriate declaration.

(b) Consequences for Irish resident Shareholders

Irish resident Shareholders who are individuals will suffer DWT at 20% on the gross amount of Special Dividends paid and will be liable to income tax on gross Special Dividends. An individual's income tax liability is reduced by the amount of the tax withheld on a dividend. An individual may be able to claim a refund of the tax withheld or part thereof if, because of personal allowances or other reliefs, he has no income tax liability or his liability is less than the amount of the tax withheld.

Irish resident corporate Shareholders who have made an appropriate declaration on a timely basis should be exempt from DWT. Irish resident corporate Shareholders who have been charged DWT will be entitled to a refund of the tax withheld if the Company has no corporation tax liability or the corporation tax liability of the Company is less than the amount of the tax withheld.

Irish resident corporate Shareholders are generally not subject to corporation tax on dividends received from Irish resident companies. However, the receipt of a dividend may give rise to a tax liability for certain corporate Shareholders.

3. Taxation Treatment of the Purchase of "A" Ordinary Shares by the Company.

Please see (i) 2 above.

4. Stamp Duty

Please see (i) 3 above.

5. Consequences for Non-Irish resident Shareholders

Non-Irish resident Shareholders should seek separate advice on the tax consequences of the payment of "A" Share Dividends, Special Dividends and the purchase of "A" Ordinary Shares.

Part 4

The Principal Terms of the Proposed FBD SAYE Scheme

1. General

The SAYE Scheme will be administered and operated by the Board of Directors and a duly constituted Committee thereof will oversee the operation of the scheme.

2. Participation

Participation in the SAYE Scheme will be open to all eligible employees (as defined in the rules of the SAYE Scheme) of the Company and any other Participating Company. An eligible employee can be a part-time employee, full-time employee or full-time director who has been continuously employed for 3 years by either the Company or a Participating Company and who is invited to participate by the Board of Directors.

3. Invitations to Apply

Subject to the approval of the SAYE Scheme by the Irish Revenue Commissioners and by shareholders at the EGM, eligible employees who are invited to participate can apply for options to acquire shares in the Company either within 42 days of the approval of the scheme by the Revenue Commissioners or 42 days following the announcement of the Company's annual or half-yearly results. Each invitation shall be on the same terms as all other invitations at the time of invitation, and each invitation shall specify the form and manner in which each eligible employee may apply for an option to acquire shares in FBD.

Eligible employees will be able to enter into a 3 year savings related contract with an approved savings body.

4. Exercise Price

The purchase price for each share in respect of which an option is granted shall be determined by the Board of Directors but shall not be less than 80% (eighty per cent) of the market value of the Company's Ordinary Shares on the date that the invitation to apply for the option is issued or 80% (eighty per cent) of the average of the middle market quotation of an Ordinary Share for the 30 dealing days immediately preceding the issue of the relevant invitation to apply for the option. The exercise price shall be the same in relation to all options granted to eligible employees on that occasion.

5. Limitations on the SAYE Scheme

The maximum number of the Company's Ordinary Shares for which options may be granted under the SAYE Scheme shall not, when added together with the maximum number of shares issuable or issued pursuant to awards or options granted under the FBD Performance Share Plan or any other employee share plan operated by any company in the Group in the previous 10 years (excluding any rights which have lapsed or been forfeited under such plans) exceed 10% of the Company's issued ordinary share capital.

6. Limits on Individual Contributions

Each eligible employee will be given the opportunity to save a fixed amount on a monthly basis over the period of the contract up to a maximum monthly amount of €320.00 (or such other amount as is specified in the relevant savings contract) in savings contributions. The minimum eligible employee's contributions under a savings contract shall be €12.00 per month or such other amount as is specified in the relevant savings contract.

7. Relationship with Service Contract

The grant of an option does not form part of an eligible employee's entitlement to remuneration or benefits pursuant to his contract of employment. The grant of the option shall not effect the rights of an eligible employee under his contract of employment.

8. Exercise of Options

A SAYE Scheme option may be exercised only during a period of six months following the completion of the savings contract.

Early exercise is permitted in certain circumstances such as death, retirement at normal retirement age, or if the employee's employment is terminated by reason of redundancy, injury or disability or if the Participating Company in which he holds office ceases to be a Subsidiary of FBD, providing the option is exercised within six months from the date of the option holder ceasing to be an eligible employee. In the event of the death of an eligible employee, his personal representative may exercise the option during a period of twelve months following the date of death or within twelve months of the bonus date whichever is the earlier.

If an employee ceases to be an eligible employee for any other reason than those set out above any option which he holds shall lapse on the date of cessation of employment.

9. Non-transferability

Options granted under the SAYE Scheme may not be transferred or assigned.

10. Other Benefits

Benefits under the SAYE Scheme are not deemed benefits for the purposes of any of the pension schemes of the Company or its Subsidiaries.

11. Alteration to the SAYE Scheme

The Board of Directors may alter the rules of the SAYE Scheme as may be deemed appropriate to take account of any conditions for approval set down by the Revenue Commissioners or any Stock Exchange requirements. The Board of Directors may also amend or add any provisions to the SAYE Scheme, provided that:

i) no alteration will take place unless the Revenue Commissioners have confirmed that such alterations will not affect the approval status of the SAYE Scheme; and

ii) no such alteration shall be made to advantage any existing or new option holders, without prior approval by ordinary resolution being made by shareholders at a general meeting.

12. Corporate Events

In the event of a court sanctioned compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or notice of a resolution for the voluntary winding up of the Company being given to shareholders, optionholders shall be entitled to exercise their options to the extent permitted by the rules during the period of 6 months commencing on the date on which the court sanctions the compromise or arrangement or the resolution is passed. Thereafter the option shall lapse and cease to be exercisable.

In the event of a change of control of the Company, the optionholder has 6 months from the date of the change of control or from the date any condition to which the offer is subject has been satisfied to exercise his options. Where a person becomes entitled or bound to acquire shares under the Companies Acts, the optionholder can exercise his options at any time while the person remains so entitled or bound. Thereafter the option shall lapse and cease to be exercisable.

Where any company obtains control of the Company as a result of (i) making a general offer to acquire the whole of the issued share capital of the Company, (ii) a court sanctioned compromise or arrangement or (iii) by virtue of being entitled or bound to acquire shares under the Companies Acts, an optionholder may within 6 months of the particular event release by agreement with the acquiring company his options in consideration for the grant to him of rights to acquire shares in the acquiring company (subject to that offer satisfying the conditions of Rule 13 of the SAYE Scheme).

13. Variation of Share Capital and payment of Special Dividends

In the event of any variation in the ordinary share capital of FBD or the payment of a Special Dividend , the number of shares of FBD subject to any option and/or the exercise price for each of those shares shall be adjusted in such manner as the auditors of FBD confirm to be fair and reasonable provided that the amount payable on exercise of the option is not materially increased beyond the amount expected to be repaid under the savings contract, the exercise price for a share is not reduced below its nominal value, no adjustment shall be made without the prior approval of the Irish Revenue Commissioners and that following the adjustment the shares continue to satisfy the necessary requirements.

14. Governing Law

The Scheme shall be governed by the rules interpreted in accordance with the laws of Ireland.

Part 5

The Principal Terms of the Proposed FBD Performance Share Plan (the "Plan")

1. Introduction

The Plan will be administered by the Remuneration Committee (the "Committee") which is made up entirely of non-executive directors of the Company's Board of Directors. The Plan provides for the Committee to grant conditional awards over Ordinary Shares in the Company. No consideration is payable by the participant either for the grant or the vesting of awards.

2. Eligibility

Awards may only be made to executive directors or other employees of the Company and its subsidiaries (the "Group"), selected at the discretion of the Committee.

3. Timing of awards

The Committee may grant awards within 42 days of the approval of the Plan by shareholders or 42 days following the announcement date of the Company's annual or half-yearly results. The Committee may also grant awards at other times, where there are exceptional circumstances which it considers justify the granting of awards.

No awards may be granted more than 10 years after the approval of the Plan by shareholders.

4. Individual limit

Except in circumstances which the Committee, after consulting the Board of Directors, considers to be exceptional, an individual may not be granted awards in any financial year over Ordinary Shares having an aggregate market value at the grant date in excess of 100% of the individual's annual base salary.

5. Limits to issue of new shares

It is intended that, at least for the initial awards, existing Ordinary Shares will be purchased on the market. However, awards may also be granted over newly issued Ordinary Shares.

No award may be granted under the Plan if the maximum number of new Ordinary Shares issuable under the award, together with the maximum number of Ordinary Shares issuable or issued pursuant to awards or options granted under the Plan or any other employee share plan operated by any company in the Group in the previous 10 years (excluding any rights which have lapsed or been forfeited under such plans) would exceed 10% of the Company's issued ordinary share capital at the time. To the extent permitted by the Guidelines of the Irish Association of Investment Managers, any Ordinary Shares issuable or issued under any other plan made available to all or most employees and which has been approved by ordinary resolution of the Company may be disregarded for the purpose of this 10% limit.

6. Vesting of awards and performance conditions

Awards will normally vest at the end of a performance period of three years, as soon as the Committee has determined the extent to which the applicable performance conditions have been met.

For the first awards granted under the Plan, the proportion of each award which vests will depend on three measures of the Company's performance.

Up to 40% of the Ordinary Shares subject to the award will vest depending on the Company's total shareholder return ("TSR") ranking against the constituents of the ISEQ Overall Index (excluding those companies in the Technology, Pharmaceutical and Exploration sectors), determined according to the following table.

Company's TSR ranking	Proportion of award vesting
Below median	0%
Median	15%
Between median and 75th percentile	15%-40% pro rata
75th percentile or higher	40%

Up to 40% of the Ordinary Shares subject to the award will vest depending on the Company's diluted operating earnings per 60 cent Ordinary Share ("EPS") growth compared with the increase in the Irish Consumer Price Index ("CPI"), determined according to the following table.

Company's annualised EPS growth in excess of annualised CPI increase	Proportion of award vesting
Less than 5 percentage points	0%
5 percentage points	20%
Between 5 and 7.5 percentage points	20%-40% pro rata
7.5 percentage points or more	40%

Up to 20% of the Ordinary Shares subject to the award will vest depending on the Company's combined ratio achieved in the third year of the performance period, ranked against other European non life insurance companies, determined according to the following table.

Company's combined ratio ranking	Proportion of award vesting
Above median	0%
Median	7.5%
Between median and 4 percentage points below median	7.5%-20% pro rata
4 or more percentage points below the median	20%

The Committee may review the performance conditions for each grant of awards and may vary the conditions of such awards, provided they remain challenging and are aligned with the interests of shareholders.

7. Cessation of employment

As a general rule, an award will lapse if a participant ceases to be employed within the Group before the vesting date. However, if a participant leaves employment because of:

- the participant's death;
- injury, ill health or disability;
- retirement at normal retirement age or at any other age with the agreement of the participant's employing company;
- the company or business in which the participant is employed ceasing to be part of the Group;
- other exceptional circumstances (for example redundancy) at the discretion of the Committee

then a part of the participant's award will vest, which will be determined by the Committee depending on the Company's performance and the proportion of the performance period which has elapsed at the date of cessation.

8. Corporate events

In the event of a takeover, scheme of arrangement or winding up of the Company (other than an internal corporate reorganisation), awards will vest immediately. The part of each award which vests will be determined by the Committee depending on the Company's performance and the proportion of the performance period which has elapsed.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company unless the Committee decides that awards should vest on the basis which would apply in the case of a takeover.

9. Variation of share capital

In the event of any variation of the Company's share capital, a demerger, payment of a special dividend or a capital return via purchase of shares, the Committee may make such adjustment as it considers fair and reasonable to the number of Ordinary Shares subject to an award.

10. Participants' rights

Awards are not transferable, except to a participant's legal personal representatives on the participant's death.

Awards will not confer any shareholder rights until the awards have vested. However, at the discretion of the Committee, following the vesting of an award the Company may pay a participant, in cash and/or Ordinary Shares, an amount equivalent to the value of the dividends which would have been paid on the Ordinary Shares which have vested between the grant date and the vesting date of the award.

Any Ordinary Shares allotted when an award vests will rank equally with Ordinary Shares then in issue, except for rights arising by reference to a record date prior to their allotment.

Awards do not count as part of participants' pensionable salaries for the purpose of employers' contributions to any Group pension schemes or other benefits.

11. Alterations to the Plan

The Board of Directors, on the recommendation of the Committee, may at any time amend the provisions of the Plan in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Ordinary Shares, the basis for determining a participant's entitlement to, and the terms of, the Ordinary Shares to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any amendment which is of a minor nature and benefits the administration of the Plan, or which is necessary or desirable to take account of a change in legislation or to obtain or maintain favourable tax, exchange control, securities law or regulatory treatment for participants or for any company in the Group.

Part 6

Summary of the Proposed Amendments to the Company's Articles

1. **Article 1**
   This Article contains definitions used throughout the Articles of Association and it is proposed to amend it to insert a definition of "A" Ordinary Shares.

2. **Article 2(a) & Paragraph 5 of the Memorandum of Association**
   This Article sets out the authorised share capital of the Company and it is proposed to amend this Article so as to restate the increased authorised share capital, including the proposed new "A" Ordinary Shares and to amend the number and par value of the authorised Ordinary Shares and "A" Ordinary Shares in the event of a sub-division.

3. **Article 2(g)**
   It is proposed, subject to the passing of the proposed resolutions, that Article 2(g) which sets out the rights attaching to the "A" Ordinary Shares be inserted into the Articles.

4. **Article 29**
   It is proposed to insert this Article into the Articles so as to include the proposed terms of the purchase contract relating to the potential purchase of the proposed new "A" Ordinary Shares under which the Company may be become entitled to purchase those shares from their holders from time to time, at the discretion of the Board of Directors.

All of the proposed alterations to the Articles are underlined or otherwise marked in a copy of the Memorandum and Articles of Association of the Company (as proposed to be amended) which is available for inspection as explained in Part 7.

Part 7

General Information

1. Summary of the Purchase Contract

Under the terms of the purchase contract which will be available for inspection as set out at point 2 of this Part 7, the Vendor shall sell and the Purchaser shall purchase, free from all liens, charges and encumbrances, all or any of the Vendor's holding of "A" Ordinary Shares in the capital of the Company.

The "A" Ordinary Shares are to be purchased at a price equal to the amount of capital paid up or credited as paid up thereon together with such further sums, if any, as the Board of Directors thinks fit from time to time to pay as appears justified by the circumstances and profits of the Company less any Special Dividend which the holder of those "A" Ordinary Shares have validly elected to receive. However the price per share will not be less than 1 cent or greater than €5.00 per share.

In order to give effect to any transfer of the "A" Ordinary Shares, the Company may appoint any person to deliver the share certificates to the registered office of the Purchaser on behalf of the member concerned.

2. Documents Available for Inspection

The following documents will be available for inspection during usual business hours on any weekday (Saturday, Sundays and public holidays excepted) at the registered office of the Company (i.e. FBD House, Bluebell, Dublin 12), up to and including the date of the EGM and at the EGM itself:

(a) A copy of the existing Memorandum and Articles of Association of the Company.

(b) A copy of the proposed amended Memorandum and Articles of Association of the Company (with the proposed amendments marked for reference).

(c) A copy of the proposed purchase contract relating to the "A" Ordinary Shares to be submitted for approval by shareholders at the EGM.

(d) A copy of the draft rules of the SAYE Scheme.

(e) A copy of the rules of the Performance Share Plan.

Part 8

Notice of Extraordinary General Meeting of FBD Holdings plc

(Incorporated and Registered in Ireland, with registered number 135882)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held in FBD House, Bluebell, Dublin 12 at 11.00am on Thursday 31 May 2007 for the purpose of considering and, if thought fit, passing the following resolutions:

1. Resolution 1 (Ordinary Resolution)

"In accordance with Article 42 of the Articles and subject to the provisions of the Companies Acts 1963 to 2006, the authorised share capital of the Company be and is hereby increased by an additional €1,200,000 divided into one hundred and twenty million 120,000,000 "A" Ordinary Shares of 1 cent each."

2. Resolution 2 (Special Resolution)

"That subject to the passing of Resolution 1 above and subject to the provisions of the Companies Acts 1963 to 2006 the Articles shall be altered by the deletion of Article 2(a) and paragraph 5 of the Memorandum of Association and the substitution of the following text in each case (as appropriate):

"The authorised share capital of the Company is €40,449,600 divided into 51,326,000 Ordinary Shares of 60 cent each, 1,340,000 14% Non-Cumulative Preference Shares of 60 cent each (hereinafter called "First Preference Shares"), 12,750,000 8% Non-Cumulative Preference Shares of 60 cent each (hereinafter called "Second Preference Shares") and 120,000,000 "A" Ordinary Shares of 1 cent each".

3. Resolution 3 (Ordinary Resolution)

"That subject to the passing of Resolutions 1 and 2 and pursuant to Article 43 of the Articles and subject to the Board of Directors of the Company (or a Committee of the Board of Directors) resolving that such sub-division is in the best interests of the Company and resolving to take steps necessary to implement such sub-division, that each of the 51,326,000 Ordinary Shares of 60 cent each in the capital of the Company (issued and un-issued) be sub-divided into four Ordinary Shares of 15 cent each and that each of the 120,000,000 "A" Ordinary Shares of 1 cent each in the capital of the Company (issued and un-issued) be sub-divided into four "A" Ordinary Shares of 0.25 cent (one quarter of one cent) each and that the Board of Directors (or a Committee of the Board of Directors) be and they are hereby authorised and instructed to do all such acts and things and execute all such documents as the Board of Directors (or any Committee of the Board of Directors) may consider to be necessary, expedient, desirable or appropriate in connection with such sub-division and generally to give effect thereto."

4. Resolution 4 (Special Resolution)

"That subject to the passing of Resolutions 1-3 above and subject to the Board of Directors of the Company (or any Committee of the Board of Directors) resolving that the sub-division of the share capital of the Company referred to in Resolution 3 above is in the best interests of the Company and resolving to take the steps necessary to implement such sub-division, following such sub-division the Articles shall be altered by the deletion of Article 2(a) and paragraph 5 of the Memorandum of Association and the substitution of the following text in each case:

"The authorised share capital of the Company is €40,449,600 divided into 205,304,000 Ordinary Shares of 15 cent each, 1,340,000 14% Non-Cumulative Preference Shares of 60 cent each (hereinafter called "First Preference Shares"), 12,750,000 8% Non-Cumulative Preference Shares of 60 cent each (hereinafter called "Second Preference Shares") and 480,000,000 "A" Ordinary Shares of 0.25 (one quarter of one cent) cent each."

5. Resolution 5 (Special Resolution)

"That, subject to the passing by the Company of Resolutions 1 and 2 and subject to the Board of Directors (or a Committee of the Board of Directors) exercising their power from time to time to issue "A" Ordinary Shares, a dividend of 1.25 cent per Ordinary Share be declared, approved and paid by the Company to the holders of the Ordinary Shares on the register of members at the close of business on the relevant record dates as determined by the Board of Directors (or a Committee of the Board of Directors) from time to time, in their absolute discretion, provided that the Board of Directors (or a Committee of the Board of Directors) be and are hereby irrevocably authorised to apply 1 cent of each such dividend from time to time declared for and on behalf of such members to subscribe for 1 "A" Ordinary Share of 1 cent each in the capital of the Company for every one Ordinary Share held by such member and to do all such other acts as may be necessary, expedient, desirable or appropriate in connection with the issue from time to time of "A" Ordinary Shares and the application from time to time of such dividend and generally to give effect thereto. In the event of Resolution 3 being passed and subject to the Board of Directors of the Company (or any Committee of the Board of Directors) resolving that the sub-division of the share capital of the Company is in the best interests of the Company and resolving to take the steps necessary to implement such sub-division, the dividend per "A" Ordinary Share shall vary proportionally.

6. Resolution 6 (Special Resolution)

"That subject to the passing of Resolutions 1 and 2, the Articles of the Company shall be altered by the insertion after Article 2(f) of the Articles the following paragraph to be referred to as Article 2(g):

"The "A" Ordinary Shares shall confer on the holders the following rights:

(a) the "A" Ordinary Shares will not be entitled to dividends save for any Special Dividends declared provided a valid Election has been received by the Company,

(b) on a return of capital on a winding up of the Company or otherwise (other than on conversion, redemption or purchase of shares), the holders of "A" Ordinary Shares shall be entitled, pari passu with the holders of the Ordinary Shares, to repayment of the nominal value of their shares. The "A" Ordinary Shares shall not confer upon the holders thereof any rights to participate further in the profits or assets of the Company,

(c) the holders of "A" Ordinary Shares shall not be entitled to receive notice of any meeting of the Company or to attend, speak, or vote at any such meeting unless the business of the meeting includes a Resolution varying or abrogating any of the special rights attaching to "A" Ordinary Shares. In the event that such a Resolution is proposed on a show of hands, every holder of "A" Ordinary Shares who is present in person or by proxy shall have one vote and on a poll every such holder who is present in person or by proxy shall have one vote for every "A" Ordinary Share they hold,

(d) in the event of a Resolution proposed under section 213(2) of the Companies Act, 1990 relating to "A" Ordinary Shares, the "A" Ordinary Shares shall carry no voting rights and any such Resolution shall not be regarded as any variation or abrogation of their rights,

(e) the Company will be entitled from time to time in accordance with the Companies Acts, to effect a reduction of its capital and to create, allot and issue further shares, whether ranking pari passu with, in priority to or deferred to the "A" Ordinary Shares, and such reduction of capital or creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the "A" Ordinary Shares and whether or not the same confer on the holders voting rights more favourable than those conferred by the "A" Ordinary Share) shall be deemed not to involve a variation of the rights attaching to the "A" Ordinary Shares for any purpose,

(f) the "A" Ordinary Shares shall not be transferable save to the Company pursuant to the Articles,

(g) all transfers of "A" Ordinary Shares may be made in accordance with the/any contractural arrangement entered into between the Company and the Shareholders,

(h) otherwise than provided in (a) to (g) inclusive, the "A" Ordinary Shares shall not confer upon the holders thereof any further right to participate in the profits and assets of the Company".

7. Resolution 7 (Special Resolution)

"That the Board of Directors (or a Committee of the Board of Directors) shall have authority to execute a contract (within the meaning of section 213 of the Companies Act, 1990) relating to the proposed purchase from time to time by the Company of the "A" Ordinary Shares in the capital of the Company from the holders of the "A" Ordinary

Shares. The authority hereby granted shall expire at the close of business on the date of the next Annual General Meeting of the Company after the passing of this Special Resolution, or the date 15 months after the date of the passing of this Special Resolution, whichever comes first, save that the Company may before such expiry make a contract of purchase which would or might be executed wholly or partly after the expiry of this authority".

8. Resolution 8 (Ordinary Resolution)

"That, subject to the passing by the Company of Resolutions 1, 2 ,5, 6 and 7 and subject to the Board of Directors (or a Committee of the Board of Directors) exercising their power from time to time to issue "A" Ordinary Shares, a dividend of €4.99 per "A" Ordinary Share be declared, approved and paid by the Company to the holders of the "A" Ordinary Shares who have made a valid Election and that the Board of Directors (or a Committee of the Board of Directors) be and they are hereby authorised and instructed to do all such acts and things and to execute all such documents as the Board of Directors (or a Committee of the Board of Directors) may consider to be necessary expedient, desirable or appropriate in connection with the issue of "A" Ordinary Shares and the payment of dividends and generally to give effect thereto and to do all such other acts as may be ancillary or expedient thereto in order to give effect to the same."

9. Resolution 9 (Special Resolution)

"The Board of Directors shall have authority to amend the Articles to give effect to all Resolutions, Ordinary and Special, passed at this Meeting and to consequential re-numbering of subsequent articles and references in the Articles to other Articles."

10. Resolution 10 (Special Resolution)

"That the proposed amendments to the Articles set out and marked in the printed document produced to the Meeting and initialled for the purpose of identification by the Chairman thereof and which is and has been available for inspection at the registered office of the Company since the date of the notice of this Meeting and up to and including the conclusion of this Meeting be and are hereby approved and adopted."

11. Resolution 11 (Ordinary Resolution)

"That the Board of Directors (or a Committee of the Board of Directors) be and they are hereby authorised to establish a save as you earn scheme (the "SAYE Scheme") for eligible employees and the draft rules of the said SAYE Scheme a copy of which together with the principal terms of the SAYE Scheme are and have been available for inspection at the registered office of the Company since the date of the notice of this Meeting and up to and including the conclusion of this Meeting be and are hereby approved and adopted for the benefit of the Company's employees and that the Board of Directors (or a Committee of the Board of Directors) be and they are hereby authorised and instructed to do all such acts and things and execute all such documents as the Board of Directors (or any Committee of the Board of Directors) may consider to be necessary, expedient, desirable or appropriate in connection with the establishment and/or implementation of the SAYE Scheme".

12. Resolution 12 (Ordinary Resolution)

The Board of Directors (or a Committee of the Board of Directors) be and are hereby authorised to adopt the FBD Performance Share Plan (the "Plan") in the form of the rules which are and have been available for inspection at the registered office of the Company since the date of the notice of this Meeting and up to and including the conclusion of this Meeting and to do all things that they may consider necessary or expedient, desirable or appropriate to implement or give effect to the same. The Board of Directors be and are hereby further authorised to make any changes they deem necessary from an Irish taxation, legal or regulatory perspective to the rules produced to the Meeting."

By Order of the Board

ANDREW LANGFORD
Secretary

9 May 2007

FBD House
Bluebell
Dublin 12