

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser immediately (being, in the case of Shareholders in Ireland, an organisation or firm authorised or exempted under the Investment Intermediaries Act, 1995 of Ireland (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) or, in the case of Shareholders in the United Kingdom, an adviser authorised pursuant to the Financial Services and Markets Act 2000 (as amended), (“FSMA”) or from another appropriately authorised independent financial adviser if you are in a territory outside Ireland or the UK).**

If you have sold or otherwise transferred all your FBD Holdings plc Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible 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.

THIS CIRCULAR IS NOT A PROSPECTUS AND DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO ANY PERSON TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES IN FBD HOLDINGS p.l.c. OR IN ANY OTHER COMPANY IN THE FBD GROUP.

Goodbody Stockbrokers, which is regulated by the Central Bank of Ireland, is acting exclusively for FBD Holdings plc and no one else in connection with the Bond and will not be responsible to anyone other than FBD Holdings plc for providing the protections afforded to clients of Goodbody Stockbrokers or for providing advice in relation to the Bond.

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## **F.B.D. Holdings plc**

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

### **Grant of Authority to Allot Shares and Disapplication of Pre-emption Rights**

**(related to a proposed Convertible Bond of FBD Insurance)**

**and**

### **Notice of Extraordinary General Meeting**

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**This document should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out on in Part I of this document. This document contains a recommendation that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.**

Ordinary Shares in FBD Holdings plc are listed on the official list of the Irish Stock Exchange and the premium segment of the official list of the UK Listing Authority and are admitted to trading on the Irish Stock Exchange’s main securities market and the London Stock Exchange’s main market for listed securities.

Notice of an Extraordinary General Meeting of FBD Holdings plc to be held at 11.00 a.m. on 30 December 2015 at Irish Farm Centre, Bluebell, Dublin 12, Ireland is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use at the EGM. To be valid, Forms of Proxy must be completed and signed in accordance with the instructions printed thereon and returned to Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland so as to arrive no later than 11.00 a.m. on 28 December 2015.

Certain statements contained in this document are or may constitute “forward-looking statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur, many of which are beyond the control of FBD Holdings plc and all of which are based on their current beliefs and expectations about future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of FBD Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of FBD Group and the environment in which FBD Group will operate in the future. These forward-looking statements speak only as at the date of this document.

Forward-looking statements are typically identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “would”, “should”, “intends”, “estimates”, “plans”, “assumes” or “anticipates” or the negative of such words or other variations on them or comparable terminology, or by discussions of strategy which involve risks and uncertainties. Such risks, uncertainties and other factors include, among others: general economic and business conditions changes in technology, government policy and ability to attract and retain personnel.

Except as required by applicable law, the Listing Rules, the Disclosure Rules and Transparency Rules and other regulations, the London Stock Exchange or the Irish Stock Exchange or by law or by any appropriate regulatory body, FBD Holdings plc expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in FBD Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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### **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Date of issue of this document	7 December 2015
Latest time and date for receipt of Forms of Proxy from Shareholders	11.00 a.m. on 28 December 2015
Extraordinary General Meeting	11.00 a.m. on 30 December 2015
Expected date of implementation of the Proposed Amendments (assuming approval of Resolutions)	30 December 2015

**PART I**  
**LETTER FROM THE CHAIRMAN**

**FBD Holdings plc**

(Incorporated in Ireland. Registered number 135882)

**Registered Office and Head Office:** FBD House, Bluebell, Dublin 12, Ireland

**Directors:**

Michael Berkery (Chairman) \*  
Emer Daly \*  
Sean Dorgan \*  
Eddie Downey \*  
Liam Herlihy \*  
Brid Horan \*  
Fiona Muldoon (Chief Executive)  
Ruairi O'Flynn \*  
Padraig Walshe \*

\* denotes Non-Executive Director

7 December 2015

*To: FBD Holdings plc Shareholders and, for information only, to all option holders*

Dear Shareholder,

***Grant of Authority to Allot Shares and Disapplication of Pre-emption Rights***

**1. Introduction**

On 16 September 2015, FBD Holdings announced that it had entered into an agreement pursuant to which Fairfax would invest €70 million in FBD Insurance through a private placement of a convertible bond instrument.

As an interim stage of the Capital Investment, FBD Insurance issued the Bond to Fairfax on 23 September 2015. In order to fully implement the Capital Investment it is now proposed to make certain amendments to the Bond to reflect the agreed terms of the Capital Investment. The Proposed Amendments include:

- a reduced coupon of 7% per annum; and
- the conversion of the Bond into Ordinary Shares at a price per share of €8.50 (subject to adjustment) upon certain conversion trigger events occurring, unless the Bond is previously redeemed in accordance with its terms.

In the event that the Proposed Amendments become effective, the terms of the Convertible Bond would allow for the conversion of the Convertible Bond into Ordinary Shares. Accordingly, Shareholder approval is required to authorise the Directors to allot Ordinary Shares in the event of such conversion and to disapply Shareholder statutory pre-emption rights in respect of any such allotment in order to give effect to the proposed terms of the Convertible Bond.

In addition to disapplying Shareholder pre-emption rights in relation to any potential allotment of Ordinary Shares pursuant to the Convertible Bond, FBD is also seeking Shareholder confirmation of the existing disapplication of pre-emption rights, approved at the 2015 AGM, which authority permits

the Company to allot shares up to an aggregate of 5% of the Company's issued Ordinary Shares as at the date of the 2015 AGM.

Accordingly, FBD has today announced that an EGM of the Company will be held on 30 December 2015 (the "EGM Date") at 11.00 a.m. at Irish Farm Centre, Bluebell, Dublin 12 to consider and, if thought fit, pass the Resolutions.

The Proposed Amendments, which subject to the approval of the Resolutions shall take effect on the day of the EGM, are outlined in greater detail in section 3 Part II (*Additional Information*) below.

Shareholders are being asked pursuant to the Resolutions:

- to grant authority to the Directors to allot relevant securities; and
- to disapply statutory pre-emption rights on the allotment of equity securities in the circumstances described.

**The purpose of this document is to provide details on the Resolutions, to set out the reasons for the Resolutions, to explain why the Board considers the approval of the Resolutions to be in the best interests of the Shareholders as a whole and to recommend that Shareholders vote in favour of the Resolutions to be proposed at the EGM. A notice convening the EGM, at which the Resolutions will be proposed, is set out at the end of this document. If you would like to vote on the Resolutions but cannot attend the EGM, you can appoint a proxy to exercise all or any of your rights to attend, vote and speak at the EGM by using one of the methods set out in the notes to the notice of the EGM.**

## **2. Background to the Capital Investment**

On 24 August 2015, in its half yearly report for the six months ended 30 June 2015, the Company announced it had strengthened prior year claims reserves by €88m. This was deemed necessary due to the adverse claims development pattern, which was first evident in the second half of 2014, and became significantly more pronounced in the first half of 2015. The adverse development was driven by structural changes in the claims environment and a shift in settlement approach. It arose mainly in liability and motor bodily injury claims, and primarily related to outstanding claims from accident years 2011 onwards.

FBD Group has taken a number of steps to increase the capital available in FBD Insurance to fund the reserve strengthening ahead of the implementation of the Solvency II regime in January 2016. One of those steps, announced on 16 September 2015, was the entry by the Company into an agreement with Fairfax in respect of the Capital Investment. As part of the implementation of the Capital Investment on 23 September 2015 FBD Insurance issued the Bond. As a final step in the implementation of the Capital Investment it is now proposed to make the Proposed Amendments to the Bond. The Company entered into the Supplemental Trust Deed for the purpose of agreeing the Proposed Amendments subject to the adoption of the Resolutions.

## **3. Proposed Amendments**

The Bond is a 10 year instrument carrying a coupon of 11.66% per annum which is payable semi-annually. Pursuant to the Proposed Amendments, the Convertible Bond will continue as a 10 year instrument but the coupon attaching will be reduced to 7% per annum payable semi-annually (subject to deferral in certain circumstances). In addition, unless previously redeemed in accordance with its terms, the Convertible Bond will be convertible into Ordinary Shares at a price per share equal to the Conversion Price upon certain conversion trigger events occurring. These include automatic

conversion, during the period from the third anniversary of the Issue Date to the tenth anniversary of the Issue Date (inclusive), in the event that the 30 day volume weighted average price of an Ordinary Share exceeds the Conversion Price for a period of 180 days. The Conversion Price has been set at €8.50 (subject to adjustment), which is a 37% premium over the closing share price on 15 September 2015, the day before the agreement with Fairfax was announced.

Shareholder approval is required in connection with the Proposed Amendments because they may have the result, in certain circumstances, as described in more detail in section 3 Part II (*Additional Information*), of the Convertible Bond converting into Ordinary Shares and the Resolutions provide the necessary authority to facilitate the allotment of Ordinary Shares in those circumstances on a non-pre-emptive basis.

The circumstances in which the Convertible Bond may be converted into Ordinary Shares are described in more detail in section 3 Part II (*Additional Information*) below. If the Proposed Amendments do not take effect on or before 31 January 2016, the Supplemental Trust Deed shall be void and of no effect and the existing terms of the Bond will continue to apply. This would result in a substantially higher cost of debt for the Company.

#### **4. Information on Fairfax**

Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax's corporate objective is to achieve a high rate of return on invested capital and build shareholder value over the long-term. Fairfax seeks to differentiate itself by combining disciplined underwriting with the investment of its assets on a total return basis, which Fairfax believes provides above-average returns over the long-term.

Fairfax was founded in 1985 by the present Chairman and Chief Executive Officer, V. Prem Watsa. The company has been under present management since 1985 and is headquartered in Toronto, Canada. Its common shares are listed on the Toronto Stock Exchange under the symbol FFH and in U.S. dollars under the symbol FFH.U.

Fairfax's insurance and reinsurance companies operate on a decentralized basis, with autonomous management teams applying a focused underwriting strategy to their markets. Fairfax subsidiaries provide a full range of property and casualty products, maintaining a diversified portfolio of risks across all classes of business, geographic regions, and types of insureds.

#### **5. EGM**

Set out on page 19 of this document is a notice convening an EGM at which the Resolutions will be proposed. The full text of the Resolutions, which will be proposed as an ordinary resolution and a special resolution, is set out in the Notice of EGM. Implementation of the Proposed Amendments is conditional upon the passing of the Resolutions.

##### *Authority to allot Ordinary Shares (Resolution 1)*

Resolution 1, which is an ordinary resolution, proposes to authorise the Directors to allot relevant securities pursuant to and in accordance with section 1021 of the Companies Act 2014 up to a maximum amount of the authorised but unissued Ordinary Shares in the capital of the Company at the date of the Resolution (representing approximately 46% of the Existing Ordinary Shares as at the Latest Practicable Date). Resolution 1 represents a renewal of the authority granted to the Board pursuant to a resolution on 28 April 2014. Further to the coming into effect on 1 June 2015 of the

Companies Act 2014 which consolidated and updated Irish company law, the Board considers that it is appropriate as a matter of good corporate governance to seek a renewal of that authority pursuant to the provisions of the Companies Act 2014.

If approved, this authority will replace the existing authority and will, unless renewed or revoked, remain in full force and effect until 28 April 2019, provided that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred under Resolution 1 has expired.

In the event of the approval of the Resolutions, the Proposed Amendments will take effect and the Convertible Bond, by virtue of the Company's entry into the Supplemental Trust Deed, will constitute an agreement entered into by the Company pursuant to the authority conferred under Resolution 1 such that in the event of the conversion of the Convertible Bond, whether arising before or after the expiry of the authority, the Directors shall have the authority to allot the relevant securities.

Other than the potential allotment of Ordinary Shares in connection with the conversion of the Convertible Bond, the Directors have no present intention of exercising the authority to be granted pursuant to Resolution 1.

As at the Latest Practicable Date, the Company holds 813,084 Ordinary Shares in treasury which represents 2.35% of the Existing Ordinary Shares.

#### *Disapplication of pre-emption rights (Resolution 2)*

Resolution 2, which is a special resolution, is split into two parts. The first part grants the Directors authority to issue equity securities, up to a maximum aggregate nominal value of 5% of the issued Ordinary Shares as at the date of the 2015 AGM, for cash without applying statutory pre-emption rights for other Shareholders. This represents a renewal of the authority granted to the Board pursuant to a resolution passed at the 2015 AGM. In a similar approach to the renewal of the authority sought under Resolution 1, it is proposed to renew this authority pursuant to the provisions of the Companies Act 2014 and this authority, if approved, will replace the existing authority and permit the Company to allot shares up to an aggregate of 5% of the Company's Ordinary Shares in issue on the date of the 2015 AGM (which number of Ordinary Shares in issue remains the same as at the Latest Practicable Date).

The second part of Resolution 2 grants the Directors authority to issue equity securities, up to a maximum aggregate nominal value of €7,000,000 (which is equal to approximately 33% of the total Ordinary Share capital in issue as at the Latest Practicable Date), for cash without applying statutory pre-emption rights in connection with the Convertible Bond. The circumstances in which the terms of the Convertible Bond could result in the conversion of the Convertible Bond into Ordinary Shares are explained in section 3 Part II (*Additional Information*) of this Circular.

This authority, to be exercised pursuant to the authority conferred by Resolution 1, will expire at the conclusion of the Company's next annual general meeting or if earlier the date which is 15 months from the date of passing of this Resolution 2, provided that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred under Resolution 2 has expired.

In the event of the approval of the Resolutions, the Proposed Amendments will take effect and the Convertible Bond, by virtue of the Company's entry into the Supplemental Trust Deed, will constitute an agreement entered into by the Company pursuant to the authority conferred under Resolution 2 such that in the event of the conversion of the Convertible Bond, whether arising before or after the



expiry of the authority, the Directors shall have the authority to allot the relevant Ordinary Shares without applying statutory pre-emption rights.

### *Voting*

The Resolutions will be decided on a show of hands, unless a poll is validly demanded in accordance with the articles of association of the Company. On a show of hands, each Shareholder present in person will have one vote and on a poll each Shareholder present in person or by proxy will have one vote for each Voting Share held. Resolution 1 is an ordinary resolution and requires a simple majority of the votes cast by Shareholders voting in person or by proxy at the EGM in order to be passed. Resolution 2 is a special resolution and requires 75% of the votes cast by Shareholders voting in person or by proxy at the EGM in order to be passed.

### **6. Action to be taken**

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the EGM. Whether you intend to be present at the EGM or not, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to the Company's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible and, in any event, so as to arrive not later than 48 hours before the scheduled commencement time for the meeting. The completion and return of the Form of Proxy will not preclude you from attending the EGM and voting in person if you wish to do so.

### **7. Further information**

Your attention is drawn to Part II of this document, which provides additional information on matters referred to in this letter. You are advised to read the whole document and not merely rely on the key or summarised information in this letter.

### **8. Recommendation**

The Board considers the approval of the Resolutions to be in the best interests of the Company and the Shareholders as a whole and unanimously recommends that you vote in favour of the Resolutions to be proposed at the EGM as the Directors intend to do with regard to their own respective beneficial holdings.

Yours sincerely



Michael Berkery  
Chairman  
For and on behalf of the Board

**PART II**  
**ADDITIONAL INFORMATION**

**1. Directors and registered office**

The Directors of FBD Holdings are as follows:

Michael Berkery (Chairman) \*  
Emer Daly \*  
Sean Dorgan \*  
Eddie Downey \*  
Liam Herlihy \*  
Brid Horan \*  
Fiona Muldoon (Chief Executive)  
Ruairi O'Flynn \*  
Padraig Walshe \*

\* denotes Non-Executive Director

The registered office of the Company is at FBD House, Bluebell, Dublin 12, Ireland (telephone number +353 1 409 3200). FBD Holdings is a public limited company incorporated under the laws of Ireland. Its registered number is 135882.

**2. Voting share capital of the Company**

The Company has three classes of Voting Share Capital in issue. These classes of Voting Shares and the percentage of the Voting Share Capital represented by each are as follows:

	<b>Number in Issue</b>	<b>% of Overall Voting Share Capital</b>
Ordinary Shares of €0.60 each	* 34,648,122	87.7
14% Non-Cumulative Preference Shares of €0.60 each	1,340,000	3.4
8% Non-Cumulative Preference Shares of €0.60 each	3,532,292	8.9
	<b>39,520,414</b>	<b>100.0</b>

\* excluding 813,084 Ordinary Shares held in treasury.

The Company's Ordinary Shares of €0.60 each are listed on the Official Lists of the Irish Stock Exchange and the UK Listing Authority and are traded on both the Irish Stock Exchange and the London Stock Exchange. Neither class of Preference Share is traded on a regulated market.

Each of the above classes of share enjoys the same rights to receive notice of, attend and vote at meetings of the Company.

**3. Convertible Bond**

*The Capital Investment*

As previously announced on 16 September 2015 FBD Holdings entered into an agreement pursuant to which it was proposed that Fairfax would invest €70 million in FBD Insurance through a private placement of a convertible bond instrument.

As an interim stage of this Capital Investment, FBD Insurance issued the Bond. In order to fully implement the agreed terms of the Capital Investment it is now proposed to make certain amendments to the Bond.

The following comprises a summary of the provisions of the Convertible Bond which would have effect in the event that the Resolutions are approved and the Proposed Amendments take effect.

### *Conversion Rights*

In addition to reducing the coupon from 11.66% per annum to 7% per annum, the Proposed Amendments provide that the Convertible Bond will or may convert in its entirety into Ordinary Shares on the occurrence of certain events (“Trigger Events”), as outlined in further detail below.

On the happening of a Trigger Event, where conversion occurs automatically or in certain cases at the option of the Holders, the Convertible Bond will be converted into a variable number of Ordinary Shares determined by dividing the principal amount of the Convertible Bond by the Conversion Price (such figure to be rounded down to the nearest whole number of Ordinary Shares). The Conversion Price is set at €8.50 but may be proportionately adjusted on the occurrence of certain specified events impacting or potentially impacting the issued share capital of the Company, as outlined in further detail below. Ordinary Shares issued pursuant to the conversion of the Convertible Bond will be issued to the Holders (or their nominee) and (assuming the approval at the EGM of Resolution 2) Shareholders will not have any pre-emption rights or the opportunity to subscribe for any such Ordinary Shares.

Upon conversion of the Convertible Bond, the mechanics of conversion operate such that FBD Insurance shall redeem the Convertible Bond at a price (the “Conversion Settlement Sum”) equal to their principal amount. The Holders shall be deemed to have directed FBD Insurance to pay the Conversion Settlement Sum to the Company in consideration of the Company’s agreement to allot, issue and deliver Ordinary Shares to the Holders. On the occurrence of the conversion, the Company has undertaken to simultaneously subscribe for ordinary shares in FBD Insurance for an amount equal to the Conversion Settlement Sum. The Company and FBD Insurance will thereupon release each other from their respective liability to pay the aforementioned sums.

The completion of this mechanism shall satisfy in full FBD Insurance’s obligation to pay the principal and all other amounts on the Convertible Bond to the Holders (other than any accrued interest which remains unpaid due to solvency or regulatory conditions which accrued interest remains payable subject to the relevant solvency and regulatory conditions).

The conversion rights shall be extinguished in the event that the Company disposes of all or a majority of the share capital of FBD Insurance and the Holders have not exercised their conversion rights on the occurrence of that Trigger Event.

### *Trigger Events*

The Convertible Bond shall automatically convert into Ordinary Shares if at any time from the third anniversary of the Issue Date to the tenth anniversary of the Issue Date (inclusive), the 30 day volume weighted average price per Ordinary Share exceeds the Conversion Price for a period of 180 days.

The Convertible Bond shall be convertible into Ordinary Shares at the option of the Holders in the following circumstances:

- (i) at any time from the third anniversary of the Issue Date to the tenth anniversary of the Issue Date (inclusive);

- (ii) the occurrence of a Takeover Offer in respect of the Company at any time;
- (iii) prior to the third anniversary of the Issue Date in the following circumstances:
  - (a) FBD Insurance serving notice to exercise its power to redeem the Convertible Bond (as set out in more detail below);
  - (b) an Insolvency Event affecting FBD Insurance;
  - (c) FBD Insurance committing an Event of Default under the Convertible Bond;
  - (d) a Disposal Event; or
  - (e) any person or persons acting in concert acquiring Control of the Company through an agreement (otherwise than as a result of a Takeover Event or Reorganisation).

#### *Events of Default*

As detailed above under the heading “Trigger Events”, Events of Default constitute a Trigger Event and therefore provide a possible basis for conversion at the option of the Holders. In no circumstances can an Event of Default lead to an acceleration of the payment of capital or interest owing pursuant to the Convertible Bond save in the event of a winding up of FBD Insurance.

Events of Default under the Convertible Bond are (i) a failure to pay amounts payable under the Convertible Bond in the circumstances described in condition 11.1 of the Convertible Bond (having regard to solvency and/or regulatory conditions which provide for deferral of payments); and (ii) the breach of certain specified covenants (where such breach of covenant is not remedied or is incapable of remedy). Further detail on these covenants is set out below.

#### *Covenants*

In connection with the Proposed Amendments, FBD Insurance and the Company have undertaken various covenants to protect the rights of the Holders including:

- (i) to maintain sufficient unissued ordinary share capital to facilitate the conversion of the Convertible Bond in the event conversion occurs;
- (ii) to ensure that the Company’s Ordinary Shares continue to be admitted to trading on the Official List of the Irish Stock Exchange and traded on the Main Securities Market of the Irish Stock Exchange;
- (iii) to use reasonable endeavours to ensure that any Ordinary Shares allotted pursuant to the conversion of the Convertible Bond be admitted to the Official List of the Irish Stock Exchange and traded on the Main Securities Market of the Irish Stock Exchange;
- (iv) other than in connection with a Reorganisation, not issue or pay up any Ordinary Shares or other equity or convertible securities, or options in either case by way of capitalisation of profits or reserves, other than by way of scrip dividends, bonus issues or rights issues or in connection with an employee, executive or director share scheme, unless the Conversion Price would be thereby adjusted;
- (v) not modify the rights attaching to Ordinary Shares with respect to voting, dividends or liquidation save for modifications which would not be materially prejudicial to the interests of the Holders or issue any shares or other securities with superior rights to Ordinary Shares; and
- (vi) to provide to the Holders notice of every general meeting of the Shareholders and a copy of every circular or like document sent to Shareholders.

#### *Conversion Price adjustments*

The Conversion Price is set at €8.50 which may only be adjusted in certain limited circumstances being specified events impacting or potentially impacting the issued share capital of the Company. These include:

- (i) a change in the issued share capital of the Company as a result of capitalisation of reserves, profits or premia by distribution of Ordinary Shares, or division or consolidation of Ordinary Shares;
- (ii) the issue or grant to Shareholders of any rights or options, warrants or other rights to subscribe for or acquire Ordinary Shares, other equity securities or securities convertible or exchangeable into Ordinary Shares or other equity securities;
- (iii) any dividend, distribution or return of value (cash or non-cash), to holders of Ordinary Shares or “A” ordinary shares of the Company, in excess of a specified level, being 25 cent per share in any one year;
- (iv) any issue or modification of securities carrying conversion, exchange or subscription rights entitling persons to acquire Ordinary Shares at a price less than 95% of the current market price of Ordinary Shares; and
- (v) any event or circumstance not otherwise captured which might have an adverse effect on the right of the Holders upon conversion of the Convertible Bond as determined with the input of an independent financial adviser.

#### *Redemption of the Convertible Bond*

FBD Insurance may, subject to certain solvency and regulatory conditions, redeem the Convertible Bond in the following circumstances:

- (i) a change in tax law that affects the tax treatment of the notes issued under the Convertible Bond in a manner that adversely affects FBD Insurance;
- (ii) failure of the Convertible Bond to meet Tier 2 capital requirements (except where such non-qualification is only as a result of any applicable limitations as to the amount of such capital); and
- (iii) a Change of Control.

The Holders may, upon the occurrence of a Change of Control, require FBD Insurance to redeem the Convertible Bond provided that to the extent the redemption would cause FBD Insurance to breach its regulatory capital requirements such part of the redemption monies may be held over however in such event FBD Insurance must use reasonable endeavours to put in place new Tier 2 capital for the purpose of redeeming the outstanding balance of the Convertible Bond.

The Convertible Bond shall, if not redeemed or converted prior to the Maturity Date, be redeemed on the Maturity Date subject to the relevant solvency and regulatory conditions.

#### *Other provisions*

*Takeover Event:* the Proposed Amendments include a requirement, in the event of a Takeover Offer by an offeror whose shares are quoted on a recognised stock exchange becoming unconditional, that the Company and FBD Insurance use reasonable endeavours to put in place the necessary documentary amendments to allow for the conversion of the Convertible Bond, in the event of a future Trigger Event, into shares of the offeror.

*Negative pledge:* So long as the Convertible Bond remains outstanding, FBD Insurance has undertaken not to create any mortgage, charge or other security over its assets to secure any issue of debt securities unless such security is also provided equally and rateably to the Holders.

#### **4. Consents**

- (a) Goodbody Stockbrokers has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.
- (b) Computershare Investor Services (Ireland) Limited has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they are included.

## DEFINITIONS

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

<b>Board or Directors</b>	the directors of the Company
<b>Bond</b>	the €70 million, 10 year Tier 2 debt instrument issued by FBD Insurance to Fairfax on 23 September 2015, carrying a coupon of 11.66% per annum payable semi-annually
<b>Capital Investment</b>	the private placement of a convertible bond instrument
<b>Circular</b>	this document
<b>Company, FBD Holdings or FBD Holdings plc</b>	F.B.D. Holdings plc (company number 135882) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
<b>Change of Control</b>	a Takeover Event or a Disposal Event or where any person or persons acting in concert acquire Control of the Company through an agreement other than in connection with a Takeover Event or a Reorganisation
<b>Control</b>	means any direct or indirect legal or beneficial ownership of, or any direct or indirect legal or beneficial entitlement to, in the aggregate, more than 50 per cent of the ordinary shares of a company, the right to directly or indirectly appoint a majority of the directors, or any other ability to control the affairs of a company
<b>Conversion Price</b>	the price of €8.50 subject to amendment pursuant to certain anti-dilution adjustments
<b>Convertible Bond</b>	the Bond as amended by the Supplemental Trust Deed
<b>Disclosure and Transparency Rules</b>	the Transparency Rules issued by the Central Bank of Ireland and the Disclosure and Transparency Rules made by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000
<b>Disposal Event</b>	(i) the disposal by the Company of all or a majority of the equity share capital of FBD Insurance or (ii) the disposal or transfer by the Company or FBD Insurance of all or substantially all of its assets save in either case as part of a group reconstruction or amalgamation where there is no material change in the ultimate indirect ownership in the said equity share capital or assets
<b>Euro, EUR or €</b>	Euro, the lawful currency of Ireland
<b>Event of Default</b>	an Event of Default as defined in the Convertible Bond and as described in section 3 Part II ( <i>Additional Information</i> ) of this Circular

<b>Existing Ordinary Shares</b>	the 34,648,122 Ordinary Shares in issue as at the Latest Practicable Date (excluding treasury shares)
<b>Extraordinary General Meeting or EGM</b>	the extraordinary general meeting of the Company to be held at 11.00 a.m. on 30 December 2015 at Irish Farm Centre, Bluebell, Dublin 12, Ireland, notice of which is at the end of this document
<b>Fairfax</b>	Fairfax Financial Holdings Limited
<b>FBD Group</b>	FBD Holdings plc and its subsidiary undertakings
<b>FBD Insurance</b>	F.B.D. Insurance plc (company number 25475) whose registered office is at FBD House, Bluebell, Dublin 12, Ireland
<b>Form of Proxy</b>	the form of proxy accompanying this document for use by Shareholders in connection with the EGM
<b>Goodbody Stockbrokers</b>	Goodbody Stockbrokers, of Ballsbridge Park, Ballsbridge, Dublin 4, the Company's financial adviser and Irish sponsor in relation to the Bond
<b>Holders</b>	the holders of the Convertible Bond
<b>Insolvency Event</b>	a resolution being passed or a petition being presented for the winding up of FBD Insurance or an administrator or examiner being appointed to FBD Insurance
<b>Issue Date</b>	the issue date of the Bond, being 23 September 2015
<b>Latest Practicable Date</b>	4 December 2015, being the latest practicable date prior to the publication of this Circular
<b>Listing Rules</b>	the listing rules of the Irish Stock Exchange and the listing rules of the UK Listing Authority
<b>Maturity Date</b>	the maturity date of the Bond, being 23 September 2025
<b>Official List</b>	the Official List of the Irish Stock Exchange and the Official List of the UK Listing Authority
<b>Ordinary Shares</b>	ordinary shares of €0.60 each in the capital of FBD Holdings
<b>Preference Shares</b>	the 8% Non-Cumulative Preference Shares of €0.60 each and the 14% Non-Cumulative Preference Shares of €0.60 each in the capital of FBD Holdings, each individually a Preference Share
<b>Proposed Amendments</b>	the proposed amendments to the terms of the Bond being principally as follows: to provide for a reduced 7% coupon and to provide that, unless previously redeemed in accordance with its terms, the Convertible Bond be convertible into Ordinary Shares at a price per share of €8.50 (subject to adjustment) upon certain conversion trigger events, as outlined in greater detail in Part II of this document



**Reorganisation**

proceedings which effect the interposition of a limited liability company ("Newco") between the holders of Ordinary Shares immediately prior to such proceedings (the "Existing Shareholders") and the Company; provided that:

- (i) only ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are issued to Existing Shareholders;
- (ii) immediately after completion of such proceedings the only holders of ordinary shares, units or equivalent of Newco (or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are Existing Shareholders holding in the same proportions as immediately prior to completion of such proceedings;
- (iii) immediately after completion of such proceedings, Newco is (or one or more wholly owned Subsidiaries of Newco are) the only shareholder in the Company;
- (iv) all subsidiaries immediately prior to such proceedings (other than Newco, if Newco is then a subsidiary of the Company) are subsidiaries of the Company (or of Newco) immediately after completion of such proceedings; and
- (v) immediately after completion of such proceedings, the Company (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those subsidiaries as was held by the Company immediately prior to such proceedings

**Resolutions**

the ordinary resolution to authorise the Directors to allot shares and the special resolution to authorise the Directors to allot shares without regard to pre-emption rights in the circumstances set out in the resolution, such resolutions to be proposed at the EGM, the full text of which is set out in the Notice of EGM at the end of this document

**Shareholder(s)**

holder(s) of Ordinary Shares and Preference Shares

**Shares**

ordinary shares of 60 cent each in the capital of the Company

**Solvency II**

the Solvency II Directive (2009/138/EC), an insurance industry regulation agreed by the European Parliament in 2009

**Supplemental Trust Deed**

the supplemental trust deed entered into by (i) FBD Insurance, (ii) the Company and (iii) Deutsche Trustee Company Limited on 7 December 2015 which deed attaches an amended trust deed and conditions (providing for the Proposed Amendments) and which will take effect on date of the EGM subject to approval of the Resolutions

<b>Takeover Offer</b>	an offer made to all (or as nearly as may be practicable all) Shareholders or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any person acting in concert with the offeror, to acquire all or a majority of the issued ordinary share capital of the Company or the proposal by any person of a scheme with regard to such acquisition and the despatch of an offer document in accordance with the Takeover Rules
<b>Takeover Event</b>	an offer made to all (or as nearly as may be practicable all) Shareholders or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any person acting in concert with the offeror (within the meaning of Irish takeover law), to acquire all or a majority of the issued ordinary share capital of the Company or if any person proposes a scheme with regard to such acquisition (other than a Reorganisation) and (such offer or scheme having become or been declared unconditional in all respects or having become effective) the right to cast more than 50 per cent of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become unconditionally vested in any person and/or any person acting in concert therewith within the meaning of Irish takeover law
<b>Tier 2</b>	has the meaning given to instruments that comprise tier 2 own fund items for the purposes of Solvency II and any relevant prudential rules for insurers applied by the relevant regulator and any amendment, supplement or replacement of either thereof from time to time relating to the characteristics, features or criteria of own funds or capital resources
<b>UK Listing Authority</b>	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000
<b>Voting Shares</b>	the Ordinary Shares and Preference Shares
<b>Voting Share Capital</b>	the Voting Shares in issue at the date of this document comprising 34,648,122 Ordinary Shares, 3,532,292 8% Non-Cumulative Preference Shares and 1,340,000 14% Non-Cumulative Preference Shares
<b>2015 AGM</b>	the annual general meeting of the Company which was held on 14 May 2015

## NOTICE OF EXTRAORDINARY GENERAL MEETING

### FBD Holdings plc

(Incorporated in Ireland. Registered number 135882)

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the Company will be held at 11.00 a.m. on 30 December 2015 at Irish Farm Centre, Bluebell, Dublin 12, Ireland for the following purposes:

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

1. That the Directors be and they are hereby generally and unconditionally authorised pursuant to section 1021 of the Companies Act 2014 to exercise all the powers of the Company to allot relevant securities within the meaning of section 1021 of the Companies Act 2014 up to a maximum amount of the authorised but unissued shares in the capital of the Company at the date of this Resolution and such power shall expire on 28 April 2019 unless and to the extent that such authority is renewed, revoked or extended prior to such date, provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

2. That the Directors be and they are hereby empowered pursuant to section 1023 of the Companies Act 2014 to allot equity securities (within the meaning of that section) for cash pursuant to the authority conferred by Resolution 1 above as if section 1022(1) the Companies Act 2014 did not apply to any such allotment, provided that this power shall be limited:
  - (a) to the allotment of equity securities up to but not exceeding an aggregate nominal amount equal to 5% of the nominal value of the issued ordinary share capital of the Company on 14 May 2015; and
  - (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of €7,000,000 pursuant to the Convertible Bond (as such term is defined in the Circular of which this notice forms part),

and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this special resolution or on the date which is 15 calendar months after the passing of this special resolution, whichever is the earlier, unless previously varied, revoked or renewed; provided that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

FBD House, Bluebell, Dublin 12, Ireland



Conor Gouldson  
Company Secretary  
7 December 2015

## Notes:

### 1. Conditions for participating in the EGM

Every shareholder, irrespective of how many FBD Holdings plc shares he/she holds, has the right to attend, speak, ask questions and vote at the EGM. Completion of a form of proxy will not affect your right to attend, speak, ask questions and/or vote at the meeting in person. The right to participate in the EGM is subject to the registration of the shares prior to the record date for the meeting (the "Record Date") – see Note 3 following.

### 2. Appointment of proxy

If you cannot attend the EGM in person, you may appoint a proxy (or proxies) to attend, speak, ask questions and vote on your behalf. For this purpose a Form of Proxy has been sent to all registered shareholders. A proxy need not be a member of the Company. You may appoint the Chairman of the Company or another individual as your proxy. You may appoint a proxy by completing the Form of Proxy, making sure to sign and date the form at the bottom and return it in the pre-paid envelope provided to the Company's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland to be received no later than 11.00 a.m. on 28 December 2015. If you are appointing someone other than the Chairman as your proxy, then you must fill in the details of that person in the box located underneath the wording "I/We hereby appoint the Chairman of the Meeting OR the following person" on the Form of Proxy.

Alternatively, you may appoint a proxy via CREST, if you hold your shares in CREST, or you may do so electronically, by visiting the website of the Company's Registrar at [www.eproxyappointment.com](http://www.eproxyappointment.com). You will need your shareholder reference number, control number and your PIN number, which can be found on the Form of Proxy.

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 11.00 a.m. on 28 December 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996.

If you appoint the Chairman or another person as a proxy to vote on your behalf, please make sure to indicate how you wish your votes to be cast by ticking the relevant boxes on the Form of Proxy.

Completing and returning a Form of Proxy will not preclude you from attending and voting at the meeting should you so wish.

### 3. Record date for EGM

Pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, the Company has specified that only those Shareholders registered in the Register of Members as at 6 p.m. on the day which is two days before the date of the meeting shall be entitled to attend or vote at the EGM in respect of the number of shares registered in their name at that time. Changes in the Register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting or the number of votes any Shareholder may have in the case of a poll vote.

### 4. How to exercise your voting rights

As a Shareholder, you have several ways to exercise your right to vote:

By attending the EGM in person;

By appointing the Chairman or some other person as a proxy to vote on your behalf;

By appointing a proxy via the CREST System if you hold your shares in CREST.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members.

### 6. Right to ask questions

Pursuant to section 1107 of the Companies Act 2014, shareholders have a right to ask questions related to items on the EGM agenda and to have such questions answered by the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders.

**7. Voting rights**

As at 7 December 2015 being the date of this Circular, the Company's issued share capital consists of 35,461,206 Ordinary Shares of €0.60 each, 3,532,292 8% Non-Cumulative Preference Shares of €0.60 each, 1,340,000 14% Non-Cumulative Preference Shares of €0.60 each and 13,169,428 "A" Ordinary Shares of €0.01 each. Of the 35,461,206 Ordinary Shares of €0.60 each in issue, 813,084 are held as treasury shares and have no voting rights. The "A" Ordinary Shares of €0.01 each in issue have no voting rights either. Accordingly, the total number of shares in issue in the Company having voting rights, of one vote per share, at 7 December 2015 is 39,520,414.

**8. How to request/inspect documentation relating to the meeting**

Should you not receive a Form of Proxy, or should you wish to be sent copies of any documents relating to the meeting, you may request these by telephoning the Company's Registrar on +353 1 4475 101 or by writing to the Company Secretary either by post at FBD House, Bluebell, Dublin 12, Ireland or by e-mail to [company.secretary@fbd.ie](mailto:company.secretary@fbd.ie).

**9. Further information**

This EGM notice and Circular, details of the total number of shares and voting rights at the date of giving this notice, the documents to be submitted to the meeting, copies of any draft resolutions and a copy of the Form of Proxy are available on the Company's website at [www.fbdgroup.com](http://www.fbdgroup.com).





