

FBD Holdings plc
Interim Management Statement
16 November 2015

FBD Holdings plc ('FBD' or the 'Group') issues the following Interim Management Statement covering the period from 1 July 2015 to date, in accordance with the reporting requirements of the EU Transparency Directive.

Underwriting

The Group continues to prioritise profitability over volume growth. Policy volumes have declined 9.2% year to date, offset by average rate increases of 9.1%. The Group is focused on the insurance needs of its farm and direct business customers. There is evidence that market rates continue to harden for both car insurance and business insurance.

The claims settlement environment remains challenging, though experience since the end of quarter two has been in line with the Group's expectation. The slowdown in the rate of our claims settlements continued. The Group notes the recent decision of the Court of Appeal in the case concerning the discount rates to be applied to the cost of care and other elements of large injury claims. While it is too early to be definitive, at this preliminary stage our assessment is that this judgement should not have a further material impact.

The underwriting action taken by the Group over the past eighteen months is having a positive effect, with improvements in claims frequency experienced despite the increased level of activity in the wider economy. This improvement in attritional claims has been offset somewhat by increased large claims experience since the last market update.

The Group has made good progress on achieving targeted cost savings.

Investment Income

Actual investment returns remain subdued, reflecting the extraordinary stimulus measures implemented by Central Banks and volatility in markets. Reinvestment yields on bank deposits and government bonds are negligible, and the Group is reviewing its strategic asset allocation. In the interim, the proceeds from recent capital initiatives will be invested in an increased allocation to corporate bonds.

Non Underwriting

While the operating environment for the Group's pensions and investment consulting business remains challenging, FBD's financial services businesses are performing broadly in line with expectation.

The Group has concluded the sale of its share of the property and leisure joint venture, following its approval by shareholders on 22 October 2015.

Balance Sheet

The Group's capital position has improved since the last market update. In the last market update the Group identified three initiatives identified to strengthen FBD's capital base ahead of the implementation of Solvency II.

As announced on 16 September last, the Group has entered into an agreement with Fairfax Financial Holdings Limited ("Fairfax") pursuant to which Fairfax will invest €70m in the Group through a private placement of a convertible bond instrument carrying a coupon of 7% per annum and a conversion price of €8.50, subject to shareholder approval.

In advance of the execution of a final, definitive agreement between the parties and shareholder approval, FBD Insurance plc, the Group's principal subsidiary successfully

issued a €70m tier II debt instrument to Fairfax carrying a rate of 12% per annum. The tier II Debt Instrument will be exchanged for the Convertible Bond within 7 days of Group shareholders approving the issue of Convertible Bond.

The Group has reached agreement with employees to close its defined benefit scheme to future accrual. There has also been considerable uptake in its enhanced transfer value offer to members of the scheme. Following the changes, the IAS 19 deficit of €50.9m recorded at 30 June 2015 has been eliminated, with a small surplus now recorded at 30 September 2015. The changes remove significant volatility from the Group's balance sheet and solvency capital position.

The proceeds from the sale of the property and leisure joint venture will be injected into FBD Insurance plc by way of fresh equity capital.

The effect of these capital initiatives is that FBD Insurance plc has capital in excess of its Solvency II capital requirement in advance of its effective date of 1 January 2016.

Outlook

The Irish insurance market continues to grow in 2015, as insurers increase rates following market losses arising from the increased claims cost and frequency experienced as the economy improves. Despite this, industry profitability continues to be challenging, and the Group believes that the industry will continue to be loss making for 2015 and 2016. It remains FBD's view that the market has not increased rates sufficiently to compensate for the significant deterioration in the claims environment.

FBD will continue to focus on the insurance needs of its farm and direct business customers and on its consumer customers.

Enquiries

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About FBD Holdings plc ("FBD")

The Group was established in the 1960s and is one of Ireland's largest property and casualty insurers looking after the insurance needs of farmers, private individuals and business owners.

Forward Looking Statements

Some statements in this announcement are forward-looking. They represent expectations for the Group's business, and involve risks and uncertainties. These forward-looking statements are based on current expectations and projections about future events. The Group believes that current expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Group's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

The following details relate to FBD's ordinary shares of €0.60 each which are publicly traded:

Listing	Irish Stock Exchange	UK Listing Authority
Listing Category	Dual	Premium (Equity)
Trading Venue	Irish Stock Exchange	London Stock Exchange
Market	Main Securities Market	Main Market
ISIN	IE0003290289	IE0003290289
Ticker	EG7.IR	FBH.L

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Registered in Dublin, Ireland Registered Number 135882