

FBD HOLDINGS PLC
27 February 2017

FBD HOLDINGS PLC
PRELIMINARY ANNOUNCEMENT
For the year ended 31 December 2016

KEY HIGHLIGHTS

- €11m profit before tax from continuing operations, including a one-time pension gain of €7m
- Full year Combined Operating Ratio (“COR”) of 99% helped by both our own strong underwriting actions and benign winter weather
- Gross Written Premium of €362m, driven by a reduction in broker business, largely offset by price increases in some products along with strong retention of core customers
- Improved risk selection and price adequacy driving a lower loss ratio
- Further strong progress on strategic initiatives during 2016:
 - Continued focus on Irish farm and small business (SME) sector underpinned by a single brand consumer strategy
 - Successful completion of an enhanced transfer value (ETV) offering to deferred members of the defined benefit pension scheme resulted in an income statement gain of €7m and further reduces interest rate exposure in our Solvency Capital Requirement (“SCR”)
 - Further pricing and underwriting action has successfully returned the business to a modest full year underwriting profit
 - Roll out of IT policy administration system in the second half of the year

FINANCIAL SUMMARY

	2016	2015
	€000s	€000s
Gross written premium	361,799	363,263
Underwriting profit/(loss)	3,220	(125,412)
Profit/(loss) before taxation	11,442	(85,905)*
	Cent	Cent
Basic profit/(loss) per share	26	(216)*
Net assets per share	651	623

- Gross Written Premium down €1m compared to 2015 including a €15m reduction in business written through brokers
- Average premium rate increases of 9%, offset by a 5% decline in policy volume from direct operations
- COR of 99% compared to 140% last year
- Net profit before tax of €11m from continuing operations
- Annualised total investment return of 1.9%
- Capital levels within target range of 110%-130% of (“SCR”)

*2015 restated to exclude discontinued operations.

Commenting on these results, Fiona Muldoon, Group Chief Executive, said:

“I am pleased to note that FBD has returned to profit helped by an unusually mild winter so far and our own strong underwriting actions. Our strong customer relationships and the level of service we provide have ensured good retention in our key customer groups despite some of the necessary price increases they have experienced.

While we saw some degree of stabilisation in the cost of claims, we believe insurance premiums in Ireland are and will remain high until structural claims reform is successfully executed. We welcome the findings of the Government Cost of Insurance Working Group and the focus that it brings to the rising cost of claims for Irish customers. It is important that the Government follow through in translating these recommendations into policies and legislation that will deliver a lower cost, sustainable claims environment for the benefit of all customers. We look forward to working with others to ensure that these proposals are implemented in ways that will help Irish farmers, small businesses and consumers manage their insurance costs. In the absence of implementation of particular sections of a lengthy report we believe Irish insurance customers will continue to bear the cost of significantly higher premiums than those seen in other countries. Notwithstanding the challenges in our market I believe we are well positioned to make further progress during 2017”.

A presentation will be made to analysts at 10.30am today, a copy of which will be available on our Group website www.fbdgroup.com.

Enquiries

FBD

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About FBD Holdings plc ("FBD")

FBD is one of Ireland's largest property and casualty insurers, looking after the insurance needs of farmers, consumers and business owners. Established in the 1960s by farmers for farmers, FBD has built on those roots in agriculture to become a leading general insurer serving the needs of its direct agricultural, small business and consumer customers throughout Ireland. It has a network of 33 branches nationwide.

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	Premium	Premium (Equity)
Trading Venue	Irish Stock Exchange	London Stock Exchange
Market	Main Securities Market	Main Market
ISIN	IE0003290289	IE0003290289
Ticker	FBD.I or EG7.IR	FBH.L

OVERVIEW

During 2016, FBD continued to stabilise and returned to profitability.

The claims environment stabilised somewhat during 2016 but remains challenging, and this has led to continuing re-pricing of certain risk classes across the market. Actions taken by the Group to improve financial performance are starting to show the desired effect. The pricing and underwriting action, along with careful cost management have resulted in a welcome modest underwriting profit for 2016, albeit aided by benign winter weather during the year.

The increase in the cost of insurance in Ireland has been the subject of much public discourse. The Group welcomes the publication of the report from the Government's Cost of Insurance Working Group, but notes that insurance premiums will only reduce when the cost of claims is reduced. FBD continues to believe that sustained public policy action is needed to improve the claims environment in Ireland.

The Group recorded a profit before tax from continuing operations of €11.4m in 2016 (2015: loss of €85.9m). The Group delivered an underwriting profit of €3.2m, compared to the underwriting loss of €125.4m in 2015.

UNDERWRITING

Premium income

The Group continues to focus on its core Farm and SME customers, along with a single brand consumer strategy. During 2016 it reduced its exposure to business written through brokers.

Overall, gross written premium has declined by €1.5m to €361.8m (2015: €363.3m), with increased premium from direct operations of €14.5m (+4%) offset by a €16.0m (-44%) reduction in business written through brokers. Excluding broker business, average rates across the book are up 9%, while policy volume has declined by 5% with an increase in average cover of 1%. However, certain classes of insurance have seen more substantial increases year on year (eg: Motor +16%).

New business volumes were lower than historic levels as the Group concentrated on improving the profitability of the business. The loss of policy volume slowed during the year with a volume reduction of 4% in the second half of 2016, compared to 7% in the first half for business written directly.

Claims

Net claims incurred amounted to €217.5m (2015: €341.3m). Overall reserves are developing as expected. Adverse prior year development on public liability claims has largely been offset by positive development in other classes. This modest adverse development has been largely in 2014 and 2015 accident years and was offset by modest releases from 2013 and prior. The comparable claims incurred figure for 2015 includes a charge of €95.8m for strengthening prior year claims reserves and increasing the margin for uncertainty.

The Group also incurred €7.8m (2015: €11.6m) relating to its MIBI levy obligation, which is calculated based on the Group's expected share of the motor market for 2016 and the estimated levy call by the MIBI, which is lower than in the prior year.

Claims Environment

The claims environment continues to be uncertain with claims inflation still prevalent, albeit with some emerging evidence of moderation in its growth.

There are a number of factors which have impacted the claims settlement environment. These include:

- The release of the updated Book of Quantum by the Injuries Board has the potential to lead to greater consistency in personal injury awards, but its consistent adoption by the judiciary is critical in this regard. There is a concern that the increased number of injury categories may lead to inflation in award levels. It is too early yet to establish if this is the case and the Group will continue to monitor court awards carefully.
- There is evidence of more claimants being represented in injury claims at an earlier stage in their lifecycle with a reduction in the proportion of claims settled directly with the claimant;
- The Group is continuing to see an impact from the increase in court awards following the change in Circuit Court jurisdiction from €38k to €60k;
- The protracted and contentious process for agreeing plaintiffs' legal costs, despite the enactment of the Legal Services Regulation Act, is leading to higher legal costs for all;
- On a more positive note, the level of general damages awarded in the High Court appears to have stabilised in recent months. The Court of Appeal reduced a number of original awards by close to 50% and it issued general guidelines on damages. These actions are beginning to influence lower courts and are removing some of the extreme volatility previously observed.

The net impact of the above factors is that the claims environment has stabilised somewhat but continues to be difficult. FBD has seen claim settlement rate increases in 2016 compared to observed slowdowns in 2014 and 2015. However those 2016 settlements are being made in an inflationary environment.

FBD welcomes the report prepared by the Cost of Insurance Working Group and the focus that the taskforce has brought to the complexities surrounding the rising cost of claims and in turn insurance costs for Irish customers. In particular, we are pleased to see the plans to create a Personal Injuries Commission to benchmark awards internationally and the proposals to strengthen the Injuries Board assessment process. These are measures we have previously advocated as tangible ways to improve the claims environment in Ireland. It is critical that these proposals are implemented if there is to be help for farmers, consumers and small Irish businesses to manage their insurance costs. Certain key recommendations would, if successful, lead to a reduction in the cost of claims. These include:

- Greater power given to the Personal Injuries Assessment Board with regard to non-cooperation and non-attendance at medicals and generally strengthening its powers;
- Benchmarking of awards with those in other relevant jurisdictions. Should awards be brought in line with other jurisdictions, it would have a significant impact on the cost of claims;
- Improved ability to data share between stakeholders to better identify and fight claims fraud. The effective implementation of automatic number plate recognition (ANPR) would combat the increased levels of uninsured drivers on Irish roads whose claims are ultimately paid by law-abiding motorists.

Weather, Claims Frequency and Large Claims

Weather during 2016 was relatively benign and there were no events of note.

Motor injury frequency continued to decline with the underwriting and risk selection actions taken by the Group having an appropriate effect.

The net cost of large claims (greater than €500k) was €2m lower than the average over the previous three years driven by a lower incidence of such claims.

Expenses

The Group's expense ratio was 25.9% (2015: 27.4%). Net expenses reduced by €6.0m to €79.7m (2015: €85.7m) largely driven by the reduction in staff costs arising from the voluntary redundancy programme launched in the second half of 2015, and partially offset by technology costs. The Group's new policy administration system was rolled out at the end of June 2016. Depreciation of the system has commenced and increased costs by €2.2m in the second half of 2016.

General

FBD's combined operating ratio was 99.0%, leading to an underwriting profit of €3.2m (2015: loss of €125.4m).

Investment Return

FBD's total investment return for 2016 was 1.9% (2015: 2.0%), with 0.8% (2015: 2.2%) recognised in the consolidated income statement and 1.1% (2015: -0.2%) recognised in the consolidated statement of other comprehensive income. The better than expected investment return reflects market value gains in the corporate bond portfolio as corporate bonds spreads narrowed as well as a €1.9m revaluation of the Group's investment property.

FINANCIAL SERVICES

The Group's financial services operations include premium instalment services and life, pension and investment broking (FBD Financial Solutions), less holding company costs. This generated a solid performance through a period of restructuring, delivering a profit of €2.0m (before restructuring charges) (2015: €3.5m, restated).

In 2015 the Group carried out a review of FBD Financial Solutions and concluded that there was further opportunity for FBD in the life and pensions area. However, the Group identified a need to transform the operating model to generate greater long term value. In 2016, FBD Financial Solutions entered into a preferred provider arrangement with New Ireland, one of Ireland's largest life companies. This arrangement enables FBD to provide a customer focussed life and pensions advisory service to customers, reduce expenses and increase the profitability of the business. The transformation project is complete and the business is expected to generate a profit from 2017 onwards.

On 23 May 2016 FBD divested its 70% shareholding in Passage East Ferry Company for a total consideration of €2.7m, realising a profit on disposal of €1.9m. The Passage East Ferry Company was a non-core asset, and the proceeds realised will be used for general corporate purposes.

Profit/(loss) per share

The diluted profit per share from continuing operations was 26 cent per ordinary share, compared to a loss of 216 cent (restated) per ordinary share in 2015.

STATEMENT OF FINANCIAL POSITION

Capital position

Equity Attributable to ordinary shareholders at 31 December 2016 amounted to €225.5m (December 2015: €215.9m). The increase in shareholders' funds is mainly attributable to the following:

- Profit in the period of €10.7m
- The increase in the defined benefit pension scheme obligation of €10.7m after tax driven mainly by a 0.7% reduction in the discount rate, recognised in the statement of other comprehensive income. The actions taken by the Group in 2015 for current members and in 2016 for deferred members to restructure and de-risk its defined benefit scheme limited the impact of the decrease in the discount rate.

- Mark to market gains on the Group's Available for Sale investments of €9.1m after tax recognised in the statement of other comprehensive income

Net assets per ordinary share are 651 cent, compared to 623 cent per share at December 2015.

Following on from the successful enhanced transfer value (ETV) programme for active members of the scheme in 2015, the Group launched an ETV programme for deferred members in 2016. The impact of the ETV programme for deferred members was a reduction in the IAS19 liability of €27.9m and a €7.2m income statement gain. This further reduces the inherent interest rate exposure of the scheme and its potential volatility on the capital position of the Group.

Investment Allocation

This table shows the underwriting investment assets of the Group.

	31 December 2016		31 December 2015	
	€m	%	€m	%
Deposits and cash	270	27%	398	40%
Corporate bonds	493	49%	432	43%
Government bonds	177	18%	101	10%
Equities	24	2%	24	2%
Unit trusts	24	2%	25	3%
Investment property	16	2%	15	2%
	1,004	100%	995	100%

During 2016, FBD further increased its allocation to corporate and government bonds, and reduced its exposure to term deposits to move further towards its strategic asset allocation benchmark.

Solvency

Solvency II became effective from 1 January 2016. The Group's economic capital is within its target range of 110-130% of SCR.

OUTLOOK

FBD has delivered on its commitment to simplify its strategy and stabilise the business. Over the past two years the Group has taken the necessary action to return the business to profitability. Its underwriting and rating actions mean that the Group is now well positioned to begin to deliver sustainable shareholder returns through growth in book value.

It is the Group's ambition to seek careful growth in consumer and small commercial business within its risk appetite and in line with Irish economic growth generally. As previously noted, the increasing likelihood of a hard "Brexit" introduces business and trading uncertainty for all indigenous Irish businesses, including FBD and its core customers in farming and other small businesses. It appears likely that Britain departing the EU will have negative effects for business and business confidence in Ireland, particularly in the medium term and the Group believes this will continue to be a significant headwind to otherwise strong Irish economic prospects.

FBD has begun a substantial brand campaign aimed at broadening its customer base, while giving the Group a differentiated proposition from its competitors. Specifically, the new campaign aims to grow a high quality urban segment by increasing its relevance outside rural Ireland. The Group will also position itself for future changes in buying patterns by further developing its digital capabilities.

For 2017, the Group has changed its reinsurance arrangements, to what it believes is a more efficient programme, providing better cover in more extreme events, while accepting more

attritional property risk. The impact of this will be a reduction in the amount of premium ceded to reinsurers, partially offset by a reduction in reinsurance commission received.

In 2017 the Group is targeting continued steady improvement of its key measure, COR, in the target range of mid to high nineties.

FBD Holdings plc
Consolidated Income Statement
For the financial year ended 31 December 2016

Continuing Operations	2016	(Restated)
	€000s	2015
		€000s
Revenue	397,003	401,889
Income		
Gross premium written	361,799	363,263
Reinsurance premiums	(50,086)	(50,497)
Net premium written	311,713	312,766
Change in provision for unearned premiums	(3,487)	388
Net premium earned	308,226	313,154
Net investment return	8,338	20,260
Financial services income	8,542	12,634
Total income	325,106	346,048
Expenses		
Net claims and benefits	(217,510)	(341,260)
Other underwriting expenses	(79,749)	(85,725)
Movement in other provisions	(7,747)	(11,581)
Financial services expenses	(6,592)	(9,130)
Revaluation of property, plant and equipment	(330)	175
Restructuring and other costs	(2,794)	(11,415)
Finance costs	(6,156)	(1,357)
Pension curtailment	7,214	28,340
Result before taxation from continuing operations	11,442	(85,905)
Income taxation (charge)/credit	(2,415)	11,277
Result for the financial year from continuing operations	9,027	(74,628)
Discontinued operations		
Result for the financial year from discontinued operations, including profit from sale	1,653	1,061
Result for the financial year	10,680	(73,567)
Attributable to:		
Equity holders of the parent	10,759	(73,685)
Non-controlling interests	(79)	118
	10,680	(73,567)

FBD Holdings plc
Consolidated Income Statement
For the financial year ended 31 December 2016

Earnings/(loss) per share	2016	(Restated) 2015
From continuing operations	Cent	Cent
Basic	<u>26</u>	<u>(216)</u>
Diluted	<u>26</u>	<u>(216)</u>
From continuing and discontinued operations		
Basic	<u>31</u>	<u>(213)</u>
Diluted	<u>31</u>	<u>(213)</u>

The accompanying notes form an integral part of the Financial Statements.

The above results derive from continuing operations and discontinued operations.

The Financial Statements were approved by the Board and authorised for issue on 24 February 2017.

FBD Holdings plc
Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2016

	2016 €000s	2015 €000s
Result for the financial year	10,680	(73,567)
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>		
Net gain/(loss) on available for sale financial assets during the year	10,371	(1,762)
Taxation charge relating to items that will or may be reclassified to profit or loss in subsequent periods	(1,296)	698
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial gain/ (loss) on retirement benefit obligations	(12,233)	15,914
Taxation (charge)/credit relating to items not to be reclassified in subsequent periods	1,529	(1,989)
Other comprehensive income/(expense) after taxation	(1,629)	12,861
Total comprehensive expense for the financial year	9,051	(60,706)
Attributable to:		
Equity holders of the parent	9,130	(60,824)
Non-controlling interests	(79)	118
	9,051	(60,706)

FBD Holdings plc
Consolidated Statement of Financial Position
At 31 December 2016

ASSETS

	2016 €000s	2015 €000s
Property, plant and equipment	72,994	72,617
Investment property	16,400	14,550
Loans	732	832
Deferred taxation asset	12,234	13,139
Financial assets		
Available for sale investments	629,498	489,837
Investments held for trading	90,302	94,375
Deposits with banks	236,897	371,333
	956,697	955,545
Reinsurance assets		
Provision for unearned premiums	13,954	15,332
Claims outstanding	69,260	64,751
	83,214	80,083
Retirement benefit asset	8,715	9,110
Current taxation asset	4,162	8,813
Deferred acquisition costs	25,004	27,545
Other receivables	62,770	59,506
Cash and cash equivalents	26,561	22,244
Total assets	1,269,483	1,263,984

FBD Holdings plc
Consolidated Statement of Financial Position (continued)
At 31 December 2016

EQUITY AND LIABILITIES

	2016	2015
	€000s	€000s
Equity		
Called up share capital presented as equity	21,409	21,409
Capital reserves	19,041	18,553
Retained earnings	166,866	157,670
Other reserves	18,232	18,232
	<hr/>	<hr/>
Shareholders' funds - equity interests	225,548	215,864
Preference share capital	2,923	2,923
	<hr/>	<hr/>
Equity attributable to equity holders of the parent	228,471	218,787
Non-controlling interests	-	451
	<hr/>	<hr/>
Total equity	228,471	219,238
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Liabilities		
Insurance contract liabilities		
Provision for unearned premiums	180,692	178,584
Claims outstanding	745,490	748,144
	<hr/>	<hr/>
	926,182	926,728
Other provisions	11,247	10,938
Convertible debt	51,136	50,036
Deferred taxation liability	3,347	2,990
Payables	49,100	54,054
	<hr/>	<hr/>
Total liabilities	1,041,012	1,044,746
	<hr/>	<hr/>
Total equity and liabilities	1,269,483	1,263,984
	<hr/>	<hr/>

The accompanying notes form an integral part of the Financial Statements.

FBD Holdings plc
Consolidated Statement of Cash Flows
For the financial year ended 31 December 2016

	2016	(Restated) 2015
	€000s	€000s
Notes		
Cash flows from operating activities		
Profit/(loss) before taxation	13,095	(84,789)
Adjustments for:		
(Loss)/profit on disposal of investments held for trading	2,596	(535)
Loss on investments available for sale	4,467	5,493
Interest and dividend income	(14,223)	(13,123)
Depreciation of property, plant and equipment	10,795	8,392
Share-based payment (credit)/expense	488	(203)
Revaluation of investment property	(1,850)	(3,450)
Revaluation of property, plant and equipment	330	(175)
Profit on the sale of investment property	-	(8,915)
Increase/(decrease) in insurance contract liabilities	(3,677)	130,320
Decrease in other provisions	309	3,018
Effect of foreign exchange rate changes	-	(485)
Profit on disposal of discontinued operation	(1,916)	-
Joint venture trading result	-	(1,461)
	<hr/>	<hr/>
Operating cash flows before movement in working capital	10,414	34,087
Decrease in receivables and deferred acquisition costs	64	1,004
Decrease in payables	(17,262)	(30,408)
Purchase of investments held for trading	(13,996)	(32,561)
Sale of investments held for trading	15,473	55,149
	<hr/>	<hr/>
Cash generated from operations	(5,307)	27,271
Interest and dividend income received	13,441	12,339
Income taxes refunded /(paid)	5,561	126
	<hr/>	<hr/>
Net cash from operating activities	13,695	39,736
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of available for sale investments	(322,503)	(408,318)
Sale of available for sale investments	188,746	136,202
Purchase of property, plant and equipment	(12,113)	(18,209)
Sale of property, plant and equipment	80	-
Sale of investment property	-	18,259
Decrease in loans and advances	100	139
Decrease in deposits invested with banks	134,436	123,577
Net cash inflow from sale of subsidiary undertaking	1,930	-
Net cash inflow from sale of joint venture	-	48,500
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Net cash used in investing activities	(9,324)	(99,850)
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Cash flows from financing activities		
Ordinary and preference dividends paid	-	(11,950)
Dividends paid to non-controlling interests	(120)	(150)
Proceeds from issue of convertible bond	-	68,268
Proceeds of re-issue of ordinary shares	66	-
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(54)	56,168
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	4,317	(3,946)
Cash and cash equivalents at the beginning of the year	22,244	26,190
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Cash and cash equivalents at the end of the financial year	26,561	22,244

The accompanying notes form an integral part of the Financial Statements.

FBD Holdings plc
Consolidated Statement of Changes in Equity
For the financial year ended 31 December 2016

	Called up share capital presented as equity	Capital reserves	Retained earnings	Other reserves	Attributable to ordinary shareholders	Preference share capital	Non-controlling interests	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2015	21,409	18,756	230,444	-	270,609	2,923	483	274,015
Loss after taxation	-	-	(73,685)	-	(73,685)	-	118	(73,567)
Other comprehensive expense	-	-	12,861	-	12,861	-	-	12,861
	21,409	18,756	169,620	-	209,785	2,923	601	213,309
Dividends paid and approved on ordinary and preference shares	-	-	(11,950)	-	(11,950)	-	-	(11,950)
Issue of convertible bonds	-	-	-	18,232	18,232	-	-	18,232
Recognition of share based payments	-	(203)	-	-	(203)	-	-	(203)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(150)	(150)
Balance at 31 December 2015	21,409	18,553	157,670	18,232	215,864	2,923	451	219,238
Profit after taxation	-	-	10,759	-	10,759	-	(79)	10,680
Other comprehensive income	-	-	(1,629)	-	(1,629)	-	-	(1,629)
	21,409	18,553	166,800	18,232	224,994	2,923	372	228,289
Reissue of ordinary shares	-	-	66	-	66	-	-	66
Recognition of share based payments	-	488	-	-	488	-	-	488
Dividend paid to non-controlling interests	-	-	-	-	-	-	(120)	(120)
Disposal of subsidiary undertaking	-	-	-	-	-	-	(252)	(252)
Balance at 31 December 2016	21,409	19,041	166,866	18,232	225,548	2,923	-	228,471

FBD Holdings plc
Supplementary Information
For the year ended 31 December 2016

Note 1 UNDERWRITING PROFIT/(LOSS)

	2016 €000s	2015 €000s
Gross premium written	361,799	363,263
Net premium earned	308,226	313,154
Net claims incurred	(217,510)	(341,260)
Other provisions	(7,747)	(11,581)
Net underwriting expenses	(79,749)	(85,725)
Underwriting Profit/(loss)	3,220	(125,412)
	2016 €000s	2015 €000s
Net underwriting expenses		
Management expenses	85,742	92,307
Deferred acquisition costs	2,541	882
Gross underwriting expenses	88,283	93,189
Reinsurance commissions receivable	(11,660)	(12,799)
Broker commission payable	3,126	5,335
Net underwriting expenses	79,749	85,725

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2016

Note 2 EARNINGS/(LOSS) PER €0.60 ORDINARY SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders is based on the following data:

	2016	(Restated)
	€000s	2015
		€000s
Earnings		
Profit/(loss) for the year	10,680	(73,567)
Non-controlling interests	79	(118)
Preference dividends	-	(169)
	<hr/>	<hr/>
Profit/(loss) for the purpose of basic and diluted earnings per share	10,759	(73,854)
Adjustments to exclude profit for the year from discontinued operations	(1,653)	(1,061)
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Earnings from continuing operations for the purpose of basic and diluted earnings per share excluding discontinued operations	9,106	(74,915)
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Number of shares	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	34,654,611	34,648,122
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From continuing operations	Cent	Cent
Basic earnings/(loss) per share	26	(216)
Diluted earnings/(loss) per share	26	(216)
	<hr/>	<hr/>
From discontinued operations	Cent	Cent
Basic earnings per share	5	3
Diluted earnings per share	5	3
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The 'A' ordinary shares of €0.01 each that are in issue have no impact on the earnings per share calculation.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2016

Note 3 DIVIDENDS

	2016	2015
	€000s	€000s
Paid during year:		
2015 final dividend of nil cent (2015: 2014 final dividend: 34.0 cent) per share on ordinary shares of €0.60 each	-	11,781
Dividend of nil cent (2015: 2014 preference dividend: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	-	169
Total dividends paid	-	11,950

No dividends were proposed in respect of 2015 or 2016.

Note 4 CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	Number	2016	2015
		€000s	€000s
(i) Ordinary shares of €0.60 each			
Authorised:			
At the beginning and the end of the year	<u>51,326,000</u>	<u>30,796</u>	<u>30,796</u>
Issued and fully paid:			
At the beginning and the end of the year	<u>35,461,206</u>	<u>21,277</u>	<u>21,277</u>
(ii) 'A' Ordinary shares of €0.01 each			
Authorised:			
At the beginning and the end of the year	<u>120,000,000</u>	<u>1,200</u>	<u>1,200</u>
Issued and fully paid:			
At the beginning and the end of the year	<u>13,169,428</u>	<u>132</u>	<u>132</u>
Total – issued and fully paid		<u>21,409</u>	<u>21,409</u>

The 'A' ordinary shares of €0.01 each are non-voting. They are non-transferable except only to the Company. Other than a right to a return of paid up capital of €0.01 per 'A' ordinary share in the event of a winding up, the 'A' ordinary shares have no right to participate in the capital or the profits of the Company.

The holders of the two classes of non-cumulative preference shares rank ahead of the two classes of ordinary shares in the event of a winding up. Before any dividend can be declared on the ordinary shares of €0.60 each, the dividend on the non-cumulative preference shares must firstly be declared or paid.

The number of ordinary shares of €0.60 each held as treasury shares at the beginning (and the maximum number held during the year) was 813,084 (2015: 813,084). 18,079 ordinary shares were re-issued from treasury during the year under the FBD Performance Share Plan. The number of ordinary shares of €0.60 each held as treasury shares at the end of the year was 795,005 (2015: 813,084). This represented 2.2% (2015: 2.3%) of the shares of this class in issue and had a nominal value of €477,003 (2015: €498,055). There were no ordinary shares of €0.60 each purchased by the Company during the year.

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The weighted average number of ordinary shares of €0.60 each in the earnings per share calculation has been reduced by the number of such shares held in treasury.

All issued shares have been fully paid.

Note 5 TRANSACTIONS WITH RELATED PARTIES

Farmer Business Developments plc has a substantial shareholding in the Group at 31 December 2015. Details of their shareholding and related party transactions are set out in the Annual Report.

Included in the Financial Statements at the year-end is € Nil (2015: €nil) due from Farmer Business Developments plc. There were no transactions with Farmers Business Developments plc during the year. During 2015, the transactions with Farmers Business Developments plc consisted of recharges for services provided and recoverable costs. Any amount due is repayable on demand.

Transactions with Farmer Business Developments plc	2016	2015
	€000s	€000s
Opening balance	-	67
Management charges	-	75
Payments by related party	-	(142)
Closing balance	-	-

For the purposes of the disclosure requirements of IAS 24, the term “*key management personnel*” (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Company) comprises the Board of Directors and Company Secretary of FBD Holdings plc and the Group’s primary subsidiary, FBD Insurance plc and the members of the Executive Management Team.

The remuneration of key management personnel (“KMP”) during the year was as follows:

	2016	2015
	€000s	€000s
Short term employee benefits ¹	3,009	2,594
Post-employment benefits	231	249
Share based payments	183	552
Charge to the Consolidated Income Statement	3,423	3,395

¹Short term benefits include fees to non-executive Directors, salaries and other short-term benefits to all members of the KMP.

Full disclosure in relation to the 2016 and 2015 compensation entitlements and share awards of the Board of Directors is provided in the Annual Report.

In common with all shareholders, Directors received payments/distributions related to their holdings of shares in the Company during the year, amounting in total to nil (2015: €56,280).

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Note 6 RESTATEMENT OF PRIOR YEAR COMPARATIVES

Prior year comparatives have been restated to reflect the sale of the Groups 70% subsidiary, Passage East Ferry Company Ltd. The comparative results for this company have been included within discontinued operations on the face of the Group consolidated income statement.

Note 7 Alternative performance measures (APM's)

The Group uses the following alternative performance measures: Loss ratio, expense ratio, combined operating ratio, investment return and net asset value per share.

Loss ratio (LR), expense ratio (ER) and combined operating ratio (COR) are widely used as a performance measure by insurers, and give users of the financial statements an understanding of the underwriting performance of the entity. Investment return is used widely as a performance measure to give users of financial statements an understanding of the performance of an entities investment portfolio. Net asset value per share (NAV) is a widely used performance measure which provides the users of the financial statements the book value per share.

The calculation of the APM's is based on the following data:

	2016	2015
	€000s	€000s
Loss ratio		
Net claims and benefits	217,510	341,260
Movement in other provisions	7,747	11,581
Total claims incurred	225,257	352,841
Net premium earned	308,226	313,154
Loss ratio (total claims/Net premium earned)	73.1%	112.7%
Expense ratio		
Other underwriting expenses	79,749	85,725
Net premium earned	308,226	313,154
Expense ratio (underwriting expenses/Net premium earned)	25.9%	27.4%
Combined operating ratio	%	%
Loss ratio	73.1%	112.7%
Expense ratio	25.9%	27.4%
Combined operating ratio	99.0%	140.1%

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	2016 €'000s	2015 €'000s
Investment return		
Investment return recognised in consolidated income statement	8,338	20,260
Investment return recognised in consolidated statement of comprehensive income	10,371	(1,762)
	<hr/> 18,709 <hr/>	<hr/> 18,498 <hr/>
Total investment return		
Average underwriting investment assets	991,152	905,577
	<hr/> 1.9% <hr/>	<hr/> 2.0% <hr/>
Investment return		
	2016 €'000s	2015 €'000s
Net asset value per share		
Equity attributable to ordinary equity holders	225,546	215,864
Number of shares	34,666,201	34,648,122
Number of ordinary shares in issue (excluding treasury)		
	Cent	Cent
Net asset value per share (NAV)	651	623

Note 8 SUBSEQUENT EVENTS

There have been no subsequent events which would have a material impact on the Financial Statements.

Note 9 GENERAL INFORMATION AND ACCOUNTING POLICIES

The financial information set out in this document does not constitute full statutory Financial Statements for the years ended 31 December 2016 or 2015 but is derived from same. The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, applicable Irish law and the listing Rules of the Irish Stock Exchange, the Financial Conduct Authority and comply with Article 4 of the EU IAS Regulation.

The 2016 and 2015 Financial Statements have been audited and received unqualified audit reports.

The 2016 Financial Statements were approved by the Board of Directors on 24 February 2017.

The Consolidated Financial Statements are prepared under the historical cost convention as modified by the revaluation of property, investments held for trading, available for sale investments and investment property which are measured at fair value.