



FBD HOLDINGS PLC
PRELIMINARY ANNOUNCEMENT
For the year ended 31 December 2017

KEY HIGHLIGHTS

- €50m profit before tax
- Proposed dividend of 24c per share
- Full year Return on Equity of 17%
- Full year Combined Operating Ratio of 86%
- Gross Claims from Storm Ophelia of €10-11m managed to a net cost of €5.4m after reinsurance
- Gross Written Premium up 3% to €372m
- Excellent financial results with key strategic targets met:
 - New products launched: CarProtect, Travel, Car Hire Excess, Professional Indemnity and Directors & Officers Liability
 - Digital enhancements to FBD.ie to improve customer experience
 - Successful brand re-launch across farm, consumer and business products
 - Increasing brand awareness in Dublin through a new office in Drumcondra and a planned office opening in South Dublin
 - Continued strong focus on underwriting and risk selection
 - Partnership with Post Insurance to offer FBD Car Insurance to Irish consumers

FINANCIAL SUMMARY

	2017	2016
	€000s	€000s
Gross written premium	372,459	361,799
Underwriting profit	44,935	3,220
Profit before taxation	49,736	11,442
Loss ratio	62.9%	76.4%
Expense ratio	23.3%	22.6%
Combined operating ratio	86.2%	99.0%
	Cent	Cent
Basic profit per share	123	26
Net assets per share	784	651

- Gross Written Premium of €372m, €11m higher than 2016 (€362m). Excellent customer retention, with strong new business performance in farm, small business and consumer lines
- COR of 86% compared to 99% in 2016. 2017 includes €15m (5%) benefit driven by prior year and €5.6m (1.7%) by Motor Insurance Bureau of Ireland (MIBI) reserve releases. Also includes net costs after reinsurance recoveries of €5.4m from Storm Ophelia
- Net profit before tax of €50m, compared to €11m in 2016
- Annualised total investment return of 1.2% (2016: 1.9%)
- Solvency Capital Ratio of 164% (unaudited) increase due to the improvement in underwriting profitability and the paying down of older claims reserves

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

“FBD has had an excellent year and we are pleased to see our strong strategic delivery reflected in these results. In particular, I am delighted the Board has proposed a dividend of 24c per share for our shareholders. After three years of hard work and corrective action, my colleagues and I have delivered a strong underwriting profit for the year. Storm Ophelia was managed to a net cost of €5.4m and our target return on equity has been exceeded a full twelve months ahead of schedule. FBD has displayed exceptional resilience and we are now well positioned to build on our loyal customer base. As we enter our 50th year of trading and as the only publicly quoted Irish insurer, FBD is here for farmers, businesses and consumers for the long-haul.

One year on from the Cost of Insurance Working Group report the rising cost of claims remains a challenge for Irish customers. The Government must follow through in implementing legislation to provide a lower cost, sustainable claims environment for the benefit of all insurance customers. We will work hard to help ensure that these proposals deliver for Irish farmers, businesses and consumers, who continue to bear the cost of significantly higher premiums than those seen in other countries. In addition, as productivity and stock numbers rise on Irish farms, FBD intends to continue to work with its farm customers to help deliver improved farm safety practices to halt the alarmingly high level of death and injury in the farm workplace.”

A presentation will be made to analysts at 9.00am today, a copy of which will be available on our Group website www.fbdgroup.com.

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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

The Group's profitability and balance sheet strengthened significantly in 2017. FBD delivered a 17% return on equity due to an exceptionally strong underwriting result and some positive prior year reserve development. The Board has proposed a dividend of 24c per share in respect of the 2017 financial year. Gross written premium increased by 3% to €372.5m (2016: €361.8m), profit before tax increased to €49.7m (2016: €11.4m) including an underwriting profit of €44.9m (2016: €3.2m). The underwriting profit includes claims pay-outs from Storm Ophelia, which amounted to €5.4m after reinsurance recoveries and reinsurance reinstatement premia.

UNDERWRITING

Premium income

Gross written premium increased by €10.7m to €372.5m (2016: €361.8m), which is largely attributable to our farm, business and private motor products of €11.6m, offset by a €0.9m reduction in broker business. Moderate rate increases were carried across the book and the underlying performance of the business continues to improve.

New business volumes grew by 12% largely in commercial, private motor and farm. We continue to see strong retention rates across our book.

Reinsurance

The Group amended its reinsurance arrangements at the outset of 2017 to what it believes is a more effective programme, providing better cover in extreme events, while accepting more attritional property risk.

Claims

Net claims incurred amounted to €203.1m (2016: €227.9m). We experienced positive prior year reserve development of €15.4m driven by the 2016 accident year which is now showing sustained frequency improvements.

The MIBI levy reserve release of €5.6m is also reflected in these results following the Supreme Court ruling on the "Setanta" case. This case found that MIBI was not liable for third party motor insurer insolvency. In total the Group incurred a net charge of €1.9m (2016: €7.8m) relating to its MIBI levy and related obligation, which is calculated based on the Group's expected share of the motor market for 2017 and includes the MIBI levy reserve release of €5.6m.

Claims Environment

The claims environment has shown signs of moderation, but overall remains difficult. The average cost of claims continues to increase with higher levels of inflation observed in injury settlements, particularly for more minor injury levels.

The amended Book of Quantum has increased the level of damages awarded by the Injuries Board for most categories of injury. Despite this development, the rejection rate of Injuries Board awards remains very high amongst claimants. FBD's rejection rate has increased by 30% since 2013, with significantly fewer claimants now accepting Injuries Board awards than previously. The enactment by the Government of the proposed PIAB (Amendment) Bill to tackle the non-co-operation of claimants and their legal representatives with the Injuries Board, is necessary to reduce the claimant rejection rate and lower the cost of claims.

In January 2017 the Cost of Insurance Working Group published its report on Motor Insurance, with suggested reforms including strengthening the power of the Injuries Board, establishment of a Personal Injuries Commission and improved data sharing. The report on the cost of Employer and Public Liability insurance was published recently with some additional recommendations.

Progress to date on these recommendations includes:

- The establishment of the Personal Injuries Commission and its first report, with a focus on standardisation of whiplash injuries.
- The publication of the “First Motor Insurance Key Information Report” aimed at greater transparency on costs and trends.
- Proposed increased powers for the Injuries Board as outlined in the PIAB (Amendment) Bill (enactment awaited).
- Work started to establish an integrated insurance fraud database and the uninsured drivers database which can be updated to the Garda Automatic Number Plate Recognition (ANPR) system.

While acknowledging the limited progress made to date, in order for costs to reduce we believe that these projects urgently need to reach conclusion and the required legislation must be enacted to deliver meaningful reform.

Weather, Claims Frequency and Large Claims

Storm Ophelia, the strongest eastern Atlantic hurricane on record, swept through the country on 16 October 2017 causing significant wind damage. We received almost 2,200 claims with an approximate cost of €10-11m. The net cost to FBD is €5.4m net of reinsurance (inclusive of reinstatement premia).

Our underwriting approach has led to a sustained positive trend in motor injury frequency.

The gross cost of large claims in 2017 (greater than €0.5m) is €44m and is largely in line with the average of the past five years. On a net of reinsurance basis, our large claims cost is €5m lower than the five-year average as a result of the lower retentions in our 2017 reinsurance programme.

Expenses

The Group’s expense ratio was 23.3% (2016: 22.6%). Other underwriting expenses were €75.9m an increase of €6.5m. €4.5m of the increase relates to changes in the reinsurance arrangements. The balance relates to the increased full year depreciation charge from the Group’s new policy administration system.

The reclassification of claims handling expenses has reduced the reported expense ratio by 2.9 percentage points (2016: 3.4 percentage points) and increased the loss ratio by the same amount.

General

FBD’s Combined Operating Ratio (“COR”) was 86.2% generating an underwriting profit of €44.9m (2016: €3.2m).

Investment Return

FBD’s total investment return for 2017 was 1.2% (2016: 1.9%), with 0.9% (2016: 0.8%) recognised in the Consolidated Income Statement and 0.3% (2016: 1.1%) recognised in the Consolidated Statement of Comprehensive Income. The modest returns are a reflection of the Eurozone low interest rate environment and the Group’s conservative investment portfolio (94% of total assets are invested in cash and bonds). The Group holds a small portfolio of risk assets including equities, investment property and UCITS funds.

FINANCIAL SERVICES

The Group’s financial services operations delivered a profit before tax of €4.5m for the period (2016 €2.3m profit before restructuring costs) and continue to deliver good results in a competitive environment. The Group’s financial services operations include premium instalment services and life,

pension and investment broking (FBD Financial Solutions), and certain holding company costs. We continue to evolve this business to ensure we can offer the broadest range of insurance products and services to our customers.

Profit per share

The diluted profit per share from continuing operations was 99 cent per ordinary share, compared to 26 cent per ordinary share in 2016.

Dividend

The Board believes that it is in the long-term interest of all stakeholders to maintain strong solvency and liquidity margins. It is focussed on ensuring that the Group's capital position continues to be robust and its financial position well managed.

Following the improvement in the financial performance of the business the Board proposes to pay a dividend of 24c per share for the 2017 financial year. This is equivalent to a pay-out ratio of approximately 20% in respect of 2017 profits. The Group will target an annual 20% to 50% pay-out range of full year profits when appropriate, recognising extreme weather events and inherent cyclicity are a feature of all insurance businesses.

This conservative policy is designed to recognise the importance of full year earnings in determining dividends while protecting the capital position of the Group. This dividend payment is a major milestone for FBD and reflects our confidence in the profitability and future prospects of the business.

Subject to the approval of shareholders at the Annual General Meeting to be held on 4 May 2018, the final dividend for 2017 will be paid on 11 May 2018 to the holders of shares on the register on 6 April 2018. The dividend is subject to withholding tax ("DWT") except for shareholders who are exempt from DWT and who have furnished a properly completed declaration of exemption to the Company's Registrar from whom further details may be obtained.

STATEMENT OF FINANCIAL POSITION

Capital position

Ordinary shareholders' funds at 31 December 2017 amounted to €271.6m (2016: €225.5m). The increase in shareholders' funds is mainly attributable to the following:

- Profit after tax for the year of €42.7m
- Mark to market gains on Available for Sale investments of €2.5m after tax recognised in the statement of other comprehensive income
- Share based payments of €0.7m
- The decrease in the defined benefit pension scheme obligation of €0.2m after tax following a 5bps increase in the discount rate to 1.75%

Net assets per ordinary share are 784 cent, compared to 651 cent per share at 31 December 2016.

Investment Allocation

The Group has continued with its conservative investment policy during the period. FBD has increased its exposure to Government bonds towards a 30% target allocation. During 2018 FBD will move into the final phase of its strategic asset allocation.

The allocation of the Group's underwriting investment assets is as follows:

	31 December 2017		31 December 2016	
	€m	%	€m	%
Deposits and cash	230	22%	270	27%
Corporate bonds	499	47%	493	49%
Government bonds	259	25%	177	18%
Equities	22	2%	24	2%
Unit trusts	24	2%	24	2%
Investment property	18	2%	16	2%
	<u>1,052</u>	<u>100%</u>	<u>1,004</u>	<u>100%</u>

Solvency

The latest (unaudited) Solvency Capital Ratio (SCR) is 164%, increasing from 126% at the end of 2016. The improvement is driven by both the effect of the underlying profitability of the business on available capital and the impact of the paying down of older claims reserves on required capital.

OUTLOOK

In 2017 FBD delivered a return on equity of 17% and a current year COR of 93%, helped by strong underwriting actions and improved rate adequacy. Storm Ophelia represented a net cost of €5.4m. In addition 2017 included positive prior year and MIBI reserve releases of €15.4m and €5.6m respectively, both of which further improve the COR to 86%.

Strong progress has been made by the Group over the last three years and FBD is well positioned to deliver sustainable profitable growth and long-term shareholder value through growth in book value.

The claims environment has moderated although inflation is still evident. While the proposals made by the Cost of Insurance Working Group are sensible, they must be implemented in practice in order to deliver benefit to our customers. Farm safety remains a concern and the Group intends to continue to work hard in this area with its farm customers.

Brexit is likely to have a negative impact on our farm customers although Irish farming has proven resilient to setbacks in the past and has overcome all previous significant challenges. We remain confident in the sector's ability to adapt and thrive.

FBD continues to target careful growth, specifically through a measured increase in its urban business while retaining its large market share in rural Ireland. In 2018, we expect to deliver a COR in the low 90s (absent exceptional weather).

FBD Holdings plc
Consolidated Income Statement
For the financial year ended 31 December 2017

Continuing Operations

	2017 €000s	Restated 2016 €000s
Revenue	397,741	397,003
Income		
Gross premium written	372,459	361,799
Reinsurance premiums	(27,267)	(50,086)
Net premium written	345,192	311,713
Change in provision for unearned premiums	(19,260)	(3,487)
Net premium earned	325,932	308,226
Net investment return	9,361	8,338
Financial services income	8,733	8,542
Total income	344,026	325,106
Expenses		
Net claims and benefits	(203,144)	(227,853)
Other underwriting expenses	(75,908)	(69,406)
Movement in other provisions	(1,945)	(7,747)
Financial services expenses	(4,200)	(6,592)
Revaluation of property, plant and equipment	(1,080)	(330)
Restructuring and other costs	(1,715)	(2,794)
Finance costs	(6,298)	(6,156)
Pension curtailment	-	7,214
Profit before taxation from continuing operations	49,736	11,442
Income taxation charge	(7,040)	(2,415)
Profit for the financial year from continuing operations	42,696	9,027
Discontinued operations		
Profit for the financial year from discontinued operations, including profit from sale	-	1,653
Profit for the financial year	42,696	10,680
Attributable to:		
Equity holders of the parent	42,696	10,759
Non-controlling interests	-	(79)
	42,696	10,680

FBD Holdings plc
Consolidated Income Statement
For the financial year ended 31 December 2017

Earnings per share	2017	2016
From continuing operations	Cent	Cent
Basic	<u>123</u>	<u>26</u>
Diluted	<u>99¹</u>	<u>26</u>
From continuing and discontinued operations		
Basic	<u>123</u>	<u>31</u>
Diluted	<u>99¹</u>	<u>31</u>

¹ Diluted earnings per share reflects the potential conversion of the convertible debt and share based payments

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 26 February 2018.

FBD Holdings plc
Consolidated Statement of Comprehensive Income
For the financial year ended 31 December 2017

	2017 €000s	2016 €000s
Profit for the financial year	42,696	10,680
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>		
Net gain on available for sale financial assets during the year	2,807	10,371
Taxation charge relating to items that will or may be reclassified to profit or loss in subsequent periods	(351)	(1,296)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial gain/ (loss) on retirement benefit obligations	275	(12,233)
Taxation (charge)/credit relating to items not to be reclassified in subsequent periods	(34)	1,529
Other comprehensive income/(expense) after taxation	2,697	(1,629)
Total comprehensive income for the financial year	45,393	9,051
Attributable to:		
Equity holders of the parent	45,393	9,130
Non-controlling interests	-	(79)
	45,393	9,051

FBD Holdings plc
Consolidated Statement of Financial Position
At 31 December 2017

ASSETS

	2017 €000s	2016 €000s
Property, plant and equipment	68,251	72,994
Investment property	18,000	16,400
Loans	681	732
Deferred taxation asset	5,467	12,234
Financial assets		
Available for sale investments	758,687	629,498
Investments held for trading	45,347	90,302
Deposits with banks	195,985	236,897
	1,000,019	956,697
Reinsurance assets		
Provision for unearned premiums	4	13,954
Claims outstanding	90,561	69,260
	90,565	83,214
Retirement benefit asset	9,774	8,715
Current taxation asset	3,934	4,162
Deferred acquisition costs	31,366	25,004
Other receivables	64,020	62,770
Cash and cash equivalents	27,176	26,561
Total assets	1,319,253	1,269,483

FBD Holdings plc
Consolidated Statement of Financial Position (continued)
At 31 December 2017

EQUITY AND LIABILITIES

	2017	2016
	€000s	€000s
Equity		
Called up share capital presented as equity	21,409	21,409
Capital reserves	19,726	19,041
Retained earnings	212,259	166,866
Other reserves	18,232	18,232
	<hr/>	<hr/>
Equity attributable to ordinary equity holders of the parent	271,626	225,548
Preference share capital	2,923	2,923
	<hr/>	<hr/>
Total equity	274,549	228,471
	<hr/>	<hr/>
Liabilities		
Insurance contract liabilities		
Provision for unearned premiums	186,008	180,692
Claims outstanding	765,012	745,490
	<hr/>	<hr/>
	951,020	926,182
Other provisions	6,647	11,247
Convertible debt	52,525	51,136
Deferred taxation liability	3,845	3,347
Payables	30,667	49,100
	<hr/>	<hr/>
Total liabilities	1,044,704	1,041,012
	<hr/>	<hr/>
Total equity and liabilities	1,319,253	1,269,483
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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 2017

	Notes	2017 €000s	2016 €000s
Cash flows from operating activities			
Profit before taxation		49,736	13,095
Adjustments for:			
(Profit)/loss of investments held for trading		(1,685)	2,596
Loss on investments available for sale		5,981	4,467
Interest and dividend income		(12,735)	(14,233)
Depreciation of property, plant and equipment		11,426	10,795
Share-based payment expense		685	488
Revaluation of investment property		(1,600)	(1,850)
Revaluation of property, plant and equipment		1,080	330
Increase/(decrease) in insurance contract liabilities		17,486	(3,677)
(Decrease)/increase in other provisions		(4,600)	309
Profit on disposal of discontinued operation		-	(1,916)
		<hr/>	<hr/>
Operating cash flows before movement in working capital		65,774	10,404
(Increase)/decrease in receivables and deferred acquisition costs		(8,094)	64
Decrease in payables		(13,084)	(12,352)
Interest payments on convertible debt		(4,900)	(4,900)
Purchase of investments held for trading		(958)	(13,996)
Sale of investments held for trading		47,597	15,473
		<hr/>	<hr/>
Cash generated from/(used in) operations		86,335	(5,307)
Interest and dividend income received		13,218	13,441
Income taxes refunded		228	5,561
		<hr/>	<hr/>
Net cash generated from operating activities		99,781	13,695
Cash flows from investing activities			
Purchase of available for sale investments		(258,355)	(322,503)
Sale of available for sale investments		125,989	188,746
Purchase of property, plant and equipment		(7,869)	(12,113)
Sale of property, plant and equipment		106	80
Decrease in loans and advances		51	100
Decrease in deposits invested with banks		40,912	134,436
Net cash inflow from sale of subsidiary undertaking		-	1,930
		<hr/>	<hr/>
Net cash used in investing activities		(99,166)	(9,324)
Cash flows from financing activities			
Dividends paid to non-controlling interests		-	(120)
Proceeds of re-issue of ordinary shares		-	66
		<hr/>	<hr/>
Net cash used in financing activities		-	(54)
Net increase in cash and cash equivalents		615	4,317
Cash and cash equivalents at the beginning of the year		26,561	22,244
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		27,176	26,561

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 2017

	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 2016	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 expense	-	-	(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
Profit after taxation	-	-	42,696	-	42,696	-	-	42,696
Other comprehensive income	-	-	2,697	-	2,697	-	-	2,697
	21,409	19,041	212,259	18,232	270,941	2,923	-	273,864
Recognition of share based payments	-	685	-	-	685	-	-	685
Balance at 31 December 2017	21,409	19,726	212,259	18,232	271,626	2,923	-	274,549

FBD Holdings plc
Supplementary Information
For the year ended 31 December 2017

Note 1 UNDERWRITING PROFIT

	2017 €000s	2016 €000s
Gross premium written	<u>372,459</u>	<u>361,799</u>
Net premium earned	325,932	308,226
Net claims incurred	(203,144)	(227,853)
Other provisions	(1,945)	(7,747)
Net underwriting expenses	<u>(75,908)</u>	<u>(69,406)</u>
Underwriting Profit	<u>44,935</u>	<u>3,220</u>
	2017 €000s	2016 €000s
Net underwriting expenses		
Management expenses	81,751	75,399
Deferred acquisition costs	<u>(6,363)</u>	<u>2,541</u>
Gross underwriting expenses	75,388	77,940
Reinsurance commissions receivable	(2,528)	(11,660)
Broker commission payable	<u>3,048</u>	<u>3,126</u>
Net underwriting expenses	<u>75,908</u>	<u>69,406</u>

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2017

Note 2 EARNINGS 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:

Earnings	2017 €000s	2016 €000s
Profit for the year	42,696	10,680
Non-controlling interests	-	79
	<hr/>	<hr/>
Profit for the purpose of basic and diluted earnings per share	42,696	10,759
Adjustments to exclude profit for the year from discontinued operations	-	(1,653)
	<hr/>	<hr/>
Earnings from continuing operations for the purpose of basic and diluted earnings per share excluding discontinued operations	42,696	9,106
	<hr/>	<hr/>
Number of shares	2017	2016
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	34,666,201	34,654,611
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Weighted average number of ordinary shares for the purpose of diluted earnings per share (excludes treasury shares)	43,329,630	34,782,247
	<hr/>	<hr/>
From continuing operations	Cent	Cent
Basic earnings per share	123	26
Diluted earnings per share	99¹	26
	<hr/>	<hr/>
From discontinued operations	Cent	Cent
Basic earnings per share	-	5
Diluted earnings per share	-	5
	<hr/>	<hr/>

¹ Diluted earnings per share reflects the potential conversion of the convertible debt and share based payments

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 2017

Note 3 DIVIDENDS

Proposed:	2017 €000s	2016 €000s
Dividend of 8.4 cent (2016: nil cent) per share on 14% non-cumulative preference shares of €0.60 each	113	-
Dividend of 4.8 cent (2016: nil cent) per share on 8% non-cumulative preference shares of €0.60 each	169	-
Final dividend of 24.0 cent (2016: nil cent) per share on ordinary shares of €0.60 each	8,320	-
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Total dividends proposed	8,602	-
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The proposed dividend is subject to approval by shareholders at the Annual General Meeting on 4 May 2018 and has not been included as a liability in the Consolidated Statement of Financial Position.

Note 4 CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	Number	2017 €000s	2016 €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.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2017

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 795,005 (2016: 813,084). The number of ordinary shares of €0.60 each held as treasury shares at the end of the year was 795,005 (2016: 795,005). This represented 2.2% (2016: 2.2%) of the shares of this class in issue and had a nominal value of €477,003 (2016: €477,003). There were no ordinary shares of €0.60 each purchased by the Company during the year.

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 2017. Details of their shareholding and related party transactions are set out in the Annual Report.

There were no transactions with Farmers Business Developments plc during the year.

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:

	2017	2016
	€000s	€000s
Short term employee benefits ¹	3,590	3,005
Post-employment benefits	269	222
Share based payments	440	183
	<hr/>	<hr/>
Charge to the Consolidated Income Statement	4,299	3,410

¹Short term benefits include fees to non-executive Directors, salaries and other short-term benefits to all Key Management Personnel.

Full disclosure in relation to the 2017 and 2016 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 (2016: €nil).

Note 6 CHANGE IN ACCOUNTING POLICY

During the year, the Group changed its accounting policy with respect to the treatment of claims handling expenses. The Group now includes claims handling expenses within net claims and benefits. Prior to this change in policy, the Group included these expenses within other underwriting expenses.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2017

The Group believes the new policy is preferable as it aligns the Group to industry standard by including claims handling expenses within net claims and benefits.

The impact of this voluntary change in accounting policy is a reclassification of €9,597,000 (2016: €10,343,000) from other underwriting expenses to net claims and benefits. There is no change in the prior year profit of the Group, or on the opening shareholders' funds of the Group as a result of this change.

This accounting policy is in place for 2017. There is no impact on the Statement of Financial Position for these changes.

During the year the Group also changed the presentation of interest payments on convertible debt within cash flows from operating activities in the Consolidated Statement of Cash Flows by presenting these cash flows as a separate line item. The Group believes this new policy improves disclosure of cash flows from operating activities. This change has no impact on previously reported cash flows of the Group.

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:

	2017 €000s	Restated 2016 €000s
Loss ratio		
Net claims and benefits	203,144	227,853
Movement in other provisions	1,945	7,747
Total claims incurred	<u>205,089</u>	<u>235,600</u>
Net premium earned	<u>325,932</u>	<u>308,226</u>
Loss ratio (Total claims/Net premium earned)	<u>62.9%</u>	<u>76.4%</u>
Expense ratio		
Other underwriting expenses	75,908	69,406
Net premium earned	<u>325,932</u>	<u>308,226</u>
Expense ratio (Underwriting expenses/Net premium earned)	<u>23.3%</u>	<u>22.6%</u>

	2017	Restated 2016
Combined operating ratio	%	%
Loss ratio	62.9%	76.4%
Expense ratio	23.3%	22.6%
Combined operating ratio (Loss ratio + Expense ratio)	86.2%	99.0%
Investment return	2017 €'000s	2016 €'000s
Investment return recognised in Consolidated Income Statement	9,361	8,338
Investment return recognised in Consolidated Statement of Comprehensive Income	2,807	10,371
Total investment return	12,168	18,709
Average underwriting investment assets	1,027,637	991,152
Investment return (Total investment return/Average underwriting investment assets)	1.2%	1.9%
Net asset value per share	2017 €'000s	2016 €'000s
Equity attributable to ordinary equity holders of the parent	271,626	225,548
Number of shares		
Number of ordinary shares in issue (excluding treasury)	34,666,201	34,666,201
	Cent	Cent
Net asset value per share (NAV) (Shareholders funds / Closing number of ordinary shares)	784	651

Note 8 SUBSEQUENT EVENTS

There have been no subsequent events that 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 2017 or 2016 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 2017 and 2016 Financial Statements have been audited and received unqualified audit reports.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2017

The 2017 Financial Statements were approved by the Board of Directors on 26 February 2018.

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.