



**FBD HOLDINGS PLC**  
**PRELIMINARY ANNOUNCEMENT**  
For the year ended 31 December 2019

**KEY HIGHLIGHTS**

- Excellent profit before tax of €112.5m
- Proposed dividend of 100c per share
- Full Year Return on Equity of 30%
- Combined Operating Ratio (COR) of 72%, driven by strong current year COR of 84% and positive prior year claims reserve development of €40m
- Gross Written Premium (GWP) of €370m
- Average premiums down by 2.2%, with Motor premiums down 4.2% and Farm down 2.5%
- Strong total investment return of 2.7%
- Growth initiatives performing well:
  - New market-leading Farm product with increased Public Liability and Environmental (pollution) Liability cover as standard – a first in the Irish market
  - New Small Business product launched – a simpler product with continued good success with shops, pubs and restaurants
  - First to market with end to end digital customer journey for motor customers
  - An Post partnership is performing well
  - New TaxiFair partnership under way

**FINANCIAL SUMMARY**

	<b>2019</b>	<b>2018</b>
	<b>€000s</b>	<b>€000s</b>
Gross written premium	<b>370,063</b>	<b>371,504</b>
Underwriting profit	<b>93,669</b>	<b>63,418</b>
Profit before taxation	<b>112,480</b>	<b>50,065</b>
Loss ratio	<b>46.4%</b>	<b>56.3%</b>
Expense ratio	<b>25.9%</b>	<b>24.9%</b>
Combined operating ratio	<b>72.3%</b>	<b>81.2%</b>
	<b>Cent</b>	<b>Cent</b>
Basic earnings per share	<b>281</b>	<b>122</b>
Net assets per share	<b>1,068</b>	<b>818</b>

- GWP of €370.1m (2018: €371.5m). New business levels increased by 13% and satisfactory retention rates of existing customers in a highly competitive market
- Improved products, solid retention and increased use of quality business discounts, all key tools to defend our market-leading position in Farm and to attract new customers in Commercial and Consumer
- Net profit before tax of €112.5m compared to €50.1m in 2018 (2018 included €11.8m exceptional loss on the Fairfax Bond buy back)
- COR of 72.3% (2018: 81.2%), as a result of strong underlying profitability and benign weather as well as prior year claims reserve development of €40.1m (2018: €28.7m)

- Good investment return in all asset classes. Income statement return of €17.9m (2018: €2.5m), coupled with €10.9m (2018: -€7.8m) increase in Mark to Market (MTM) on the Company's investment portfolio reflected in Other Comprehensive Income (OCI)
- Solvency Capital Ratio of 192% (unaudited) after the 2019 proposed ordinary dividend of €34.9m (2018: 165%)

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

“Our FBD team has delivered a great result for 2019 due to our excellent customer service, our disciplined underwriting, some good luck with the weather, a rebound in investment markets and strong claims settlement activity. I am pleased to report that the Board proposes a dividend of 100c per share for our shareholders.

We welcome the increasing stabilisation evident in court awards and resulting strong claims settlement activity in 2019. However, all consumers urgently need claims costs to come down through lower awards, lower legal and medical costs and the increased recognition of personal responsibility in injury cases. FBD continues to call for systemic reform to lower the cost of insurance for all.

FBD's strong out-turn for 2019 has been built from sound underwriting and risk selection decisions over the last few years and I am delighted to see those benefits come through so strongly. I would like to take this opportunity to thank all of my colleagues who delivered this result and to wish our loyal customers and shareholders every success for 2020 and beyond.”

A presentation will be made to analysts at 09.00am today, a copy of which will be available on our Group website [www.fbdgroup.com](http://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 34 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	Euronext Dublin	UK Listing Authority
Listing Category	Premium	Premium (Equity)
Trading Venue	Euronext Dublin	London Stock Exchange

Market  
ISIN  
Ticker

Main Securities Market  
IE0003290289  
FBD.I or EG7.IR

Main Market  
IE0003290289  
FBH.L

## OVERVIEW

FBD delivered an excellent profit of €112.5m before tax and an exceptional 30% return on equity. This result was driven by a number of factors primarily our strong underwriting result but also including unusually benign weather, significant positive prior year reserve development and better than expected investment returns. The underwriting profit has increased to €93.7m (2018: €63.4m).

In line with our Dividend Policy, the Board has proposed a dividend of 100c per share (2018: 50c) in respect of the 2019 financial year. This represents a pay-out of approximately 35% of Group profits after tax (2018: 40%).

## UNDERWRITING

### Premium income

Strong competition in all customer segments has resulted in a decrease in Gross Written Premium of €1.4m to €370.1m (2018: €371.5m). Increases in SME Business and the introduction of the An Post partnership were offset by reductions in Agri and Consumer as we reduced prices in the face of strong competition to defend our book. We continued to maintain our underwriting discipline on risk selection and price adequacy. We believe that our strong customer relationships, risk selection and underwriting capabilities are a core strength. New business volumes grew by 13%, primarily in personal lines. Retention rates are generally satisfactory across the book thanks to our excellent customer service.

Average premiums reduced by 2.2% across the book. Average Motor premiums reduced by 4.2% and Farm reduced by 2.5%, despite increases in exposures following the improvements in our Multi-Peril product with increased cover for Public Liability and Environmental (pollution) liability. Business premiums increased by 1.8%, primarily due to changes in mix as opposed to rate increases.

### Reinsurance

Our underwriting track record over the past few years supported the successful renegotiation of our 2019 reinsurance programme at satisfactory rates.

### Claims

Net claims incurred amounted to €148.7m (2018: €183.4m). There were positive prior year reserve releases of €40.1m as our claims experience from older years continued to show improvements relative to provisions (2018: €28.7m). These releases have been driven primarily by better than expected settlements and a very low large claims frequency in some recent accident years. In particular our latest view of the 2016 accident year continues to be better than previous expectations.

The Group incurred a net charge of €8.0m (2018: €7.1m) relating to the MIBI levy and its MIICF contribution which are calculated based on the Group's expected share of the motor market for 2019 and its motor gross written premium respectively.

### Claims Environment

We welcome the increased stabilisation in the Irish claims environment, in particular:

- An increased willingness to recognise that plaintiffs have some degree of responsibility for their own personal safety, building on the decision in *Byrne v Ardenheath* (2017). This should assist businesses who are being held to unreasonably high standards in personal injury cases. In addition, in the event a plaintiff succeeds in proving a breach of statutory duty on the part of the defendant, a causal link must be shown before damages will be awarded (*McCarthy v Twomey* (2019)).
- The PIAB (Amendment) Act was enacted in April to address the non-co-operation of claimants including failure to attend medical examinations and failure to cooperate with experts. Claimants can now incur penalties in respect of legal costs but only at the judge's discretion.

- The Civil Liability & Courts Act has been amended to reduce the timeframe of notification of a claim to a defendant from two months to one.
- Legislation was passed to establish the Judicial Council and the Personal Injuries Guidelines Committee. The Judicial Council was formally established in February 2020 and the Committee is to follow. We await the findings of the Committee to see if there is to be real change in award levels.

Currently the level of compensation is too high for soft tissue injuries in Irish courts and the negligence standards imposed by courts for farmers and small businesses remain too onerous. The Personal Injuries Commission found that the average soft tissue award in Ireland is more than 4 times that in the UK. We believe important reforms would lower insurance costs for all our customers:

- Lower injury awards through the work of the Judicial Council Personal Injury Commission;
- Speed up litigation and reduce legal costs;
- Create a pre-action protocol to fast-track rejected Injuries Board awards;
- Make gross exaggeration an offence;
- Establish and resource a Garda fraud investigation unit.

In addition, there are remaining issues outstanding that may further increase the cost of claims such as:

- The Consumer Insurance Contracts Act, while introducing reforms for consumers that are generally welcome but has the potential to increase costs and create upward pressure on pricing;
- Brexit implications on our supply chain may lead to increased costs for motor and property damage repair claims;
- Further increases in Property repair costs due to demand and labour supply shortages.

While award stability is welcome after many years of uncertainty, in the absence of real reform of the claims environment, Irish businesses, farmers and consumers will continue to bear too-high insurance costs and volatile underwriting capacity in the market caused by withdrawal of foreign competitors and niche operators.

#### Weather, Claims Frequency and Large Claims

An unusually benign 2019 resulted in no weather events of note and the lowest quantum of weather claims in many years.

There was a modest reduction in Motor injury frequency during 2019 with the benign weather a contributing factor. We are closely monitoring Employer's Liability claims frequency which was running at a three year high in the middle of 2019 but is showing more positive trends in the second half of the year. It is likely that it is a result of increased economic activity.

The number of large Casualty claims greater than €250k reported in 2019 is slightly higher than the average number reported in the previous 7 years. The number and size of large claims can vary greatly from year to year.

#### Expenses

The Group's expense ratio was 25.9% (2018: 24.9%). Other underwriting expenses were €87.3m, an increase of €3.2m. The increase is explained by €1.2m more in commission payments in respect of our intermediary partner, €1.2m in increased salary costs and a €1m increase in marketing costs offset by modest reductions elsewhere.

## **General**

FBD generated an underwriting profit of €93.7m (2018: €63.4m) which translates to a COR of 72.3% (2018: 81.2%).

## **Investment Return**

FBD's total investment return for 2019 was 2.7% (2018: -0.5%). 1.7% (2018: 0.2%) is recognised in the Consolidated Income Statement and 1.0% (2018: -0.7%) recognised in the Consolidated Statement of Other Comprehensive Income (OCI). The strong returns are a result of investment gains across all asset classes.

The Income Statement return reflects the strong performance of the Company's risk asset portfolio, in particular equities. FBD's global equity fund was up 24% during the year as this asset class performed strongly with the easing of geo-political tensions and challenging low interest environment. Falling interest rates and an easing of monetary policy in the Eurozone resulted in a strong positive mark-to-market return on FBD's sovereign and corporate bond portfolios and this is reflected in OCI.

## **Financial Services Income and Other Costs**

The Group's financial services operations delivered a profit before tax of €3.7m for the year (2018; €2.5m). The life, pension and investment broking operation (FBD Financial Solutions) increased revenue by 12% to €4.3m (2018: €3.8m) with marginal cost increases. Other financial services fees increased by 5%. Holding company costs decreased from €3.5m to €2.9m mainly due to lower legal expenses.

## **Profit per share**

The diluted profit per share was 276 cent per ordinary share, compared to 112 cent per ordinary share in 2018.

## **Dividend**

The Group has a Dividend Policy whereby it pays 20% to 50% of full year profits when appropriate, recognising that extreme weather events and inherent cyclicity are a feature of all insurance businesses. The Group has a robust capital position including strong solvency and liquidity margins. Given the Group's outstanding financial performance in 2019 the Board proposes to pay a dividend of 100 cent per share for the 2019 financial year (2018: 50 cent). This is equivalent to a pay-out ratio of approximately 35% in respect of 2019 profits (2018: 40%).

Subject to the approval of shareholders at the Annual General Meeting to be held on 8 May 2020, the final dividend for 2019 will be paid on 15 May 2020 to the holders of shares on the register on 14 April 2020. 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 2019 amounted to €372.2m (2018: €283.5m). The increase in shareholders' funds is mainly attributable to the following:

- Profit after tax for the year of €98.2m;
- Mark to Market movement on our Bond portfolio of €9.6m after tax in the Statement of Other Comprehensive Income;
- Share based payments of €2.4m;
- Offset by €17.7m dividend payments in respect of the 2018 financial year; and
- The decrease in the defined benefit pension scheme surplus of €3.7m after tax following a 90bps decrease in the discount rate to 0.9% and drop in long-term inflation to 1.3%.

Net assets per ordinary share are 1,068 cent, compared to 818 cent per share at 31 December 2018.

### **Investment Allocation**

The Group adopts a conservative investment strategy to ensure that its technical reserves are matched by cash and fixed interest securities of low risk and similar duration. FBD allocated an additional €22m to our Risk Assets portfolio during 2019 to move closer to the Company's target Strategic Asset Allocation.

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

	<b>31 December 2019</b>		<b>31 December 2018</b>	
	<b>€m</b>	<b>%</b>	<b>€m</b>	<b>%</b>
Corporate bonds	509	46%	498	47%
Government bonds	302	27%	297	28%
Deposits and cash	168	15%	157	15%
Other risk assets	111	10%	79	8%
Investment property	19	2%	18	2%
	<b>1,109</b>	<b>100%</b>	<b>1,049</b>	<b>100%</b>

### **Solvency**

The latest (unaudited) Solvency Capital Ratio (SCR) is 192% compared to the 2018 SCR of 165%. The SCR includes the foreseeable ordinary dividend of €34.9m. For the first time the SCR calculation excludes a substantial portion of the value of the Company's TIA policy administration system. The TIA system is the principal operating and core technology platform of the business. The impact of this change in the SCR calculation is a reduction of eight percentage points. There is no impact on the Group's IFRS Financial Statements.

### **OUTLOOK**

Our mission is to be the Irish insurer of choice by putting our customers and communities at the heart of who we are and what we do. We believe this approach delivers sustainable returns to shareholders and ensures the ongoing profitability of FBD.

We welcome the strong stance taken by the judiciary towards fraudulent and exaggerated claims, the increasing stabilisation of award levels and some recognition of increased personal responsibility in court awards. In non-cooperation cases judges may now issue penalties. Claims may be dismissed if a claimant's affidavit is false or misleading. FBD contests all suspect claims and we advocate for penalties for false or exaggerated claims in order to deter these claimants. However, progress in reducing injury awards remains the key driver in reducing future costs for all our customers.

We are operating in a very competitive market. All business, new and existing is fiercely competed. We believe underwriting and pricing discipline is key to our future success.

We have successfully renegotiated our 2020 reinsurance programme at satisfactory rates. The structure of our programme is largely unchanged from 2019.

We are preparing to limit the operational impacts on our supply chain following Brexit. However the impact on our customers; the consumers, farms and businesses around the country, is still very uncertain. We will continue to monitor this economic impact and to advocate for sensible solutions as the situation evolves.

For 2020 we are targeting a current year COR in the low 90's, absent exceptional weather.

**FBD Holdings plc**  
**Consolidated Income Statement**  
**For the financial year ended 31 December 2019**

	<b>2019</b> <b>€000s</b>	<b>2018</b> <b>€000s</b>
<b>Revenue</b>	<b>394,639</b>	396,003
<b>Income</b>		
Gross premium written	<b>370,063</b>	371,504
Reinsurance premiums	<b>(31,836)</b>	(36,735)
Net premium written	<b>338,227</b>	334,769
Change in provision for unearned premiums	<b>(674)</b>	3,134
Net premium earned	<b>337,553</b>	337,903
Net investment return	<b>17,892</b>	2,482
Financial services income - Revenue from contracts with customers	<b>4,268</b>	3,754
- Other financial services income	<b>5,557</b>	5,282
<b>Total income</b>	<b>365,270</b>	349,421
<b>Expenses</b>		
Net claims and benefits	<b>(148,679)</b>	(183,367)
Other underwriting expenses	<b>(87,259)</b>	(84,054)
Movement in other provisions	<b>(7,946)</b>	(7,064)
Financial services and other costs	<b>(6,081)</b>	(6,548)
Impairment of property, plant and equipment	<b>(246)</b>	(1,034)
Finance costs	<b>(2,579)</b>	(5,453)
Exceptional loss on purchase and cancellation of convertible debt	<b>-</b>	(11,836)
<b>Profit before taxation</b>	<b>112,480</b>	50,065
Income taxation charge	<b>(14,255)</b>	(7,682)
<b>Profit for the financial year</b>	<b>98,225</b>	42,383
<b>Attributable to:</b>		
Equity holders of the parent	<b>98,225</b>	42,383



**FBD Holdings plc**  
**Consolidated Income Statement**  
**For the financial year ended 31 December 2019**

<b>Earnings per share</b>	<b>2019</b>	<b>2018</b>
<b>From continuing operations</b>	<b>Cent</b>	<b>Cent</b>
Basic	<u>281</u>	<u>122</u>
Diluted	<u>276<sup>1</sup></u>	<u>112<sup>2</sup></u>

<sup>1</sup> Diluted earnings per share reflects the potential vesting of share based payments.

<sup>2</sup> Diluted earnings per share reflects the potential conversion of convertible debt up until the date of purchase and cancellation of the convertible debt and the potential vesting of share based payments.

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

The Financial Statements were approved by the Board and authorised for issue on 26 February 2020.

**FBD Holdings plc**  
**Consolidated Statement of Comprehensive Income**  
**For the financial year ended 31 December 2019**

	<b>2019</b> <b>€000s</b>	<b>2018</b> <b>€000s</b>
<b>Profit for the financial year</b>	<b>98,225</b>	<b>42,383</b>
<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	<b>11,356</b>	(7,744)
Gains transferred to the Consolidated Income Statement on disposal during the year	<b>(432)</b>	(101)
Taxation (charge)/credit relating to items that will or may be reclassified to profit or loss in subsequent periods	<b>(1,366)</b>	981
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial (loss)/gain on retirement benefit obligations	<b>(4,236)</b>	3,232
Taxation credit/(charge) relating to items not to be reclassified in subsequent periods	<b>530</b>	(404)
<b>Other comprehensive income/(expense) after taxation</b>	<b>5,852</b>	<b>(4,036)</b>
<b>Total comprehensive income for the financial year</b>	<b>104,077</b>	<b>38,347</b>
<b>Attributable to:</b>		
Equity holders of the parent	<b>104,077</b>	<b>38,347</b>

**FBD Holdings plc**  
**Consolidated Statement of Financial Position**  
**At 31 December 2019**

**ASSETS**

	<b>2019</b> <b>€000s</b>	<b>2018</b> <b>€000s</b>
<b>Property, plant and equipment</b>	<b>28,114</b>	28,340
<b>Policy administration system</b>	<b>38,603</b>	40,152
<b>Intangible assets</b>	<b>2,155</b>	355
<b>Investment property</b>	<b>18,693</b>	18,310
<b>Right of use assets</b>	<b>6,115</b>	-
<b>Loans</b>	<b>611</b>	615
<b>Deferred taxation asset</b>	<b>1,222</b>	1,081
<b>Financial assets</b>		
Available for sale investments	<b>811,986</b>	795,717
Investments held for trading	<b>111,399</b>	78,778
Deposits with banks	<b>60,000</b>	70,998
	<b>983,385</b>	945,493
<b>Reinsurance assets</b>		
Provision for unearned premiums	<b>1</b>	6
Claims outstanding	<b>66,349</b>	80,919
	<b>66,350</b>	80,925
<b>Retirement benefit surplus</b>	<b>8,723</b>	12,944
<b>Current taxation asset</b>	<b>3,949</b>	3,949
<b>Deferred acquisition costs</b>	<b>33,182</b>	31,956
<b>Other receivables</b>	<b>63,866</b>	62,868
<b>Cash and cash equivalents</b>	<b>94,982</b>	77,639
<b>Total assets</b>	<b>1,349,950</b>	1,304,627

**FBD Holdings plc**  
**Consolidated Statement of Financial Position (continued)**  
**At 31 December 2019**

**EQUITY AND LIABILITIES**

	<b>2019</b>	<b>2018</b>
	<b>€000s</b>	<b>€000s</b>
<b>Equity</b>		
Called up share capital presented as equity	<b>21,409</b>	21,409
Capital reserves	<b>22,811</b>	20,430
Retained earnings	<b>328,008</b>	241,645
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<b>Equity attributable to ordinary equity holders of the parent</b>	<b>372,228</b>	283,484
Preference share capital	<b>2,923</b>	2,923
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<b>Total equity</b>	<b>375,151</b>	286,407
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<b>Liabilities</b>		
<b>Insurance contract liabilities</b>		
Provision for unearned premiums	<b>183,545</b>	182,875
Claims outstanding	<b>683,332</b>	738,025
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	<b>866,877</b>	920,900
	<hr/>	<hr/>
<b>Other provisions</b>	<b>8,417</b>	7,738
<b>Subordinated debt</b>	<b>49,485</b>	49,426
<b>Lease liability</b>	<b>6,222</b>	-
<b>Deferred taxation liability</b>	<b>4,905</b>	3,610
<b>Current taxation liability</b>	<b>3,128</b>	3,312
<b>Payables</b>	<b>35,765</b>	33,234
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<b>Total liabilities</b>	<b>974,799</b>	1,018,220
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<b>Total equity and liabilities</b>	<b>1,349,950</b>	1,304,627
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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 2019**

	<b>2019</b>	<b>2018</b>
	<b>€000s</b>	<b>€000s</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	112,480	50,065
Adjustments for:		
(Profit)/loss on investments held for trading	(10,741)	4,411
Exceptional loss on purchase and cancellation of convertible bond	-	11,836
Loss on investments available for sale	4,025	4,825
Interest and dividend income	(11,102)	(12,072)
Depreciation/amortisation of property, plant and equipment and intangible assets	10,503	11,682
Depreciation of right of use asset	771	-
Share-based payment expense	2,381	704
Revaluation of investment property	(290)	(310)
Revaluation of property, plant and equipment	246	1,034
Decrease in insurance contract liabilities	(39,448)	(20,480)
Increase in other provisions	679	1,091
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Operating cash flows before movement in working capital	69,504	52,786
(Increase)/ decrease in receivables and deferred acquisition costs	(2,839)	3,390
Increase in payables	5,082	8,472
Interest payments on convertible debt	-	(5,130)
Interest payments on subordinated debt	(2,500)	(589)
Interest on lease liabilities	278	-
Purchase of investments held for trading	(29,689)	(82,916)
Sale of investments held for trading	7,807	45,075
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Cash generated from operations	47,643	21,088
Interest and dividend income received	11,717	11,992
Income taxes paid	(14,129)	-
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<b>Net cash generated from operating activities</b>	<b>45,231</b>	<b>33,080</b>
<b>Cash flows from investing activities</b>		
Purchase of available for sale investments	(152,656)	(138,798)
Sale of available for sale investments	143,289	89,101
Purchase of property, plant and equipment	(8,932)	(13,003)
Sale of property, plant and equipment	-	90
Purchase of intangible assets	(1,935)	(399)
Decrease in loans and advances	4	66
Decrease in deposits invested with banks	10,998	124,987
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<b>Net cash (used in)/ generated from investing activities</b>	<b>(9,232)</b>	<b>62,044</b>
<b>Cash flows from financing activities</b>		
Ordinary and preference dividends paid	(17,714)	(8,602)
Purchase and cancellation of convertible bond	-	(86,059)
Proceeds from issue of subordinate debt	-	50,000
Principal elements of lease payments	(942)	-
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(18,656)</b>	<b>(44,661)</b>
	<hr/>	<hr/>
Net increase in cash and cash equivalents	17,343	50,463
Cash and cash equivalents at the beginning of the year	77,639	27,176
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<b>Cash and cash equivalents at the end of the financial year</b>	<b>94,982</b>	<b>77,639</b>

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 2019**

	Called up share capital presented as equity	Capital reserves	Retained earnings	Other reserves	Attributable to ordinary shareholders	Preference share capital	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
<b>Balance at 1 January 2018</b>	21,409	19,726	212,259	18,232	271,626	2,923	274,549
Transitional adjustment IFRS 15	-	-	2,404	-	2,404	-	2,404
Profit after taxation	-	-	42,383	-	42,383	-	42,383
Other comprehensive income	-	-	(4,036)	-	(4,036)	-	(4,036)
	21,409	19,726	253,010	18,232	312,377	2,923	315,300
Dividends paid and approved on ordinary and preference shares	-	-	(8,602)	-	(8,602)	-	(8,602)
Recognition of share based payments	-	704	-	-	704	-	704
Purchase and cancellation of convertible debt	-	-	(2,763)	(18,232)	(20,995)	-	(20,995)
<b>Balance at 31 December 2018</b>	<b>21,409</b>	<b>20,430</b>	<b>241,645</b>	<b>-</b>	<b>283,484</b>	<b>2,923</b>	<b>286,407</b>
Profit after taxation	-	-	98,225	-	98,225	-	98,225
Other comprehensive income	-	-	5,852	-	5,852	-	5,852
	21,409	20,430	345,722	-	387,561	2,923	390,484
Dividends paid and approved on ordinary and preference shares	-	-	(17,714)	-	(17,714)	-	(17,714)
Recognition of share based payments	-	2,381	-	-	2,381	-	2,381
<b>Balance at 31 December 2019</b>	<b>21,409</b>	<b>22,811</b>	<b>328,008</b>	<b>-</b>	<b>372,228</b>	<b>2,923</b>	<b>375,151</b>

**FBD Holdings plc**  
**Supplementary Information**  
**For the year ended 31 December 2019**

**Note 1 UNDERWRITING PROFIT**

	<b>2019</b> <b>€000s</b>	<b>2018</b> <b>€000s</b>
Gross premium written	<u>370,063</u>	<u>371,504</u>
Net premium earned	<b>337,553</b>	337,903
Net claims incurred	<b>(148,679)</b>	(183,367)
Other provisions	<b>(7,946)</b>	(7,064)
Net underwriting expenses	<u><b>(87,259)</b></u>	<u>(84,054)</u>
Underwriting profit	<u><b>93,669</b></u>	<u>63,418</u>
	<b>2019</b> <b>€000s</b>	<b>2018</b> <b>€000s</b>
<b>Net underwriting expenses</b>		
Management expenses	<b>86,499</b>	84,220
Deferred acquisition costs	<u><b>(1,226)</b></u>	<u>(590)</u>
Gross underwriting expenses	<b>85,273</b>	83,630
Reinsurance commission receivable	<b>(2,479)</b>	(2,876)
Broker commission payable	<u><b>4,465</b></u>	<u>3,300</u>
Net underwriting expenses	<u><b>87,259</b></u>	<u>84,054</u>

**FBD Holdings plc**  
**Supplementary Information (continued)**  
**For the year ended 31 December 2019**

**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:

<b>Earnings</b>	<b>2019 €000s</b>	<b>2018 €000s</b>
*Profit for the year for the purpose of basic earnings per share	<b>97,943</b>	42,101
*Profit for the year for the purpose of diluted earnings per share	<b>97,943</b>	46,357
<b>Number of shares</b>	<b>2019 No.</b>	<b>2018 No.</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	<b>34,817,297</b>	34,666,201
Weighted average number of ordinary shares for the purpose of diluted earnings per share (excludes treasury shares)	<b>35,472,380</b>	41,507,329
Basic earnings per share	<b>Cent 281</b>	Cent 122
Diluted earnings per share	<b>276<sup>1</sup></b>	112 <sup>2</sup>

\* Profit for the purpose of calculating both basic and diluted EPS is stated after taking into account preference dividends.

The 'A' ordinary shares of €0.01 each that are in issue have no impact on the earnings per share calculation.

<sup>1</sup>Diluted earnings per share reflects the potential vesting of share based payments

<sup>2</sup>Diluted earnings per share reflects the potential conversion of convertible debt up until the date of purchase and cancellation of the convertible debt and the potential vesting of share based payments



**FBD Holdings plc**  
**Supplementary Information (continued)**  
**For the year ended 31 December 2019**

**Note 3 DIVIDENDS**

	<b>2019</b>	<b>2018</b>
	<b>€000s</b>	<b>€000s</b>
<b>Paid during year:</b>		
2018 dividend of 8.4 cent (2017: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	<b>113</b>	113
2018 dividend of 4.8 cent (2017: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	<b>169</b>	169
2018 final dividend of 50.0 cent (2017: 24.0 cent) per share on ordinary shares of €0.60 each	<b>17,432</b>	8,320
<b>Total dividends paid</b>	<b>17,714</b>	8,602
	<b>2019</b>	<b>2018</b>
	<b>€000s</b>	<b>€000s</b>
<b>Proposed:</b>		
2019 dividend of 8.4 cent (2018: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	<b>113</b>	113
2019 dividend of 4.8 cent (2018: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	<b>169</b>	169
2019 final dividend of 100.0 cent (2018: 50.0 cent) per share on ordinary shares of €0.60 each	<b>34,862</b>	17,333
<b>Total dividends proposed</b>	<b>35,144</b>	17,615

The proposed dividend excludes any amounts due on outstanding share awards as at 31 December 2019 that are due to vest in March 2020 and is subject to approval by shareholders at the Annual General Meeting on 8 May 2020. The proposed dividends have not been included as a liability in the Consolidated Statement of Financial Position.

**FBD Holdings plc**  
**Supplementary Information (continued)**  
**For the year ended 31 December 2019**

**Note 4 CALLED UP SHARE CAPITAL PRESENTED AS EQUITY**

	Number	2019 €000s	2018 €000s
(i) Ordinary shares of €0.60 each			
<b>Authorised:</b>			
At the beginning and the end of the year	<u>51,326,000</u>	<u>30,796</u>	<u>30,796</u>
<b>Issued and fully paid:</b>			
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			
<b>Authorised:</b>			
At the beginning and the end of the year	<u>120,000,000</u>	<u>1,200</u>	<u>1,200</u>
<b>Issued and fully paid:</b>			
At the beginning and the end of the year	<u>13,169,428</u>	<u>132</u>	<u>132</u>
<b>Total – issued and fully paid</b>		<u><b>21,409</b></u>	<u><b>21,409</b></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 795,005 (2018: 795,005). 196,263 ordinary shares were reissued from treasury during the year under the FBD Performance Plan. The number of ordinary shares of €0.60 each held as treasury shares at the end of the year was 598,742 (2018: 795,005). This represented 1.7% (2018: 2.2%) of the shares of this class in issue and had a nominal value of €359,245 (2018: €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.

**FBD Holdings plc**  
**Supplementary Information (continued)**  
**For the year ended 31 December 2019**

**Note 5 TRANSACTIONS WITH RELATED PARTIES**

Farmer Business Developments plc and FBD Trust Company Ltd have a substantial shareholding in the Group at 31 December 2019. Details of their shareholdings and related party transactions are set out in the Annual Report.

As part of the subordinated debt investment in 2018, Farmer Business Developments plc invested €20.0m and FBD Trust Company Ltd invested €13.0m.

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 Group) 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:

	<b>2019</b>	<b>2018</b>
	<b>€000s</b>	<b>€000s</b>
Short term employee benefits <sup>1</sup>	<b>3,501</b>	3,545
Post-employment benefits	<b>305</b>	297
Share based payments	<b>993</b>	316
	<hr/>	<hr/>
<b>Charge to the Consolidated Income Statement</b>	<b>4,799</b>	<b>4,158</b>
	<hr/>	<hr/>

<sup>1</sup>Short 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 2019 and 2018 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 €27,830 (2018: €3,571).

**Note 6 CHANGE IN ACCOUNTING POLICY**

IFRS 16 Leases was effective from 1 January 2019 and was adopted by the Group on that date. The Group has applied the modified retrospective approach to the standard. On adoption of IFRS 16, the adjustments recognised from the date of initial application are shown below:

<b>Operating lease commitments disclosed as at 31 December 2018</b>	<b>€9.6m</b>
Discounted using the Group’s incremental borrowing rate at the date of initial application	€7.1m
Less short term leases recognised on a straight-line basis as expense	<u>(€0.2m)</u>
<b>Lease liability recognised as at 1 January 2019</b>	<b>€6.9m</b>

Full disclosure on the impact of IFRS 16 is provided in the Annual Report.

**FBD Holdings plc**  
**Supplementary Information (continued)**  
**For the year ended 31 December 2019**

**Note 7 ALTERNATIVE PERFORMANCE MEASURES (APM's)**

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

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. Return on equity (ROE) is also a widely used profitability ratio that measures an entity's ability to generate profits from its shareholder investments. Gross written premium refers to the revenue of an insurance company and is widely used across the general insurance industry.

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

	<b>2019</b> <b>€000s</b>	<b>2018</b> <b>€000s</b>
<b>Loss ratio</b>		
Net claims and benefits	<b>148,679</b>	183,367
Movement in other provisions	<b>7,946</b>	7,064
Total claims incurred	<b>156,625</b>	190,431
Net premium earned	<b>337,553</b>	337,903
Loss ratio (Total claims/Net premium earned)	<b>46.4%</b>	56.3%
<b>Expense ratio</b>		
Other underwriting expenses	<b>87,259</b>	84,054
Net premium earned	<b>337,553</b>	337,903
Expense ratio (Underwriting expenses/Net premium earned)	<b>25.9%</b>	24.9%
<b>Combined operating ratio</b>	<b>%</b>	<b>%</b>
Loss ratio	<b>46.4%</b>	56.3%
Expense ratio	<b>25.9%</b>	24.9%
Combined operating ratio (Loss ratio + Expense ratio)	<b>72.3%</b>	81.2%

**FBD Holdings plc**  
**Supplementary Information (continued)**  
**For the year ended 31 December 2019**

	<b>2019</b> <b>€'000s</b>	<b>2018</b> <b>€'000s</b>
<b>Investment return</b>		
Investment return recognised in Consolidated Income Statement	<b>17,892</b>	2,482
Investment return recognised in Consolidated Statement of Comprehensive Income	<b>10,924</b>	(7,845)
Total investment return	<b>28,816</b>	(5,363)
Average investment assets	<b>1,073,429</b>	1,047,711
Investment return % (Total investment return/Average investment assets)	<b>2.7%</b>	-0.5%
	<b>2019</b> <b>€'000s</b>	<b>2018</b> <b>€'000s</b>
<b>Net asset value per share</b>		
Shareholders' funds - equity interests	<b>372,228</b>	283,483
<b>Number of shares</b>		
Number of ordinary shares in issue (excluding treasury)	<b>34,862,464</b>	34,666,201
	<b>Cent</b>	Cent
Net asset value per share (NAV) (Shareholders funds / Closing number of ordinary shares)	<b>1,068</b>	818
<b>Return on equity</b>		
Weighted average equity attributable to ordinary equity holders of the parent	<b>327,856</b>	277,555
Result for the period	<b>98,225</b>	42,383
Return on equity (Result for the period/Weighted average equity attributable to ordinary equity holders of the parent)	<b>30%</b>	15%

**Gross premium written:** The total premium on insurance underwritten by an insurer or reinsurer during a specified period, before deduction of reinsurance premium.

**Expense ratio:** Underwriting and administrative expenses as a percentage of net earned premium.

**Loss ratio:** Net claims incurred as a percentage of net earned premium.

**Combined Operating Ratio:** The sum of the loss ratio and expense ratio. A combined operating ratio below 100% indicates profitable underwriting results. A combined operating ratio over 100% indicates unprofitable results

**FBD Holdings plc**  
**Supplementary Information (continued)**  
**For the year ended 31 December 2019**

**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 2019 or 2018 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 Euronext Dublin, the Financial Conduct Authority and comply with Article 4 of the EU IAS Regulation.

The 2019 and 2018 Financial Statements have been audited and received unqualified audit reports.

The 2019 Financial Statements were approved by the Board of Directors on 26 February 2020.

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.