

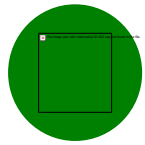


De-Risking the Business

FBD Holdings plc

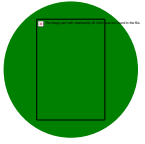
Fiona Muldoon, Chief Executive

FBD'S STORY



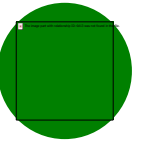
Started by Irish Farmers in 1968

- Farm & Farm related is > 50% of book
- Brand loyalty is very strong
- 34 Branch network

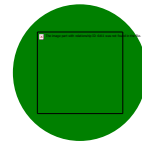


ROE's of >20% since inception

- Excess capital over the years was invested in Property. Post 2008 this strategy changed
- Growth in recent years was at expense of profitability

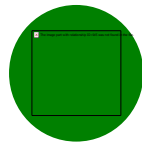


In 2015 a prior year charge was necessary on liability claims: charge was very significant relative to market cap



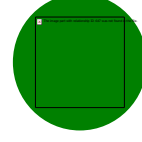
Turn- around actions communicated

- Focus on core, exit non-core
- Raise capital, sale of hotels & debt issuance
- Cut expenses, single brand, new management



Share price hit low of €5.60

- Currently trades €10.55

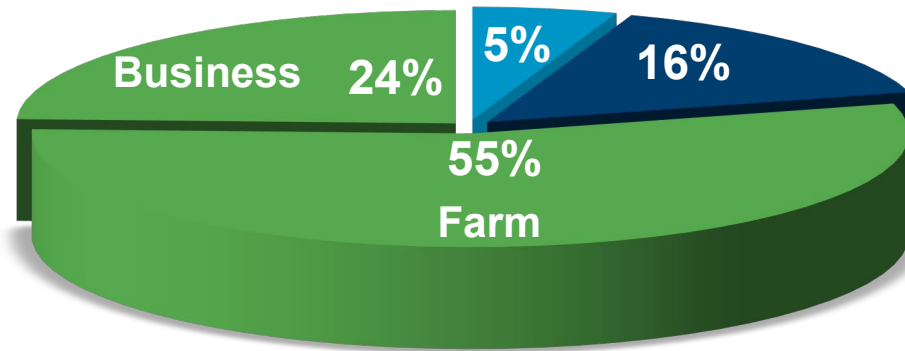


Today: FBD's strategy is differentiated in Ireland

- Direct customer relationships
- Irish insurer
- Focussed on customer service & longevity



CUSTOMER SEGMENTS



December
2017

Farm & Business Direct



- Strong performance with growth in premium
- Successful focus on small business retention

Consumer



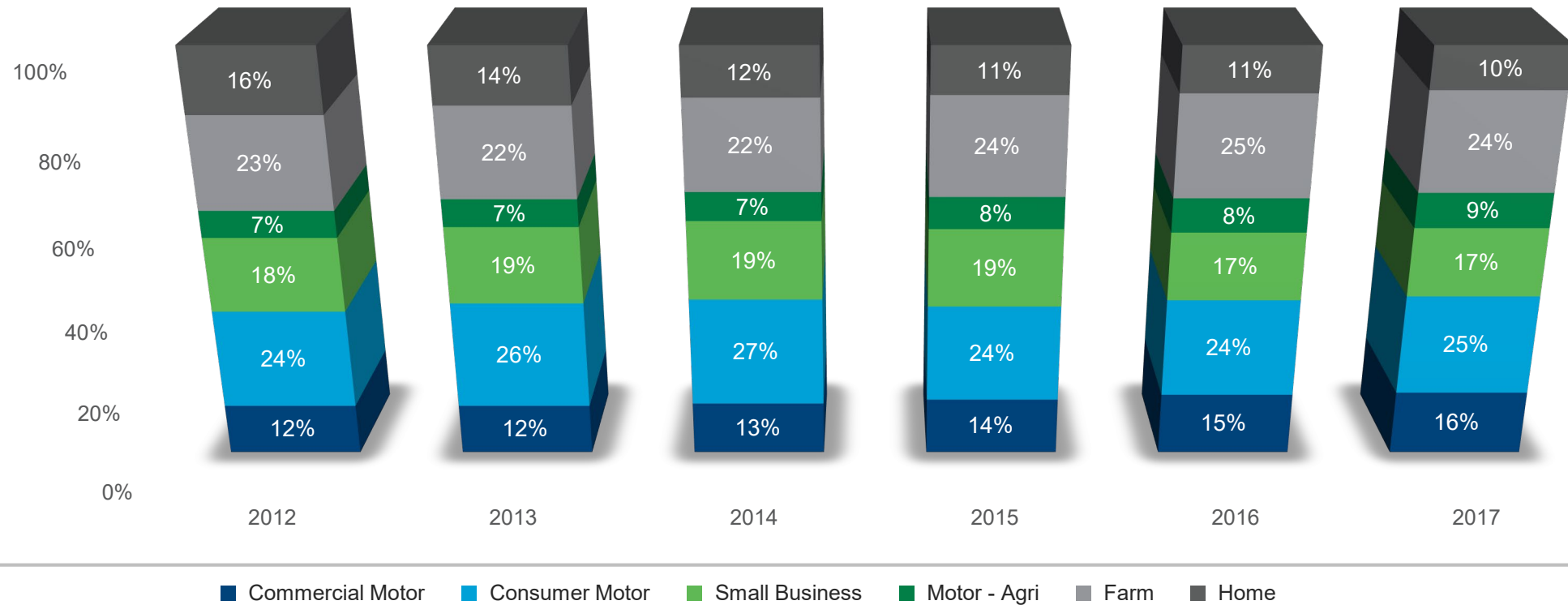
- Single brand
- Significant rating action and remediation
- Home market very competitive

Brokers



- Reduction in exposure
- Improving profitability

PREMIUM BY PRODUCT 2017



Farm includes property, public liability, employer liability and motor risks

Small Business includes property, public liability and employer liability risks in shops, pubs, guesthouses, retail outlets and other small/medium enterprises

Turnaround: Growth for any insurance company is difficult, today we are a de-risked business focused on our strengths



- Disposal of the FBD Hotel joint venture
- Capital injection – Fairfax convertible bond issued & proceeds from sale of hotels
- Expense reductions, including programme exiting +130 people
- Defined benefit Pension scheme rationalisation – significant de-risking
- Significant reserve strengthening
- Significant board reorganisation & governance changes
- Management team strengthened & flattened organisational structure



- Single brand strategy – renewed focus
- Improved underwriting selection & considerable pricing actions
- Claims processing improvements
- Results focus: MI & cultural change
- Technology delivery back on track
- Re-engineered our Reinsurance programme
- Re-branded and introduced new products
- Lucky with weather when needed!



2017 KEY HIGHLIGHTS



Full year profit of €50m before tax



86% Combined Operating Ratio

- Current Year COR of 93% ahead of expectations and includes Storm Ophelia
- Positive prior year and MIBI reserve releases of €21m contributing 7%



Capital

- Return on Equity of 17%
- Solvency Capital Ratio 164% (unaudited)



Dividend

- Proposed dividend 24c per share: 20% payout ratio



GWP of €372m (2016:€362m)

- New Business volumes up 12% on 2016
- Strong retention of existing customers
- Increase in new farm and business customers



Key strategic targets met

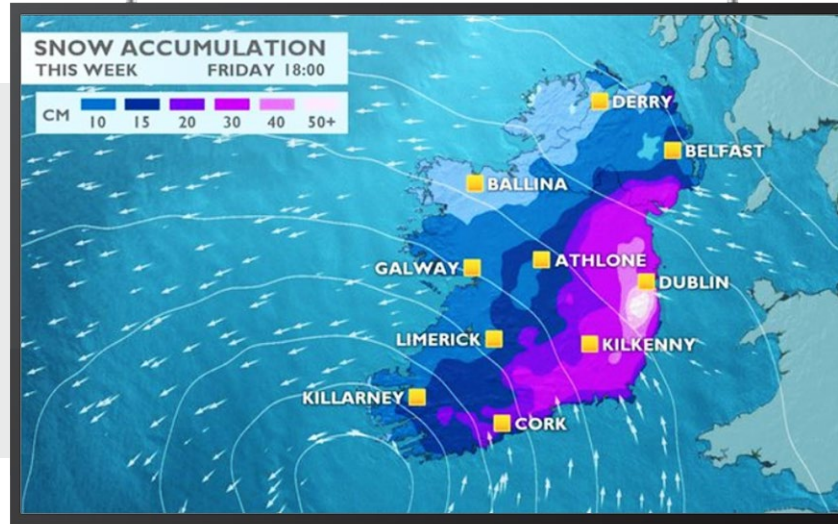
- Travel insurance, professional indemnity and new car products launched
- Strong new business growth in SMEs
- Dublin branch opened, second branch on the way
- Partnership with Post Insurance to offer car insurance



WEATHER 2017/2018 - EXPOSURE TO NATURAL CATASTROPHE CONTAINED BY REINSURANCE PROGRAMME



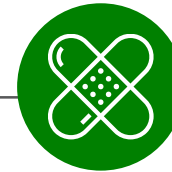
STORM EMMA



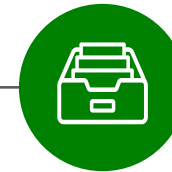
Just over 1,200 **claims received**. Characterised by fewer claims at a higher value than Storm Ophelia



Net cost €6.6m after reinsurance recoveries and reinstatement premium



Southern counties of Ireland most impacted for majority of claims



Storm Emma and Storm Ophelia over a single winter have highlighted the **efficacy of our reinsurance buying**

2017 FINAL RESULTS



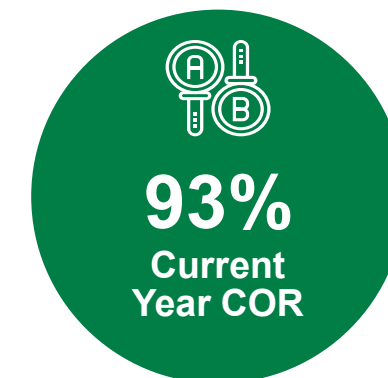
Very strong 2017 results include Storm Ophelia costs of €5m, **€15m positive** prior year reserve release and **€6m from MIBI release**

	2017	2016
GWP	€372m	€362m
Profit before tax	€50m	€11m
EPS	123c	26c
NAV	784c	651c
ROE	17%	5%

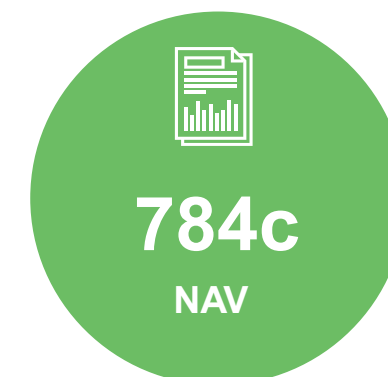
	2017	2016*
Loss ratio	63%	76%
Expense ratio	23%	23%
Combined Operating Ratio	86%	99%
Total investment return-annualised	1.2%	1.9%
• Income statement	0.9%	0.8%
• OCI	0.3%	1.1%

* 2016 figures adjusted to reflect claims handling expenses now presented within "Net Claims Incurred" as opposed to "Other Underwriting Expenses"

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STILL ON OUR “TO DO LIST”



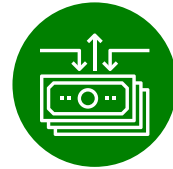
✓ Expand safely, grow the business



✓ Increase our urban relevance for business and consumers



✓ Embed our cultural changes & fully harness our employee talent



✓ Complete our technology work & fully leverage available technologies & data



✓ Dividend consistency to our shareholders



✓ Develop our customer relationships & improve our cross-sales

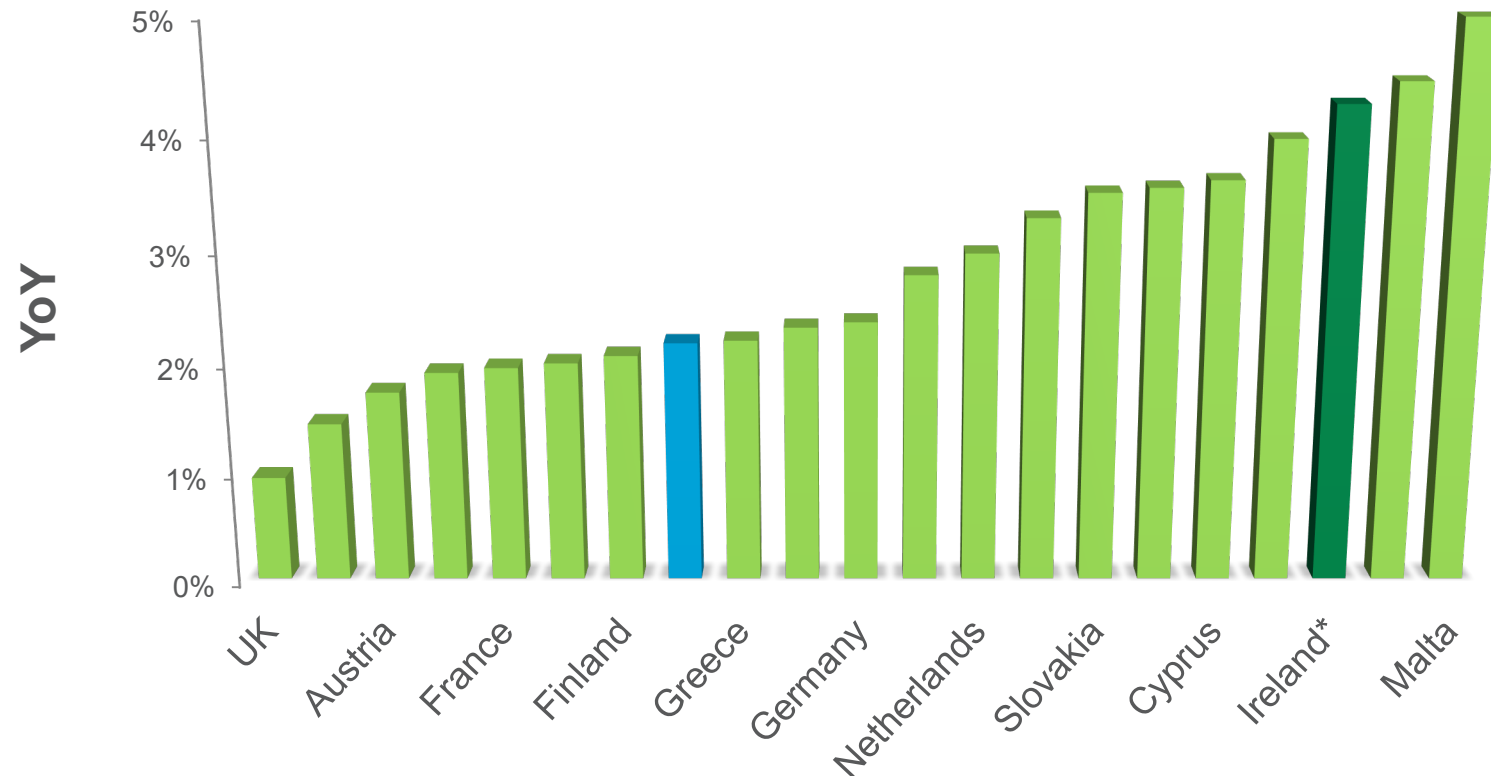




Outlook for FBD & potential banana skins



2018 DOMESTIC DEMAND GROWTH FORECASTS BY COUNTRY



Source: AMECO, Goodbody *Core Domestic Demand

97% of Irish SMEs are planning to invest in their businesses in the next 12 months

(Global Business Monitor – Bibby Financial Services Ltd – Sept 2017)

Irish Gross Domestic Product forecast to **grow by 4.2% in 2018**

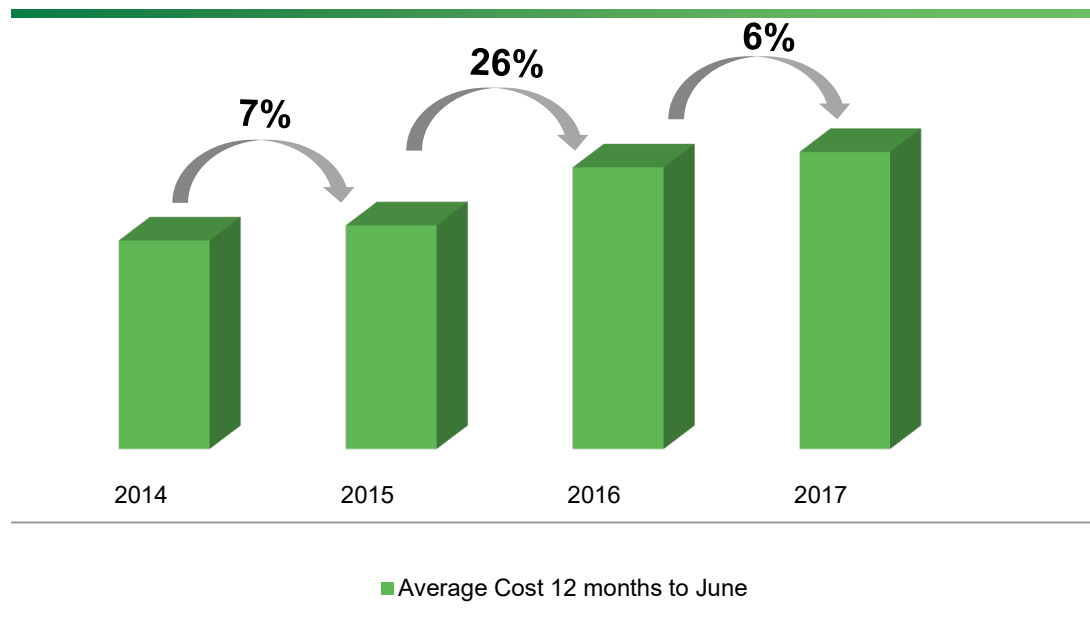
(ESRI – Dec 2017)

“The impact of **Brexit on the Irish economy** both in the short and long term is likely to be negative and material”

(CBI Macro Financial Review – June 2017)

AVERAGE COST OF INJURY SETTLEMENT

ALL RISKS & PERSONAL INJURIES



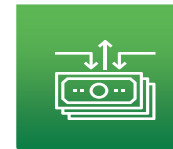
Average **cost of injury settlement** continues to increase



Evidence of **earlier involvement of solicitors** in certain injury cases

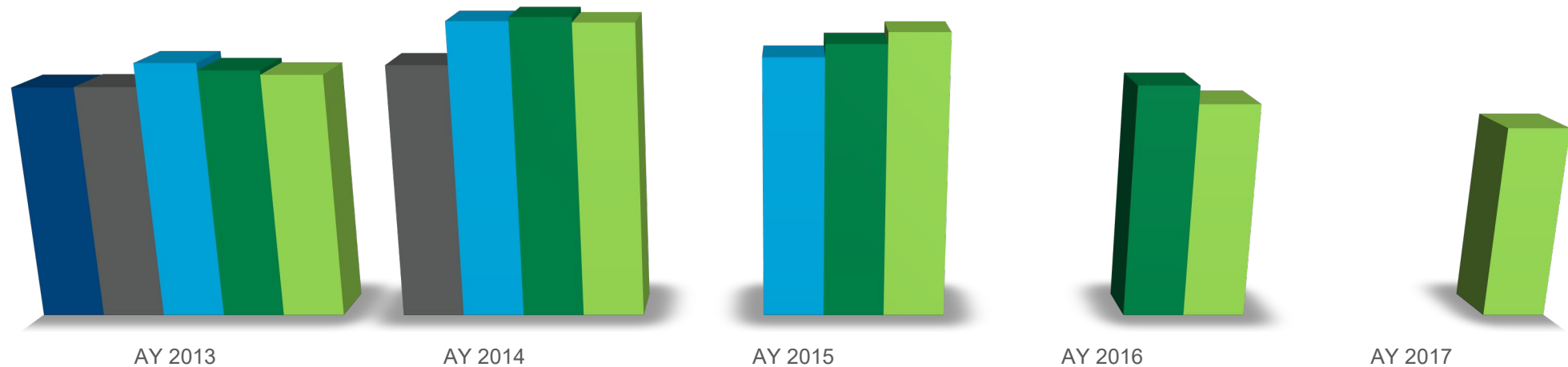


Higher volume of claims going to **Injuries Board and lower acceptance rate**



Welcome stability emerging in court awards overall but **wide variation in awards for similar injuries**

CLAIMS RESERVE DEVELOPMENT (N E T)



■ As at YE 2013
 ■ As at YE 2014
 ■ As at YE 2015
 ■ As at YE 2016
 ■ As at YE 2017



Modest positive prior year development experienced across 2014 and prior years

2015 has been an exception: increasing claims reserve development due to number of large claims

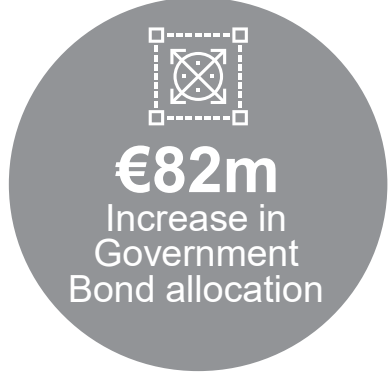
2016 has seen a sustained **improvement in frequency of claims**

2017 is displaying early signs of continued **improvement in claims frequency**

INVESTMENT PERFORMANCE

1.2% Return reflecting **low risk allocation** and **low rate environment**

	31-Dec-17		31-Dec-16	
Underwriting investment assets	€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	<u>18</u>	<u>2%</u>	<u>16</u>	<u>2%</u>
Total	<u>1,052</u>	<u>100%</u>	<u>1,004</u>	<u>100%</u>



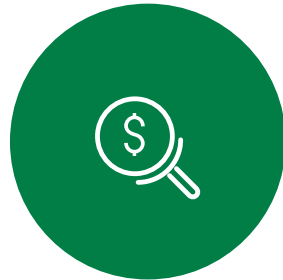
OUR STRATEGIC AMBITION



We aim to grow book value over the longer term as the best way to deliver sustainable shareholder value and ensure future success (& longevity) in the sometimes volatile insurance business



Differentiated customer offering in a crowded, commoditised market: We are a customer led organisation, delivering a quality product and level of service to our customers directly



We will be distinguished in Ireland as the best insurance company with which to do business



We will underwrite to a profit and will not 'bet the farm' on growth in any one area or channel. We manage our risk in a way that protects shareholder value



SUSTAINABLE GROWTH



QUALITY PRODUCT AND SERVICE

- Customer service #1
- Extend reach
- Innovate products
- Transact 'your' way



SOPHISTICATED RISK SELECTION AND PRICING

- Risk based underwriting
- Pricing enhancements
- Book segmentation
- Targeted careful growth



OPERATIONAL EFFICIENCY AND EXPENSE CONTROL

- Process improvements
- Cost conscious culture
- Supplier management
- Leverage technology

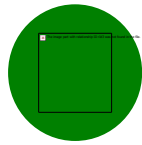


EXCELLENT CLAIMS MANAGEMENT

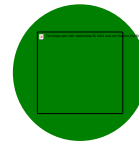
- Fraud and leakage focus
- Supplier management
- Process efficiencies
- Best practice model

LONG-TERM SHAREHOLDER VALUE: ROE in low double digits

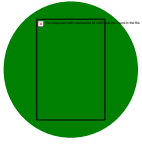
Turnaround for Insurance?



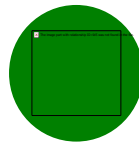
Nothing new in my Insurance career – XL, CBI, FBD



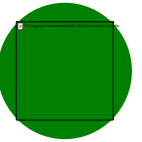
Attraction & retention of talent – Insurance as a career, conservatism & millennial approach



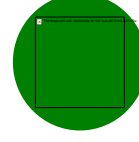
Irish Market aggressively competed and customer not always valuing 'the paper' – price is all!



Technology changes & disruptors: our industry is changing



Stability of price, Customer relationships, deep expertise are still valued



Pride in the social utility of our product?





FBD HOLDINGS PLC

Thank you