
FBD Holdings plc
Interim Management Statement
29 April 2011

FBD Holdings plc (“FBD” or the “Group”) is issuing the following interim management statement covering the period from 1 January 2011 to 31 March 2011, which will be read by the Chairman at the Annual General Meeting of the Company being held in Dublin, Ireland at 12 noon today.

Underwriting

In the first quarter of 2011 the benefits of hardening rates in the Irish insurance market were offset by the ongoing reduction in insurable risk and values, in line with economic activity in Ireland. Premium rates for home insurance continued to harden, while motor insurance premiums were flat. The market for large business risks became more competitive and FBD chose not to compete for business where premiums were at uneconomic levels.

In the first three months of 2011, FBD’s policy volume was flat – the first quarter without a fall in policy volumes since quarter two of 2008. However, gross premium written was down marginally as the impact of rate increases was offset by reductions in policy cover and values and a change in product mix.

FBD continued to successfully develop its multi-channel distribution strategy in response to changing customer behaviour. FBD.ie and NoNonsense.ie continue to attract targeted customers, particularly from urban centres. The initiative to develop broker business is well underway and the local office network has made further progress in developing farming and business insurance.

The frequency of property and motor claims reduced further in the first quarter of 2011 and large claims experience was positive. Company initiatives to reduce the cost of claims are ongoing.

During the first quarter of 2011, following a series of positive engagements with staff representative bodies, FBD reached agreement with staff on a series of changes to the terms and conditions of employment and working practices. The objectives of this agreement are to secure and enhance the Group’s competitive cost advantage and to enable profitable growth.

Operating profit in FBD’s underwriting operations was ahead of the prior year and in line with expectations.

Non-underwriting

The property and leisure markets in Ireland and Spain remain challenging. However the operating performance of the Group’s property and leisure businesses in the first quarter was ahead of both the prior year and expectations. The Irish hotel market recorded increases in average room rates charged in the quarter relative to the prior year. This, together with marketing and cost initiatives implemented by management, contributed to an improved performance in the Group’s Irish hotels. Sales of units in La Cala again exceeded expectations in the quarter. Sunset Beach Club continues to perform strongly.

The Group’s financial services businesses also continued to perform well. FBD Financial Solutions delivered another solid quarter’s profits, ahead of the prior year in a weak market for retail investment and life assurance products. Profits at FBD Brokers were also ahead of the prior year.

Balance Sheet

The Group has maintained a strong capital base and balance sheet and continues its strategy of prudent reserving. The Board reiterates its belief that the potential for further writedowns of the Group's assets is limited.

Outlook

Irish domestic demand will continue to decline further in 2011, albeit at a diminishing rate. On the other hand, rate increases by market participants will have a positive impact on market premiums. Market size in 2011 will depend on whether the benefit of rate increases will exceed the contraction in volume and cover. As a result, the opportunity for FBD premium income growth in 2011 will be limited. However, the Directors expect that underwriting discipline and cost containment will deliver improved underwriting profitability in 2011.

Building on the progress recorded in the first quarter, the Board is confident of an improved contribution from the Group's non-underwriting businesses for the full year.

Unless exceptional claims events arise during 2011, the Board reiterates its previous guidance that the Group will deliver full year 2011 operating earnings per share of 130 cent to 140 cent.

For Reference

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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, private individuals and business owners. The Group has developed complementary financial services businesses and also has hotel and leisure property interests which include four hotels in Ireland and two resorts in southern Spain. The Group was established in the 1960s.

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

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

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.

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