

**FBD Holdings plc**  
**Interim Management Statement**  
**29 April 2014**

FBD Holdings plc ("FBD" or the "Group") is issuing the following Interim Management Statement covering the first quarter of 2014 and the period up to the date of this statement in advance of its Annual General Meeting, which is being held in Dublin, Ireland, at 12 noon today.

**Underwriting**

While the Irish insurance market has begun to benefit from the recent growth in economic activity, it continued to be a very competitive market in the first quarter of 2014. Market rates have hardened for both car insurance and business insurance, while home insurance rates remain weak despite the severe weather experienced in the first quarter.

FBD's gross premium written to the date of this statement is ahead of the previous year by approximately 3%. Both policy volume and average premiums have increased compared to the same period last year. The increase in policy volume is primarily from growth in car insurance and in business insurance. Growth has been achieved in online sales through both FBD and No Nonsense, through FBD's sales office network and through brokers. FBD's recently launched car insurance product for the broker market, sold under the Clan Insurance brand, has delivered as expected. The Group continues to focus considerable resources on growing its business within the farming sector, further enhancing its market leading position. FBD continues to demonstrate underwriting discipline by only increasing volume where returns are adequate. Overall, the Group expects that its share of the insurance market is likely to have increased further year to date.

The growth in economic activity will have a very positive affect on FBD in the medium term, particularly given the Group's track record of outperforming the market. As previously indicated in the Group's preliminary announcement issued on 3 March 2014, increased economic activity leads to higher claims frequency and there is invariably a time lag before this is fully reflected in market premiums, particularly if activity grows faster than anticipated by the insurance market. This will have a short term impact on profitability in 2014 and the early part of 2015. FBD has taken appropriate rating action to date, and continues to monitor trends to ensure that risks are adequately priced. Also, as set out in the Group's preliminary announcement, the unprecedented persistent bad weather during January and February will lead to an increase in the cost of 2014 claims and the windstorm that hit Ireland on 12 February is likely to cost FBD €7.8m, net of reinsurance.

Underwriting expenses and longer-term investment return are both in line with our expectations.

**Investment Income**

Actual investment return is better than expected, although it is not at the exceptionally high level achieved in 2013.

**Non Underwriting**

While the operating environment for the Group's pensions and investment consulting business remains challenging, FBD's financial services businesses are broadly in line with expectation. The trading performance of the property and leisure joint venture is ahead of 2013, with strong operating results, particularly in Ireland. The joint venture has entered into an agreement with Taylor Wimpey, the leading UK residential developer with operations in Spain, for the sale of a small segment of the development land in La Cala.

**Balance Sheet**

The Group's financial position remains robust. Term deposits and fixed interest securities represent 88% of insurance company investment assets, higher than the 86% at year-end as the Group has reduced its equity position. The average term of investment assets remains shorter than that of the technical reserves, with more term deposits and less fixed interest securities than the Group's strategic investment allocation. The Group is satisfied that this short term tactical asset allocation

continues to be appropriate and positions the Group well for the anticipated medium term rise in market interest rates.

## Outlook

FBD is committed to achieving profitable growth by constantly focusing its business on the needs of customers. The Group continues to invest in people and technology to develop platforms for future growth. The Group intends to continue delivering products and services that matter to its farming and direct business customers. For the remainder of 2014, FBD will seek to further increase penetration of key urban markets, in particular Dublin, and of the business insurance market, in partnership with brokers. The Board is confident that these initiatives, along with personal lines business written through FBD, No Nonsense and the Clan Insurance brands, will enable the Group to continue to outperform the market for the remainder of 2014 and deliver superior returns to shareholders.

The Group is re-affirming its previous guidance of full-year 2014 operating earnings per share of between 120 and 130 cent, excluding any exceptional events that may arise.

## About FBD Holdings plc ("FBD")

The Group was established in the 1960s and is one of Ireland's largest property and casualty insurers looking after the insurance needs of farmers, private individuals and business owners.

## 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

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