

FBD Holdings plc
29 April 2008

INTERIM MANAGEMENT STATEMENT

FBD Holdings plc ("FBD" or the "Company") is issuing the following Interim Management Statement in accordance with the reporting requirements of the Transparency (Directive 2004/109/EC) Regulations, 2007 which will be read by the Chairman at the Company's Annual General Meeting to be held in Dublin at 12.00 noon today.

REVIEW OF 2007

I am very pleased to report that 2007 was another year of significant progress for the FBD Group and one in which our continuing commitment to optimising returns to shareholders was further demonstrated.

Operating profit for the year amounted to €235.5 million. This benefited from releases from claims reserves of €107.6 million consequent to the revision of the Group's claims reserving policy. This revision was implemented by your Board in light of the improvement in the claims environment as a result of reforms undertaken in recent years including legislative changes, the introduction of penalty points and PIAB. The reserve release contributed €94.2 million to profit after taxation and we are proposing to distribute this to shareholders by way of a special dividend. Following changes made in the 2008 Irish Finance Act affecting the taxation treatment of dividends to corporate shareholders, the board is considering the most tax effective manner of distributing this amount to all shareholders before finalising the timing of the payment.

Gross written premiums amounted to €408 million, up 0.2% in a highly competitive marketplace. Premium income in the Irish insurance market fell, in total, by 5.8%. FBD's market share grew to 11.3% from 10.7% in the prior year. This was the seventh consecutive year in which we increased our market share.

We continued to strengthen our organisation and to invest in our people while maintaining a low expense ratio relative to our competitors. Our platform for cost-efficient growth was also underpinned during the year with the speedy establishment of our Support Centre in Mullingar. This facility has expanded our capacity for personal lines insurance sales and has further enhanced our customer service levels.

Our hotel and leisure property businesses in Ireland and Spain and our financial services activities delivered results which were ahead of budget and the prior year in what were particularly challenging markets.

Continued Delivery to Shareholders

2007 was another year of continued delivery and release of value to our shareholders:

- In June 2007 FBD made a special distribution of €176 million of capital to shareholders equating to €5.00 per share. This represented capital which was deemed by your Board to be surplus to the capital required to enable the Group fulfill its ambitious development plans;

- During the year FBD purchased over 1.9 million of our own shares, in the process returning a further €53 million to shareholders. The 2007 payouts bring the total for capital repatriations to shareholders since March 2005 to €496 million;
- The final dividend for 2007 which is recommended by the Board of 52 cent per share will bring the total for the year to 79.5 cent, an increase of 15% on the prior year. This brings the six year compound annual growth rate for the ordinary dividend to 26.4%;
- The average total shareholder return in the past five years has been 48%.

GROUP PERFORMANCE DURING 2008 TO DATE

Underwriting

Price reductions have been a continuous feature of the Irish insurance market for the past five years arising from both reforms in the claims environment and from competition. These reductions have continued into 2008. The sustainability of such pricing is questionable and we believe that the current market premium for certain products does not provide an adequate return for capital. Consequently, we expect the downward price trend in the market to be reversed. In January of this year we implemented a range of single digit price increases on specific products where rate changes were warranted. We are keeping the pricing environment under constant review. Gross premiums written continue to be in line with the corresponding period in 2007.

In the year to date reported personal injury incidence levels are similar to 2007. However our Property claims experience is somewhat worse than anticipated.

In February of 2008 the Group launched a new car insurance brand "No Nonsense" Car Insurance in conjunction with Ryanair which is available through the Internet only. The building of this brand in the Irish marketplace is underway. Results to date have been encouraging.

Non-Underwriting

The challenging market conditions which prevailed during 2007 in our leisure and property development businesses in Ireland and Spain and our financial services businesses have continued into the current year.

The continuing turbulence and consequent downturn in financial markets during 2008 has had an impact on the performance of the capital fund. The capital fund has now been converted entirely to cash.

Profit before taxation

The downturn in financial markets referred to above has also had an impact on Short Term Fluctuations in Investment Return in the year to date, and consequently on profit before taxation. This was greatly mitigated by the Group's decision to reduce its exposure to equities during 2007.

OUTLOOK

Underwriting

Indications are that premium rates will harden during the remainder of the year. Our recent investment in people and infrastructure leaves us well positioned to take advantage of such market conditions.

Significant new e-commerce developments and other initiatives to extend our customer reach and engagement are well advanced and we are confident that they will enhance our sales potential and our customer service levels. These initiatives will

ensure that we maintain our competitive cost advantage into the future and leave us well geared to deal with changing market conditions.

We have capacity for further growth in our local offices with the introduction of the Support Centre in Mullingar. Larger urban centres will provide additional opportunities and we have increased staff numbers to capitalise on these. A new initiative through the broker channel in Dublin and Cork is also in place.

Non-Underwriting

In our leisure and property development businesses in Ireland and Spain and our financial services businesses in Ireland, Management remains focused on delivery of both new marketing and sales initiatives and operational cost efficiencies to ensure that these businesses meet their targets for the year.

CORPORATE

Update on Eureka Approach

On 7 April 2008 the Board confirmed that it had received a preliminary approach from Eureka B.V and, after due consideration, had concluded that the approach was unclear, appeared to differentiate among shareholders and was highly conditional.

On 28 April 2008 the Board confirmed that it had received further correspondence from Eureka B.V. The Board reiterated that it had not received an offer or an intention to make an offer. The Board advised that having considered all aspects of the approach in conjunction with the Board's financial advisers, Goldman Sachs International and Goodbody Corporate Finance, the Board had concluded that the approach was entirely without merit and that accordingly the Board had rejected this approach.

Yesterday, 29 April 2008 we noted the decision of Eureka B.V. to withdraw its approach. I have to say that I am not surprised at their decision given that our considered analysis of their approach failed to identify any commercial, strategic or financial logic in their proposal and consequently would not have been in the interests of shareholders.

Returns to Shareholders

I have outlined above the returns which FBD has continued to deliver to shareholders. These demonstrate the ongoing commitment of your Board to efficient capital management. They also reaffirm that the utilisation of capital generated by the Group will be determined in the light of the capital needs associated with the Group's development plans and in a manner consistent with maximising returns to shareholders.

BOARD CHANGES DURING THE PAST YEAR

Philip Fitzsimons

It is with a deep sense of sadness that we mark the passing of our Chief Executive, Philip Fitzsimons, who died suddenly on 20 April just past.

On behalf of the Board, Management, Staff and shareholders of FBD, I extend deepest sympathy to Philip's wife Paula and his five children. Philip was a devoted family man and is a huge loss to them.

All of us in FBD know that Philip's contribution to the company has been outstanding. He devoted his entire career to building FBD into one of Ireland's most successful enterprises. The energy, passion and vision he demonstrated over 37 years will be missed by all of us. His unwavering integrity was an inspiration to everyone associated with FBD.

During his time as Chief Executive there have been unparalleled shareholder returns. FBD's share of the Irish market grew from 8.2% to 11.3% over this period while policy numbers grew by 55%. A truly remarkable performance by any standard.

Having worked closely with Philip over many years it was clear that his style of leadership by example and personal pride in the company was infectious and drew the very best out of everyone who worked with him. Through his vision and constant drive for further growth and improvement he has left FBD in great shape and well positioned for the future.

Joe Rea

I must sadly also refer to the death in June of last year of an esteemed Board member, Mr. Joe Rea. Joe, a former President of the Irish Farmers' Association served on the Board of FBD for many years and supported the Group's development with enormous vigour and commitment.

Sean Dorgan

Sean Dorgan, former Chief Executive of IDA Ireland, was co-opted to the Board in December last. I welcome Sean as a Director and look forward to the contribution which he will, I have no doubt, make in the years ahead.

Andrew Langford – Interim Chief Executive

Your Board has appointed Andrew Langford as Interim Chief Executive. Andrew is a Chartered Accountant and has been with the Group for 12 years. He was appointed to the Board in 2003 as Group Finance Director. We are fortunate to have an executive of Andrew's calibre to lead us through this challenging period.

CONCLUSION

In conclusion I extend my sincerest thanks to my fellow Board members, to the Management and Staff for their efforts and dedication in delivering another excellent performance for the Group. With the talent, dedication and loyalty throughout FBD I am confident that the Group will continue to develop successfully. We have clear strategies for continued growth and we have a strengthened platform and organisation in place to deliver on them.

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