FBD

5 March 2012

FBD HOLDINGS PLC
PRELIMINARY ANNOUNCEMENT
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS	**2011**	**2010**
	€000s	**€000s**
▪ Gross premium written	**351,111**	**358,385**
▪ Net premium earned	**301,952**	**302,540**
▪ Operating profit before taxation	**64,900**	**40,666**
▪ Profit/(loss) before taxation	**59,718**	**(3,083)**
	Cent	**Cent**
▪ Operating earnings per share	**170**	**106**
▪ Diluted earnings/(loss) per share	**152**	**(8)**
▪ Dividend per share	**34.5**	**31.5**
▪ Net assets per share	**630**	**547**

OPERATIONAL HIGHLIGHTS

- Excellent performance with operating profit up 60% to €64.9m
- Market share grows to 12.2% (2010: 11.8%), continuing the growth in ten of the last eleven years, benefiting from the first increase in policy volume since 2007
- Improvements in loss ratio from 77.4% to 66.6% and combined operating ratio from 99.4% to 90.8%
- Operating EPS increased 60% to 170 cent. Excluding discontinued operations, operating earnings per share up 55% to 164 cent
- Solvency level in FBD Insurance increases to 66% of net earned premium, from 61% in 2010
- Proposed final dividend of 23.25 cent per share bringing total dividend to 34.5 cent, an increase of 9.5%
- Net asset value per share increased by 15% to 630 cent

STRATEGIC HIGHLIGHTS

- The establishment of a property and leisure joint venture and the sale of FBD Brokers will allow the Group to focus on its core insurance underwriting business
- Progress on development of a multi-channel distribution model, with growth in business via brokers and on-line

Commenting on the results, Andrew Langford, Group Chief Executive said:

"FBD delivered an excellent performance and made significant progress in advancing its strategic priorities in 2011, a challenging year for Ireland's economy and the insurance sector. The growth in profits achieved in 2011 puts the Group in a very strong position to progress its plans. For the first year since 2007, the results have benefited from favourable weather conditions and a low level of large claims. The Group has a strong capital base and balance sheet, a low-risk investment allocation and a prudent reserving strategy. It is well positioned to delivery sustainable profitable growth".

A presentation will be made to analysts at 10am today, a copy of which will be available on our Group website, www.fbdgroup.com from that time.

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.

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Overview

FBD delivered an excellent performance in 2011 and made significant progress in advancing its strategic priorities. In continuing difficult economic conditions, FBD generated a profit before taxation of €59.7m, a significant turnaround from the loss of €3.1m incurred in 2010.

At €64.9m, operating profit before tax was up by 60% on 2010. Operating profit in our core underwriting business increased 61.5% to €58.3m (2010: €36.1m), influenced by benign weather and an exceptionally low level of large claims. Like most sectors in the Irish economy, the property and casualty insurance market contracted again in 2011. By focusing on the development of opportunities within FBD's risk appetite and through disciplined underwriting, the Group increased market share and delivered substantially improved profitability.

Gross premium written of €351.1m is down 2.0% on 2010 in a market that declined by 4.9%. FBD has continued its growth in market share, now standing at 12.2%, with market share gains in ten of the last eleven years.

Net claims incurred in 2011 reduced by 14.1% or €33.1m. The Company made significant progress in the key elements that contributed to this reduction and were within its control including claims management initiatives, risk selection and other underwriting improvements. Factors over which the company has less influence such as weather events, the frequency of large claims and the reduction in economic activity, contributed positively to the reduction in 2011 claims incurred. All of these three factors are not expected to behave in such a positive manner in each financial year and therefore claim costs are likely to revert towards the norm in 2012.

FBD's financial services operations have delivered an operating profit of €4.2m in challenging market conditions, which was ahead of the €2.3m (restated) achieved in 2010. Operating profit from discontinued activities was €2.4m (2010: €2.2m).

Following a strategic review, the Board concluded that FBD should focus on the Group's core insurance underwriting operations. As a result, two transactions were undertaken during 2011. Firstly, FBD entered into a joint venture, which now owns and manages the Group's former property and leisure operations. Secondly, the Group sold its general insurance broking business. These two transactions represent significant strategic steps for the Group, allowing it to focus on insurance underwriting and to pursue further growth in the business insurance market through the wider broker channel.

Operating earnings per 60 cent ordinary share ("share") increased by 60.4% from 106 cent to 170 cent. Fully diluted earnings per share at 152 cent represents a significant turnaround from the loss of 8 cent per share in 2010. The Group further strengthened its capital base and balance sheet with net asset value per share increasing by 15% to 630 cent. From this position of strength, the Board has decided to increase the full-year dividend by 9.5% to 34.5 cent (2010: 31.5 cent). FBD Insurance had a solvency level of 66% of net premium earned at 31 December 2011, up from 61% at 31 December 2010.

Business Review

Underwriting

Premium income

The Irish insurance market contracted by 4.9% in 2011 as the benefit of hardening rates during the year was offset by the continued reduction in insurable risk and values, in line with economic activity in Ireland. FBD's gross premium written reduced by 2.0% to €351.1m (2010: €358.4m) thereby increasing FBD's market share from 11.8% to 12.2%. This growth in market share, all organic, is primarily driven by the continuing development of the Group's multi-channel distribution strategy, particularly the development of NoNonsense.ie and an expanded presence in the broker market.

The rate of contraction in FBD's gross premium written reduced as the year progressed – from 3.1% in the first half to 0.9% in the second half. Improved retention rates and higher conversion rates contributed to this trend, with policy volumes increasing in 2011, the first increase since 2007.

This increase in volume was offset by lower average premium per policy as the reduction in insurable values exceeded the benefit of harder rates. FBD maintained its underwriting discipline, choosing not to grow volumes at uneconomic rates, particularly in the larger commercial risk segment. FBD continued to focus on segments that provided value and were within the Group's risk appetite. The reduction in gross premium written was compensated for by the decision to increase the proportion of the property insurance book that is retained. Net premium earned was €302.0m, in line with 2010.

Platform for growth

In response to changing customer behaviour, FBD has continued to implement its multi-channel distribution strategy and made significant progress within all channels during 2011. The Group's sales office network has been particularly successful in further developing farming and related insurance during 2011, a key strategic priority for FBD. Despite Ireland's economic challenges, the agricultural sector has performed very strongly and FBD's commitment to the sector has led to continuing growth in the number of farms insured and to an increase in premium from agriculture and connected businesses.

FBD's progress in Dublin and other large urban centres has continued with NoNonsense.ie and FBD.ie continuing to attract growth in customer numbers. NoNonsense.ie has surpassed 20,000 customers and more FBD customers are using on-line facilities.

The initiative to develop business insurance in Dublin and elsewhere, via intermediaries, continues to prove successful and additional brokers have been added to FBD's panel. Business insurance premium income has shown strong growth, albeit slightly behind the level originally anticipated because of intense competitor activity and FBD's decision not to grow volumes at uneconomic rates. The Group will continue to expand and develop the broker channel within it's risk appetite.

Claims

Net claims incurred amounted to €201.1m, a 14.1% reduction on 2010 because of an improved loss ratio, that is, net claims incurred as a percentage of net earned premium, which for 2011 was 66.6% (2010: 77.4%). Hardening premium levels and a range of claims management initiatives contributed to this reduction. 2011 was an unusual year from a claims perspective with benign weather, low incidence of large claims and falling economic activity combining to provide an unusually low claims cost.

Ireland continued to experience a reduction in the number of road deaths due to additional road safety measures and lower road usage. Miles driven in Ireland, as evidenced by fuel consumption, are down approximately 28% from peak in 2007, resulting in reduced frequency of motor claims.

Unlike each of the previous three years, FBD's result in 2011 was not adversely affected by severe weather events. Flooding during the month of October, is likely to cost the insurance industry approximately €125m. However, FBD's cost was only €6m because the flooding primarily occurred in Dublin. The Group's risk appetite excludes some of the major risks involved and limits the exposure that FBD is prepared to accept from any event or series of events.

Claims provisions strengthened further during the year. Despite this, claims reserves provided a positive run-off again in 2011, demonstrating the strength of the Group's reserving position. FBD has benefited from a large positive run-off in every year since 2003.

Expenses

Gross underwriting management expenses increased by 5.2% in 2011 to €80.9m compared to €77.0m in 2010 and the net expense ratio (net operating expenses as a percentage of net premium earned) increased from 22.0% to 24.2%. The increase relates to the Group's ongoing investment in marketing and a fall in reinsurance commissions receivable as reinsurance became more expensive and FBD ceded less risk to reinsurers. Reinsurance costs have risen for three successive years reflecting the poor weather-related claims history in Ireland and internationally over the same period. Marketing expenses increased to enable the Group to maintain its share of voice as competitors increased their advertising presence.

The Group's combined operating ratio (net claims incurred plus net operating expenses as a percentage of net premium earned) for 2011 was 90.8% (2010: 99.4%) resulting in an underwriting profit of €27.8m, a significant improvement on the €1.6m achieved in 2010.

Investment return

The longer term investment return of €30.5m in 2011 was lower than the €34.5m in 2010 due to the decision to maintain a more conservative investment portfolio and the maturation of some of the Group's high yielding German bonds. FBD, like other responsible insurance companies worldwide, has adopted a more prudent investment strategy in the face of the current financial market turmoil. The Group's overriding investment principle is to protect its solvency and asset base even if this has an impact on investment returns. On an industry wide basis, the consequent reduction in investment returns should discourage irrational underwriting in this and other markets.

Strategic initiatives

During the year the Group sold its insurance broking operation and established a joint venture to own and manage its Irish and Spanish property and leisure operations. The initiatives followed a strategic review by the Board and its consequent decision to increase the focus on the Group's core insurance underwriting business, a significant strategic step forward for FBD.

As a result of the property and leisure joint venture, which was completed in October 2011, the property and leisure operations is now owned 50%/50% by FBD and Farmer Business Developments plc, a related party that owns 29.7% of the voting rights in FBD. The two joint venture partners will hold a combination of equity and convertible loan notes. These loan notes are irredeemable and will convert into equity between the fifth and tenth anniversaries of completion, unless otherwise agreed between the parties.

The ownership of the property and leisure operations following the conversion of the loan notes will be determined according to a pre-agreed formula depending on the valuation of the business at the date of conversion. FBD's share could vary between 25% and 50% depending on valuation at conversion.

Following completion, the Group accounts for its share of the joint venture under the equity method of accounting including its share of the net assets in the consolidated statement of financial position and its share of the profits or losses in the consolidated income statement. A profit on the sale of €2.5m was credited to the consolidated income statement.

The key benefits of the joint venture for the Group are as follows:

- The Group can now increase focus on its core insurance underwriting business;
- The Group's exposure to property valuation fluctuations has reduced;
- The operating profit of the Group, post completion of the transaction, more clearly reflects the contribution from its core business;
- Group debt reduced from €117.8m to Nil and guarantees provided by the Group reduced by €52.5m; and
- The ability of the property and leisure operation to realise value over time has been enhanced because its funding structure has been substantially strengthened.

In December, the Group announced the sale of its insurance broking operation, FBD Brokers. This business manages the commercial insurance needs of large commercial and corporate clients and is a leading provider of insurance broking services to the food processing, waste management and renewable energy sectors. The total consideration for the sale is up to €8.5m comprising an initial payment, received in 2011, of €6.75m, an additional payment of €0.5m based on working capital at completion and a deferred payment of up to €1.25m, payable in 2013 based on FBD Brokers' financial performance in the year following completion. Profit on the sale of €5.9m was credited to the consolidated income statement.

The sale of FBD Brokers allows the Group to focus on its core insurance underwriting business and to pursue further growth in the business insurance market through the wider broker channel. The Group will continue to provide insurance to the food processing sector directly and via brokers and the transaction will give FBD Brokers, as part of the Jardine Lloyd Thompson Group, an enhanced capacity to provide global services to its clients.

The implementation of the decisions arising from the Board's strategic review is now complete and no further sales are anticipated.

Financial services

Market conditions for FBD's financial services businesses continue to be challenging. However, in this environment, the Group's continuing financial services operations generated an operating profit of €4.2m (2010: €2.3m).

Financial services includes life, pension and investment broking (FBD Financial Solutions) and premium instalment services less holding company costs. FBD Financial Solutions had a strong performance during 2011, growing profitability despite Ireland's economic decline through focus on customer service and cost efficiency.

Joint venture

Following the establishment of the property and leisure joint venture, the Group's €0.5m share of the loss of the joint venture, is included within continuing operations within the consolidated income statement.

Profit after taxation

The benefit of the excellent operating performance was somewhat reduced by €5.1m (2010: €30.1m) of negative fluctuations on investment return, mostly attributable to movements in equities and the difference between current and long-term deposit rates. In addition, the impairment of property, plant and equipment of €1.0m (2010: €19.9m) reflects the impact of reducing property prices on the Group's property held for own use.

After recognising restructuring charges of €3.7m, the Group recorded a profit before tax on continuing operations of €52.3m (2010: €16.5m). After a taxation charge on continuing operations of €8.6m (2010: €0.2m) and profit after taxation from discontinued operations, including the profit on the sale of subsidiaries, of €7.4m (2010: loss of €19.6m), the total profit after taxation to €51.0m (2010: loss of €3.2m).

Earnings per share

Operating earnings per share based on longer term investment return amounted to 170 cent compared to 106 cent the previous year. The fully diluted earnings per share was 152 cent (2010: loss of 8 cent). Excluding discontinued operations, operating earnings per share amounted to 164 cent (2010: 100 cent), while fully diluted earnings per share was 130 cent (2010: 48 cent).

Return on equity (earnings over ordinary shareholders' funds) was 24% in 2011. On the basis of continuing operating earnings, return on equity amounted to 30%.

Dividends

The Board's view that it is in the long-term interest of all shareholders to maintain strong solvency and liquidity margins and is determined to ensure that the Group's capital position continues to be robust and its financial position well managed. The Group is committed to a progressive dividend policy and efficient capital management.

The Board is recommending a 2011 final dividend payout of 23.25 cent per share (2010: 21.0 cent) bringing the full 2011 dividend to 34.5 cent (2010: 31.5 cent), an increase of 9.5% over 2010. Subject to the approval of shareholders at the Annual General Meeting to be held on 30 April 2012, this final dividend for 2011 will be paid on 4 May 2012 to the holders of shares on the register on 16 March 2012.

The dividend is subject to a 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

The Group's financial position strengthened significantly again in 2011. Ordinary shareholders' funds grew to €209.9m (2010: €182.1m) and net assets per share were increased 15% to 630 cent (2010: 547 cent).

Table 1 shows how the assets of the underwriting business were invested at the beginning and end of the year.

Table 1 – Underwriting Asset Allocation

	31 December 2011		**31 December 2010**	
Investment assets	**€m**	**%**	**€m**	**%**
German government bonds	406	49%	497	61%
Deposits and cash	345	42%	217	27%
Equities & corporate bonds	28	3%	22	3%
Secured loans	22	3%	21	2%
Own land & buildings	17	2%	18	2%
Investment property	9	1%	42	5%
Investment assets	827	100%	817	100%
Trade, other debtors and DAC	93		91	
Reinsurers' share of technical provisions	64		96	
Plant and equipment	16		17	
Total underwriting assets	1,000		1,021	

International financial market volatility continued throughout 2011. In such an unpredictable environment, FBD, like its peers globally, is focussed on capital preservation. As a result, the Group has adopted a short-term, low-risk investment policy. This policy will be maintained until the sovereign debt crisis abates and investment volatility subsides.

At the year end, 91% of the underwriting investment assets were invested in bank deposits, German government bonds and money market funds. The average term of these assets is less than six months, far shorter than the average term of FBD's liabilities, thereby reducing the risk of investment volatility, albeit at the cost of a lower investment return.

The Group has reduced its portfolio of investment properties from €42m to €9m during the year, selling four of its five properties, generating €37m of cash and a profit over 2010 book value of €5.2m. The remaining investment property, located in a prime commercial area in Dublin, is delivering an 11% yield at its current valuation.

There has been no cash movement on secured loans during 2011. In previous years, the Group wrote down these secured loans to the value of the underlying security on a current use market value basis. Cumulative provisions stand at 70% of the 2007 year end value and, in some cases, the underlying assets are valued as agricultural land or car parks.

The establishment of the property and leisure joint venture and the sale of FBD Brokers have strengthened the quality of the Group's balance sheet considerably. Borrowings have reduced from €117.8m to nil as all debt related to the property and leisure operations. Bank guarantees have reduced from €104m to €51.5m.

In common with most companies that operate defined benefit pension schemes, FBD's obligation for retirement benefits have increased during 2011 primarily because of a reduction in the discount rate applied in calculating the International Accounting Standard 19 pension liability. As a result of the unpredictability of international financial markets, corporate bond yields, which are used to determine the discount rate, fell during 2011, leading to a significant portion of the increase in scheme liabilities from €10.9m to €21.7m.

A notable change in the Group's statement of financial position during 2011 is that claims outstanding have reduced by €54.5m and reinsurers' share of claims outstanding have reduced by €27.3m. This reflects the timing of the December 2010 freeze. The associated claims were provided for in the 2010 financial year but paid out to claimants in the 2011 financial year. As a result, the Group's reserving ratio (net technical provisions divided by net premium earned) has reduced to 236% from 244% in 2010.

FBD Group has a strong capital base and balance sheet. FBD Insurance had a solvency level of 66% of net premium earned at the end of 2011, up from 61% at the end of 2010. FBD also has a conservative reserving strategy and this is supported by a positive run-off of prior-year claims reserves of €32m in 2011, despite a further strengthening of claims provisions. The Group has a long history of recording positive run-offs on its claims reserves.

In line with all European insurers, the Group's underwriting business, FBD Insurance, is preparing for the introduction of the new Solvency II regulations which are to come into effect over the next few years. FBD Insurance has calculated its solvency capital requirement on the basis that Solvency II, as currently proposed, was fully implemented at 31 December 2011. The results showed that FBD Insurance had excess capital over the proposed requirement.

Outlook

Economic uncertainty has reduced but Irish domestic demand (the best indicator of risk available to the insurance market) is still likely to decline further. Austerity measures, coupled with high levels of household debt, will influence economic activity and underlying insurance values. As a result, the opportunity for FBD premium income growth in 2012 will be limited. However, FBD is committed to achieving profitable growth by constantly evolving its business to reflect customers' needs. The Group will continue to implement its plan to increase penetration of key urban markets, in particular Dublin, and the business insurance market. The opportunities provided by NoNonsense.ie and the expansion of the broker channel will provide the Group with the ability to outperform the market again in 2012. At the same time, the Group continues to devote considerable resources to developing its core farming base, a key strategic priority.

During 2011, the Group benefited from favourable weather, a low level of large claims and falling economic activity. All three factors are unlikely to be so positive in 2012 and therefore the Group expects claims costs to revert towards the norm in 2012. However, the Group's initiatives on those aspects of claims costs which are within our control will continue to have a positive impact on the loss ratio. Reinsurance costs have increase further in 2012 as a result of recent adverse reinsurance experience in both the global and Irish markets.

As financial markets continue to be volatile, insurance companies will remain conservative in their investment mix and become more reliant on positive underwriting results to achieve an adequate return on investment. FBD will continue to prioritise capital protection over investment return. Lower returns on deposits and bonds in 2012 will lead to negative short-term investment fluctuations.

FBD Group has a strong capital base and statement of financial position, a low-risk investment allocation and a prudent reserving strategy. The growth in profits achieved in 2011 puts the Group in a very strong position to progress its strategic plans and the Board is confident that FBD will continue to outperform its peers in delivering superior returns to shareholders. FBD has demonstrated its capacity to deliver operating profits in difficult market conditions and is well positioned to deliver long-term profitable growth.

Unless exceptional events arise during 2012, the Group is guiding full-year 2012 operating profit per share of between 145 and 155 cent, in line with market expectation.

FBD Holdings plc
Consolidated Income Statement
For the Year Ended 31 December 2011

Continuing Operations	**2011 €000s**	Restated 2010 €000s
Revenue	**402,535**	413,685
Income		
Gross premium written	**351,111**	358,385
Reinsurance premiums	**(46,955)**	(55,172)
Net premium written	**304,156**	303,213
Change in provision for unearned premiums	**(2,204)**	(673)
Net premium earned	**301,952**	302,540
Net investment return	**25,450**	4,421
Financial services income	**13,276**	14,044
Total income	**340,678**	321,005
Expenses		
Net claims and benefits	**(201,123)**	(234,268)
Other underwriting expenses	**(73,002)**	(66,653)
Financial services expenses	**(9,106)**	(11,715)
Impairment of property, plant and equipment	**(975)**	(3,160)
Retirement benefit – past service gain	**-**	11,063
Restructuring and other costs	**(3,725)**	(1,615)
Share of results of joint venture	**(467)**	-
Profit before tax	**52,280**	14,657
Income tax charge	**(8,615)**	(174)
Profit for the year from continuing operations	**43,665**	14,483
Discontinued operations		
Profit/(loss) for the year from discontinued operations, including profit from sale	**7,362**	(17,718)
Profit/(loss) for the year	**51,027**	(3,235)
Attributable to:		
Equity holders of the parent	**51,096**	(2,408)
Non-controlling interests – continuing operations	**38**	89
Non-controlling interests – discontinued operations	**(107)**	(916)
	51,027	(3,235)
	Cent	**Cent**
Earnings per share from continuing operations		
Basic	**130.40**	47.99
Diluted	**129.83**	47.78
From continuing and discontinued operations		
Basic	**152.19**	(8.08)
Diluted	**151.52**	(8.08)

FBD Holdings plc
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2011

	2011 €000s	2010 €000s
Profit/(loss) for the year	**51,027**	(3,235)
Actuarial (loss)/gain on retirement benefit obligations	**(14,323)**	4,131
Exchange differences on translation of foreign operations	**-**	(164)
Other comprehensive (expense)/income before tax	**(14,323)**	3,967
Tax charge/(credit) relating to other comprehensive (expense)/income	**1,354**	(1,531)
Other comprehensive (expense)/income after tax	**(12,969)**	2,436
Total comprehensive income/(expense) for the year	**38,058**	(799)
Attributable to:		
Equity holders of the parent	**38,127**	28
Non-controlling interests	**(69)**	(827)
	38,058	(799)

FBD Holdings plc
Pro Forma Reconciliation of Consolidated Operating Profit to Profit/(Loss) before Tax
For the Year Ended 31 December 2011

	Continuing operations	Discontinued operations	Total	Continuing & discontinued operations
			2011	2010
	€000s	€000s	€000s	€000s
Operating profit				
Underwriting	**58,337**	**-**	**58,337**	36,133
Financial services	**4,170**	**2,393**	**6,563**	4,533
Operating profit before tax	**62,507**	**2,393**	**64,900**	40,666
Investment return – fluctuations	**(5,060)**	**-**	**(5,060)**	(30,093)
Impairment of property, plant and equipment	**(975)**	**-**	**(975)**	(19,868)
Retirement benefit – past service gain	**-**	**-**	**-**	11,063
Restructuring and other costs	**(3,725)**	**-**	**(3,725)**	(1,615)
Finance costs	**-**	**(3,329)**	**(3,329)**	(3,236)
Profit on sale of subsidiaries	**-**	**8,374**	**8,374**	-
Share of results of joint venture	**(467)**	**-**	**(467)**	-
Profit/(loss) before tax	**52,280**	**7,438**	**59,718**	(3,083)
Taxation	**(8,615)**	**(76)**	**(8,691)**	(152)
Profit/(loss) after tax	**43,665**	**7,362**	**51,027**	(3,235)
	Cent	**Cent**	**Cent**	Cent
Operating earnings per share	**163.72**	**5.97**	**169.69**	105.85

FBD Holdings plc
Consolidated Statement of Financial Position
At 31 December 2011

ASSETS

	2011 €000s	2010 €000s
Property, plant and equipment	**33,797**	155,959
Investment property	**8,818**	42,368
Investment in joint venture	**45,621**	-
Loans	**23,086**	24,618
Deferred tax asset	**8,348**	9,247
Financial assets		
Investments held to maturity	**405,848**	496,852
Available for sale investments	**6,282**	7,282
Investments held for trading	**34,608**	17,859
Deposits with banks	**305,321**	195,172
	752,059	717,165
Reinsurance assets		
Provision for unearned premiums	**20,385**	24,706
Claims outstanding	**43,606**	70,916
	63,991	95,622
Inventories	**-**	46,045
Current tax asset	**2,134**	6,003
Deferred acquisition costs	**22,199**	20,531
Other receivables	**60,827**	71,279
Cash and cash equivalents	**35,658**	36,714
Total assets	**1,056,538**	1,225,551

FBD Holdings plc
Consolidated Statement of Financial Position
At 31 December 2011

EQUITY AND LIABILITIES	**2011 €000s**	**2010 €000s**
Equity		
Ordinary share capital	**21,409**	21,409
Capital reserves	**15,927**	15,313
Revaluation reserves	**-**	742
Translation reserves	**-**	(98)
Retained earnings	**172,596**	144,757
Shareholders' funds – equity interests	**209,932**	182,123
Preference share capital	**2,923**	2,923
Equity attributable to equity holders of the parent	**212,855**	185,046
Non-controlling interests	**458**	2,053
Total equity	**213,313**	187,099
Liabilities		
Insurance contract liabilities		
Provision for unearned premiums	**174,362**	176,479
Claims outstanding	**603,190**	657,656
	777,552	834,135
Borrowings	**-**	117,766
Retirement benefit obligation	**21,692**	10,859
Deferred tax liability	**9,643**	11,751
Payables	**34,338**	63,941
Total liabilities	**843,225**	1,038,452
Total equity and liabilities	**1,056,538**	1,225,551

FBD Holdings plc
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2011

	2011	2010
Cash flows from operating activities	**€000s**	**€000s**
Profit/(loss) before tax	**59,718**	(3,083)
Adjustments for:		
Loss/(profit) on investments held for trading	**4,050**	(1,075)
Loss on investments held to maturity	**971**	7,901
Loss on investments available for sale	**1,000**	2,076
Interest and dividend income	**(25,979)**	(30,152)
Interest expense	**3,774**	3,236
Provision for loans & advances	**(1,374)**	16,329
Depreciation of property, plant and equipment	**6,441**	6,476
Share-based payment expense	**614**	1,016
Impairment of investment property	**2,182**	899
Profit on sale of investment property	**(5,200)**	-
Impairment of property, plant and equipment	**975**	19,868
Retirement benefit – past service gain	**-**	(11,063)
Decrease in insurance contract liabilities	**(24,951)**	(16,330)
Effect of foreign exchange rate changes	**(98)**	(146)
Loss/(profit) on disposal of property, plant and equipment	**1**	(85)
Profit on sale of subsidiaries	**(8,373)**	-
Joint venture trading result before tax	**467**	-
	14,218	(4,133)
Interest and dividend income received	**26,977**	31,043
Interest paid	**(3,448)**	(2,898)
Operating cash flows before movement in working capital	**37,747**	24,012
Decrease/(increase) in receivables and deferred acquisition costs	**1,311**	(57)
(Decrease)/increase in payables	**(10,058)**	9,605
Decrease in inventories	**6,375**	13,181
Cash generated from operations	**35,375**	46,741
Income taxes paid	**(2,701)**	(8,611)
Net cash from operating activities	**32,674**	38,130
Cash flows from investing activities		
Purchase of investments held for trading	**(32,995)**	(7,440)
Sale of investments held for trading	**12,188**	20,656
Purchase of investments held to maturity	**(69,967)**	(14,893)
Realisation of investments held to maturity	**160,000**	91,236
Sale of available for sale investments	**-**	118
Purchase of property, plant and equipment	**(5,337)**	(6,415)
Sale of property, plant and equipment	**55**	680
Sale of investment property	**36,568**	-
Decrease in loans and advances	**347**	2,916
Increase in deposits invested with banks	**(110,150)**	(119,710)
Net cash outflow from sale of subsidiaries	**(12,396)**	-
Net cash used in investing activities	**(21,687)**	(32,852)
Cash flows from financing activities		
Ordinary dividends paid	**(11,012)**	(10,147)
Dividends paid to non-controlling interests	**-**	(150)
Proceeds of re-issue of ordinary shares	**80**	-
Decrease in borrowings	**(1,111)**	(2,285)
Net cash used in financing activities	**(12,043)**	(12,582)
Net decrease in cash and cash equivalents	**(1,056)**	(7,304)
Cash and cash equivalents at the beginning of the year	**36,714**	44,036
Effect of foreign exchange rate changes	**-**	(18)
Cash and cash equivalents at the end of the year	**35,658**	36,714

FBD Holdings plc
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2011

	Ordinary share capital	Capital reserves	Revaluation and other reserves	Translation reserve	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Non-controlling interests	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2010	21,409	14,297	742	66	154,994	**191,508**	2,923	3,030	**197,461**
Loss after taxation	-	-	-	-	(2,408)	**(2,408)**	-	(827)	**(3,235)**
Other comprehensive expense	-	-	-	(164)	2,600	**2,436**	-	-	**2,436**
	21,409	14,297	742	(98)	155,186	**191,536**	2,923	2,203	**196,662**
Dividends paid on ordinary and preference shares	-	-	-	-	(10,429)	**(10,429)**	-	-	**(10,429)**
Dividend paid to non-controlling interests	-	-	-	-	-	**-**	-	(150)	**(150)**
Recognition of share based payments	-	1,016	-	-	-	**1,016**	-	-	**1,016**
Balance at 31 December 2010	**21,409**	**15,313**	**742**	**(98)**	**144,757**	**182,123**	**2,923**	**2,053**	**187,099**
Profit after taxation on continuing operations	-	-	-	-	43,627	**43,627**	-	38	**43,665**
Profit after taxation on discontinued operations	-	-	-	-	7,469	**7,469**	-	(107)	**7,362**
Transfer to retained earnings	-	-	(742)	98	644	**-**	-	-	**-**
Other comprehensive expense	-	-	-	-	(12,969)	**(12,969)**	-	-	**(12,969)**
	21,409	15,313	-	-	183,528	**220,250**	2,923	1,984	**225,157**
Dividends paid on ordinary and preference shares	-	-	-	-	(11,012)	**(11,012)**	-	-	**(11,012)**
Exercise of share options	-	-	-	-	80	**80**	-	-	**80**
Recognition of share based payments	-	614	-	-	-	**614**	-	-	**614**
Reduction in non-controlling interests on sale	-	-	-	-	-	-	-	(1,526)	**(1,526)**
Balance at 31 December 2011	**21,409**	**15,927**	**-**	**-**	**172,596**	**209,932**	**2,923**	**458**	**213,313**

FBD Holdings plc
Supplementary Information
For the Year Ended 31 December 2011

Note 1 Operating Profit by Activity – continuing operations

	2011 €000s	Restated 2010 €000s
Underwriting	**58,337**	36,133
Financial services	**4,170**	2,329
	62,507	38,462

Note 2 Underwriting Operating Profit

	2011 €000s	2010 €000s
Gross written premiums	**351,111**	358,385
Net premium earned	**301,952**	302,540
Net claims incurred	**(201,123)**	(234,268)
Net underwriting expenses	**(73,002)**	(66,653)
Underwriting profit	**27,827**	1,619
Longer term investment return	**30,510**	34,514
Underwriting operating profit	**58,337**	36,133

Net underwriting expenses	2011 €000s	2010 €000s
Management expenses	**82,593**	77,527
Deferred acquisition costs	**(1,668)**	(568)
	80,925	76,959
Reinsurance commissions receivable	**(10,631)**	(12,743)
Broker commission payable	**2,708**	2,437
	73,002	66,653

FBD Holdings plc
Supplementary Information
For the Year Ended 31 December 2011

Note 3 Dividends

Paid during year:	**2011 €000s**	**2010 €000s**
Dividend of 4.8 cent (2010: Nil cent) per share on 8% non-cumulative preference shares of 60 cent each	**169**	-
Dividend of 8.4 cent (2010: Nil cent) per share on 14% non-cumulative preference shares of 60 cent each	**113**	-
2010 final dividend of 21.0 cent (2009: 20.0 cent) per share on ordinary shares of 60 cent each	**6,987**	6,654
2011 interim dividend of 11.25 cent (2010: 10.5 cent) per share on ordinary shares of 60 cent each	**3,743**	3,493
	11,012	10,147

Approved but not paid:	**2011 €000s**	**2010 €000s**
Dividend of 4.8 cent (2010: 4.8 cent) per share on 8% non-cumulative preference shares of 60 cent each	**169**	169
Dividend of 8.4 cent (2010: 8.4 cent) per share on 14% non-cumulative preference shares of 60 cent each	**113**	113
	282	282

Proposed:	**2011 €000s**	**2010 €000s**
Dividend of 4.8 cent (2010: 4.8 cent) per share on 8% non-cumulative preference shares of 60 cent each	**169**	169
Final dividend of 23.25 cent (2010: 21.0 cent) per share on ordinary shares of 60 cent each	**7,742**	6,987
	7,911	7,156

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Note 4 Earnings/(loss) per 60 cent ordinary share

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary shareholders is based on the following data:

Earnings	**2011 €000s**	**Restated 2010 €000s**
Profit/(loss) for the year	**51,027**	(3,235)
Non-controlling interests	**(69)**	827
Preference dividend	**(282)**	(282)
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share	**50,676**	(2,690)
Adjustments to exclude (profit)/loss for the year from discontinued operations	**(7,362)**	19,572
Adjustments to exclude non-controlling interests for the year from discontinued operations	**107**	(916)
Earnings from continuing operations for the purpose of basic and diluted earnings per share	**43,421**	15,966

Number of shares	**2011**	**2010**
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (excludes treasury shares)	**33,296,894**	33,269,476
Effect of dilutive potential of share options outstanding	**148,206**	149,089
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**33,445,100**	33,418,565

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

From continuing operations	**Cent**	**Cent**
Basic earnings per share	**130.40**	47.99
Diluted earnings per share	**129.83**	47.78
From discontinued operations	**Cent**	**Cent**
Basic earnings/(loss) per share	**21.79**	(56.08)
Diluted earnings/(loss) per share	**21.69**	(56.08)

Options outstanding at the end of 2010 were excluded from the calculation of diluted loss per share in 2010 because they were anti-dilutive.

The 'A' ordinary shares of 1 cent each that are in issue have no impact on the earnings/(loss) per share calculation.

The calculation of the operating earnings per share, which is supplementary to the requirements of International Financial Reporting Standards, is based on the following data:

	2011	**Restated 2010**
	€000s	**€000s**
Operating profit after taxation*	**56,852**	35,623
Non-controlling interests	**(69)**	(125)
Preference dividend	**(282)**	(282)
	56,501	35,216
Adjustments to exclude operating profit for the year from discontinued operations	**(1,987)**	(1,894)
	54,514	33,322
	Cent	**Cent**
Operating earnings per share – continuing operations	**163.72**	100.16
Operating earnings per share – discontinued operations	**5.97**	5.69
Operating earnings per share – total	**169.69**	105.85

*2011 effective tax rate of 12.4% (2010: 12.4%).

Note 5 Ordinary Share Capital

	Number	2011 €000s	2010 €000s
(i) Ordinary shares of 60 cent each			
Authorised:			
At the beginning and the end of the year	51,326,000	**30,796**	30,796
Issued and fully paid:			
At the beginning and the end of the year	35,461,206	**21,277**	21,277
(ii) 'A' Ordinary shares of 1 cent each			
Authorised:			
At the beginning and the end of the year	120,000,000	**1,200**	1,200
Issued and fully paid:			
At the beginning and the end of the year	13,169,428	**132**	132
Total – Issued and fully paid		**21,409**	21,409

The 'A' ordinary shares of 1 cent 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 1 cent 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 60 cent each, the dividend on the non-cumulative preference shares must firstly be declared or paid.

The number of ordinary shares of 60 cent each held as treasury shares at the beginning of the year (and the maximum number held during the year) was 2,191,730. This represented 6.18% of the shares of this class in issue and had a nominal value of €1.315m. There were no ordinary shares of €0.60 each purchased by the Company during the year. A total of 9,000 ordinary shares of €0.60 each were re-issued from treasury during the year for €2.50 under the FBD Holdings plc Executive Share Option Scheme. A further 18,418 ordinary shares of €0.60 each were re-issued from treasury during the year for €6.55 per share under the FBD Performance Share Plan. Proceeds were credited directly to distributable reserves. This left a balance of 2,164,312 ordinary shares of €0.60 each in treasury which had a nominal value of €1.298m and represented 6.1% of the ordinary shares of €0.60 each in issue.

The weighted average number of ordinary shares of 60 cent each in the earnings per share calculation has been reduced by the number of such shares held in treasury.

At 31 December 2011, the total number of ordinary shares of 60 cent each under option amounted to 1,118,923 (2010: 1,161,864). The related options had been granted under the FBD Holdings plc Executive Share Option Scheme ("ESOS") and the FBD Group Save as You Earn (SAYE) Scheme (the "SAYE Scheme").

Of the options outstanding under the ESOS, 240,825 (2010: 249,825) may be exercised prior to October 2013 at a subscription price of €2.50 per share. 875,000 (2010: 875,000) of the options outstanding under the ESOS may be exercised between August 2012 and September 2014 at a subscription price of €7.45 per share conditional on certain performance conditions being met. The 3,098 (2010: 37,039) options outstanding under the SAYE Scheme as at 31 December 2011 were exercisable at a subscription price of €18.46 per share and have lapsed since the year end.

Note 6 Transactions with Related Parties

Farmer Business Developments plc has a substantial shareholding in the Group at 31 December 2011 details of which are set out in the Annual Report.

During 2011 shareholders approved the establishment of a joint venture between the Group and Farmer Business Developments plc to own and manage the property and leisure assets previously 100% owned by the Group.

Included in the financial statements at the year end is €127,294 (2010: €671,227) due from Farmer Business Developments plc. This balance is made up of recharges for services provided and recoverable costs. Interest is charged on this balance at the market rate. The amount due is payable on demand.

Note 7 Subsequent Events

There have been no subsequent events which would have a material impact on these accounts.

Note 8 – 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 2011 or 2010 but is derived from same. The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), applicable Irish law and the listing Rules of the Irish Stock Exchange and the Financial Services Authority. The Group financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The 2011 and 2010 financial statements have been audited and received unqualified audit reports. The 2011 financial statements were approved by the Board of Directors on 2 March 2012.

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.