



FBD HOLDINGS PLC
4 March 2013

FBD HOLDINGS PLC
PRELIMINARY ANNOUNCEMENT
For the Year Ended 31 December 2012

FINANCIAL HIGHLIGHTS

	2012	Restated *
	2011	
	€000s	€000s
• Gross premium written	344,255	351,111
• Net premium earned	300,625	300,920
• Operating profit before taxation	66,006	60,221
• Profit before taxation	52,901	50,250
	Cent	Cent
• Operating earnings per share	172	157
• Diluted earnings per share	133	123
• Net asset value per share	721	630
• Ordinary dividend per share	42.25	34.50

HIGHLIGHTS

- Excellent performance with profit before taxation up 5.3% to €52.9m
- Improvement in combined operating ratio from 91.4% to 89.1%, driven by excellent loss ratio
- Significant progress in building platform for further growth
- Successful multi-channel distribution strategy increased market share to 12.5%
- Return on equity of 21.7% (2011: 26.0%)
- Operating earnings per share of 172 cent (2011: 157 cent)
- Final dividend increased 29.0% to 30 cent, delivering full year dividend growth of 22.5%
- Capital base further strengthened with solvency level of 73.5%, up from 66.0% at 31 December 2011
- Operating earnings per share guidance for 2013 at 145 - 155 cent

Commenting on the results, Andrew Langford, Group Chief Executive, said: "2012 was another excellent year for the Group, generating profit before taxation of €52.9m, up 5.3% on 2011. In addition to the outstanding results, we invested further in our business to ensure continued delivery of superior performance in future years. The 29% increase in final dividend reflects the Board's confidence that the Group can continue to outperform its peers."

** Comparative figures have been restated to exclude operations that were sold during 2011 and 2012. All figures refer to continuing activities unless otherwise stated.*

A presentation will be made to analysts at 11am 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.

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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FBD Holdings plc

Review of operations

Overview

FBD delivered another excellent performance in 2012, generating a profit before tax of €52.9m, an increase of 5.3% from €50.3m in 2011. In a challenging economic climate and against keen competition, the Group again demonstrated its ability to deliver superior returns to shareholders by outperforming peers and expectations. Operating profit in the core underwriting business of €60.4m surpassed even the very strong 2011 performance.

Gross premium written reduced 2% to €344.3m (2011: €351.1m) in a market that declined by 5.5%. Market rates were uneconomic in some areas that FBD had targeted for growth in 2012, particularly home insurance and larger premium business insurance. By focusing on the development of opportunities within FBD's risk appetite and through disciplined underwriting, the Group outperformed its peers and increased market share to 12.5%, its highest ever share. FBD has grown market share in 11 of the last 12 years.

Net claims incurred improved by 5.1% to €191.9m, resulting in an excellent combined operating ratio of 89.1% (2011: 91.4%). Significant progress was made in reducing those elements of claims costs within FBD's control, including risk selection, rating and claims management initiatives. The Group also benefited from factors over which it has less influence, particularly the low level of weather related claims in 2012. Following the low incidence of large claims in 2011, experience in 2012 reverted to the norm, as anticipated.

FBD continued to make progress in advancing its strategic initiatives to protect and develop relationships with both farming and business customers, to increase penetration of urban markets and to enter into partnerships with insurance brokers to grow business insurance. In addition, the repositioning of the No Nonsense low-cost on-line offering to include 'ready-made' options and the introduction of a telematics product, SmartDriver, in late 2012, provide foundations for further sustainable growth in car insurance.

FBD's financial services operations reported an operating profit of €5.6m in challenging market conditions, well ahead of the €4.2m delivered in 2011.

Operating earnings per 60 cent ordinary share ("share") increased by 9.6% to 172 cent. Fully diluted earnings per share at 133 cent increased 8.1% from the 123 cent earned in 2011. The Group further strengthened its capital base and balance sheet with net asset value per share increasing by 14.4% to 721 cent. FBD Insurance had a solvency level of 73.5% of net premium earned at 31 December 2012, up from 66% at 31 December 2011. From this position of strength, the Board has decided to increase the full-year dividend by 22.5% to 42.25 cent (2011: 34.5 cent).

Business Review

Underwriting

Premium Income

The Irish property and casualty insurance market contracted by 5.5% in 2012 as insurable risk and values continued to decline, in line with economic activity. FBD's gross premium written reduced by 2.0% to €344.3m (2011: €351.1m) thereby increasing FBD's market share from 12.2% to 12.5%.

FBD maintained its underwriting discipline, demonstrating its willingness to grow only where sustainable. FBD's ambition is to grow premium income but, in 2012, pricing in certain areas of the market was insufficient to generate an acceptable return and, as a result, FBD decided not to compete aggressively on price.

FBD continued to successfully develop its multi-channel distribution strategy in response to the needs of customers. It made further progress in protecting and developing relationships with farming and business customers, increasing penetration of urban markets and entering into partnerships with insurance brokers to increase business insurance premium.

FBD Holdings plc

Review of operations (continued)

A key strategic priority for FBD is to understand the insurance needs of farming customers and to provide the insurance products that matter to them. FBD had another strong year in 2012, increasing its farm related policies by 2,600. FBD now protects more farming customers than at any time in its history.

The initiative to enter into partnerships with insurance brokers to increase penetration of the business insurance market progressed positively and accounted for 46% of new business insurance premium income in 2012. The broker channel has met its initial target of 80 brokers with 146 outlets. The increase in broker business has offset declines in business insurance written directly as the economic challenges facing Ireland have had a significant impact on small and medium enterprises. Overall, FBD maintained the level of business insurance underwritten in 2012.

The Group's online offerings, FBD.ie and No Nonsense, made good progress, increasing share of urban personal lines in 2012 with premium income up 12.6% on 2011 levels. In late 2012, No Nonsense introduced SmartDriver, a telematics offering targeted at drivers under 30, which monitors driver performance so as to reward good driving behaviour with discounts from standard rates. In addition, No Nonsense was repositioned so as to add low-cost 'ready-made' motor insurance packages to the existing 'build-your-own' options.

FBD assessed customer satisfaction using "Net Promoter Score" for the first time in 2012. The resulting score of +38% is far higher than competitors and an endorsement of FBD's success in delivering products and services that matter to our customers.

Although gross premium written reduced by 2% in 2012, the Group maintained the level of net premium earned between 2011 and 2012 as FBD ceded less risk to reinsurers.

Claims

Net claims incurred reduced to €191.9m, an improvement of 5.1% on 2011, as the loss ratio improved from 67.2% to 63.8%. Further savings were made in reducing those elements of claims costs that are within the Group's control, including risk selection, rating and technology improvements together with increased fraud detection and early settlement of claims.

Other factors over which the company had less influence, particularly the weather and the reduction in economic activity, also contributed to the reduction in loss ratio. From a claims perspective, the weather in 2012 was even better than that of 2011. However, while FBD benefited from a low incidence of large claims in 2011, experience in 2012 reverted to the norm, as anticipated.

The continued improvement in claims performance is highlighted by the attritional loss ratio, which has improved each year since 2009. It is a measure of the day-to-day or routine loss ratio and is a very positive indicator of improvement in underwriting and claims performance. It improved to 50.7% in 2012 from 52.4% in 2011.

Expenses

Gross management expenses increased by 1.1% to €81.7m compared to €80.8m in 2011. This arises primarily from the Group's increased investment in marketing, a key factor to enable the Group to maintain its share of voice as competitors increased their advertising presence. Reinsurance commissions receivable fell by 18.2% as reinsurance became more expensive and FBD ceded less risk to reinsurers. Reinsurance commissions receivable have reduced for four successive years reflecting the poor weather-related claims history in Ireland and internationally and higher retention. As a result, the net expense ratio increased from 24.2% to 25.3%.

The Group's combined operating ratio for 2012 was an excellent 89.1% (2011: 91.4%) resulting in an underwriting profit of €32.6m, an improvement on the €25.8m achieved in 2011.

Investment return

Actual investment income in 2012 benefited from higher equity returns and a profit on the disposal of secured loans offset by the reinvestment of funds previously held in German bonds which had higher returns than the prevailing market.

FBD Holdings plc

Review of operations (continued)

The longer-term investment return of €27.8m in 2012 was lower than the €30.3m in 2011 due to the Group's continuing prudent investment strategy in light of the on-going sovereign bond market dislocation and the maturation of most of the remaining German bonds during 2012. 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, lower investment returns should encourage focus on profitable underwriting.

During the year, the Group realised its secured loans, reducing the balance sheet value to nil from €21.9m at the end of 2011. In one instance this was achieved through the sale of land provided to FBD as security, resulting in a profit of €5.0m on the December 2011 valuation. In the second instance, FBD exercised its security over a loan thereby taking possession of the underlying land, which is included in investment properties at a market value of €3.2m at the end of 2012.

Financial services

Market conditions for FBD's financial services businesses continue to be challenging. Despite this, the Group's financial services operations generated an operating profit of €5.6m, a significant improvement over the €4.2m generated in 2011.

Financial services includes life, pension and investment broking (FBD Financial Solutions) and premium instalment services, net of holding company costs. FBD Financial Solutions increased profitability by focussing on customer service, best quality advice and new investment products, designed specifically for its customers, such as "Agri Bond". In addition, an increasing proportion of insurance customers availed of premium instalment facilities.

Profit before taxation

Group operating profit before taxation increased 9.6% to €66.0m. The benefit of the excellent operating performance was somewhat offset by €2.8m of negative short term investment fluctuations and €1.0m of property impairment.

During 2012, the Group sold its reinsurance captive, Abbey Re, whose only activity was participation in the Group's reinsurance programme. The sale has no material effect on the on-going operations or profitability of the Group and a profit on the sale of €4.1m has been recognised in the Consolidated Income Statement.

The trading performance of the property and leisure joint venture improved compared to 2011, driven by growth in occupancy and rates, particularly in the Irish market which delivered double digit growth in revenue per room. Sales of units in La Cala continue to be strong with twenty four units sold during the year bringing the remaining units at the year end to nine. The joint venture generated cash flow from operations of €11.8m in 2012, refinanced its debt facility, and reduced its bank debt by 25%. The Group's share of the joint venture's results was a loss of €1.7m (2011: €0.5m) as the positive trading performance was offset somewhat by a reduction in Spanish property values.

The Consolidated Income Statement also includes the €2.6m cost of writing off the Group's legacy investment in a stockbroking firm, a provision of €3.0m for future onerous lease costs and a restructuring charge of €2.1m.

Profit before tax amounted to €52.9m (2011: €50.3m) and, including the gain on discontinued operations, total profit before taxation amounted to €56.6m (2011: €59.7m). After a taxation charge of €7.6m (2011: €8.7m), the profit after taxation was €49.0m (2011: €51.0m).

Earnings per share

Operating earnings per share based on longer-term investment return amounted to 172 cent compared to 157 cent the previous year. Fully diluted earnings per share amounted to 133 cent (2011: 123 cent).

Return on equity in 2012 was 21.7% (2011: 26.0%). On the basis of continuing operating earnings, return on equity amounted to 25.6%.

FBD Holdings plc
Review of operations (continued)

Dividend

The Board believes that it is in the long-term interest of all stakeholders to maintain strong solvency and liquidity margins and it 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 management of capital. The Board is satisfied that it is appropriate to increase the level of dividend significantly in 2012 to reflect the excellent profit performance, the robust financial position and the Board's desire to move towards its target of a 40% to 50% operating pay-out ratio.

The Board is recommending a final dividend payment of 30 cent per share (2011: 23.25 cent), an increase of 29%, bringing the full 2012 dividend to 42.25 cent (2011: 34.5 cent), an increase of 22.5%. This represents a dividend payout ratio of 24.6% based on operating earnings and 31.8% based on fully diluted earnings per share. This increase in dividend will help the Group move towards its desired pay-out ratio while maintaining a high dividend cover and providing the potential for a progressive dividend in future years. The Board intends to increase the 2013 interim dividend by a similar percentage.

Subject to the approval of shareholders at the Annual General Meeting to be held on 15 May 2013, this final dividend for 2012 will be paid on 22 May 2013 to the holders of shares on the register on 15 March 2013.

The dividend is subject to 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 further strengthened in 2012. Ordinary shareholders' funds grew to €241.3m (2011: €209.9m) and net assets per share increased 14.4% to 721 cent (2011: 630 cent). The primary items explaining the increase in shareholders' funds were profit after taxation of €49.0m, less an increase in provision for retirement benefit obligations of €8.2m and dividends of €12.1m. Excluding the retirement benefit obligation liability, net asset value per share increased to 802 cent (2011: 687 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 2012		31 December 2011	
	€m	%	€m	%
Investment assets				
Deposits and cash	499	59%	345	42%
Corporate bonds	152	18%	7	1%
Government bonds	110	13%	406	49%
Equities	60	7%	21	2%
Own land & buildings	16	2%	17	2%
Investment property	11	1%	9	1%
Secured loans	-	0%	22	3%
Investment assets	848	100%	827	100%
Trade, other debtors and DAC	94		93	
Reinsurers' share of technical provisions	55		64	
Plant and equipment	19		16	
Total underwriting assets	1,016		1,000	

The Group was encouraged by policy actions taken to address the euro crisis and the improvement in confidence in the global economy during 2012. As a result, the Group increased its investment in equities to €60.3m, generating an annual return of 15.8% in 2012, and increased its investment in corporate bonds to €152m. The sovereign bond market dislocation continued throughout 2012, albeit with some signs of potential stability emerging as the year progressed.

FBD Holdings plc

Review of operations (continued)

At the year end, 90% of the underwriting investment assets were invested in lower-risk bank deposits, corporate bonds and sovereign bonds. The average term of these assets was less than 8 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 but providing liquidity and flexibility. The high proportion of lower-risk investment assets at the year end demonstrates the Group's desire to preserve capital, effectively ensuring that customers and shareholders are protected.

During 2011 and 2012, most of the German bonds purchased by the Group in 2006 and 2007 reached their maturity dates. Given the current low yield on bonds and the sovereign bond market dislocation, the Group did not reinvest in longer-dated sovereign bonds. As a result, FBD holds nearly €500m of bank deposits, which represent a relatively attractive lower-risk investment allocation given the unique circumstances of the sovereign bond market. To achieve diversification and a higher return, FBD has invested €145.0m in a diversified portfolio of high-quality corporate bonds. FBD increased its equity portfolio by €29.5m following the realisation of secured loans and investment properties.

In common with most companies that have legacy defined benefit pension schemes, FBD's obligation for retirement benefits increased during 2012 because of a reduction in the discount rate applied in calculating the International Accounting Standard 19 pension liability. The corporate bond yields used to determine the discount rate fell to historic lows during 2012 and was the primary factor leading to the increase in pension scheme liabilities from €21.7m to €30.8m.

FBD Group has a strong capital base and balance sheet providing capacity for further growth. FBD Insurance had a solvency level of 73.5% of net premium earned at the end of 2012, up from 66% at the end of 2011. FBD also has a conservative reserving strategy and this is supported by a positive run-off of prior-year claims reserves of €41m in 2012. The Group has a long history of recording positive run-offs on its claims reserves and the surplus over the actuarial best estimate remains as healthy as in 2011.

In line with all European insurers, 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 2012. The results showed that FBD Insurance had excess capital over the proposed requirement.

Director change

During the year, Adrian Taheny, the Group's executive director of sales and marketing retired from the Group and from the Board for health reasons. His contribution to the Group over an extended period of time has been substantial.

Outlook

Economic uncertainty has reduced. Irish domestic demand, the best indicator of risk available to the insurance market, has stabilised but is unlikely to show significant return to growth in the short-term. It is likely that any growth in the Irish insurance market will be negligible in 2013.

However, FBD is committed to achieving profitable growth by constantly evolving its business to reflect the needs of customers. The Group intends to continue delivering products and services that matter to its farming and business customers. In 2013 FBD expects to further increase penetration of key urban markets, in particular Dublin, and of the business insurance market, in partnership with brokers. These channels, together with opportunities provided by No Nonsense through its new low cost 'ready-made' comprehensive motor product and the SmartDriver telematics product, provide the Group with the ability to outperform the market again in 2013. Take-up of the repositioned No Nonsense offerings in the early months of 2013 has been encouraging.

The Group's understanding of what matters to its customers will be key to its ability to continue to outperform the market and achieve profitable and sustainable growth. The Group will continue to invest in human resources and technology to drive the capacity for growth, while at the same time maintaining its competitive cost advantage.

FBD's policy to only write profitable and sustainable insurance will continue in 2013. The Group has the ambition, capability and capital strength to take advantage of appropriate market opportunities that provide profitable growth.

FBD Holdings plc
Review of operations (continued)

During 2012, the Group again benefited from favourable weather and this is unlikely to be as positive again in 2013 which should lead to claims costs reverting towards the norm in 2013. The Group's initiatives on those aspects of claims costs that are within its control will continue to have a positive impact on the loss ratio.

Should sovereign bond markets normalise and interest rate risk reduce, the Group will move further towards its long-term investment allocation. However, in the interim, lower returns on deposits and short-dated bonds will lead to negative short-term investment fluctuations.

FBD Group has a strong financial position, a low-risk investment allocation and a prudent reserving strategy. The Group is also in a very strong position to progress its strategic plans and the Board is confident that FBD will continue to outperform and deliver superior returns to shareholders.

The Group is guiding full year 2013 operating earnings per share of between 145 and 155 cent, excluding any exceptional events that may arise.

FBD Holdings plc
Consolidated Income Statement
For the Year Ended 31 December 2012

Continuing Operations

	2012 €000s	Restated 2011 €000s
Revenue	389,810	401,503
Income		
Gross premium written	344,255	351,111
Reinsurance premiums	(47,646)	(47,987)
Net premium written	296,609	303,124
Change in provision for unearned premiums	4,016	(2,204)
Net premium earned	300,625	300,920
Net investment return	24,979	25,451
Financial services income	14,693	13,276
Total income	340,297	339,647
Expenses		
Net claims and benefits	(191,873)	(202,199)
Other underwriting expenses	(76,133)	(72,925)
Financial services expenses	(9,058)	(9,106)
Impairment of property, plant and equipment	(996)	(975)
Restructuring and other costs	(5,095)	(3,725)
Write-off investment	(2,586)	-
Share of results of joint venture	(1,655)	(467)
Profit before tax	52,901	50,250
Income tax charge	(7,627)	(8,632)
Profit for the year from continuing operations	45,274	41,618
Discontinued operations		
Profit for the year from discontinued operations, including profit from sale	3,748	9,409
Profit for the year	49,022	51,027
Attributable to:		
Equity holders of the parent	48,923	51,096
Non-controlling interests – continuing operations	99	38
Non-controlling interests – discontinued operations	-	(107)
	49,022	51,027
	2012	Restated
	Cent	2011
		Cent
Earnings per share		
From continuing operations		
Basic	134	124
Diluted	133	123
From continuing and discontinued operations		
Basic	145	153
Diluted	144	152

FBD Holdings plc
Consolidated Statement of Comprehensive Income
For the Year Ended 31 December 2012

	2012 €000s	2011 €000s
Profit for the year	<u>49,022</u>	<u>51,027</u>
Actuarial loss on retirement benefit obligations	(9,345)	(14,323)
Available for sale financial assets gains arising during the period	1,122	-
Tax credit relating to other comprehensive expense	<u>1,134</u>	<u>1,354</u>
Other comprehensive expense after tax	<u>(7,089)</u>	<u>(12,969)</u>
Total comprehensive income for the year	<u>41,933</u>	<u>38,058</u>
Attributable to:		
Equity holders of the parent	41,834	38,127
Non-controlling interests – continuing operations	99	38
Non-controlling interests – discontinued operations	<u>-</u>	<u>(107)</u>
	<u>41,933</u>	<u>38,058</u>

FBD Holdings plc
Pro Forma Reconciliation of Consolidated Operating Profit to Profit after Tax
For the Year Ended 31 December 2012

	Continuing operations	Discontinued operations	Total	Continuing & discontinued operations
	€000s	€000s	2012 €000s	2011 €000s
Operating profit				
Underwriting	60,371	(183)	60,188	58,337
Financial services	5,635	-	5,635	6,563
Operating profit before tax	66,006	(183)	65,823	64,900
Investment return – fluctuations	(2,773)	(118)	(2,891)	(5,060)
Impairment of property, plant and equipment	(996)	-	(996)	(975)
Restructuring and other costs	(7,681)	-	(7,681)	(3,725)
Finance costs	-	-	-	(3,329)
Profit on sale of subsidiaries	-	4,113	4,113	8,374
Share of results of joint venture	(1,655)	-	(1,655)	(467)
Profit before tax	52,901	3,812	56,713	59,718
Income tax charge	(7,627)	(64)	(7,691)	(8,691)
Profit after tax	45,274	3,748	49,022	51,027
Operating earnings per share	Cent 172	Cent (1)	Cent 171	Cent 170

FBD Holdings plc
Consolidated Statement of Financial Position
At 31 December 2012

ASSETS

	2012 €000s	2011 €000s
Property, plant and equipment	35,821	33,797
Investment property	10,686	8,818
Investment in joint venture	43,966	45,621
Loans	1,096	23,086
Deferred tax asset	4,798	8,348
Financial assets		
Investments held to maturity	30,850	405,848
Available for sale investments	148,885	6,282
Investments held for trading	142,958	34,608
Deposits with banks	473,874	305,321
	796,567	752,059
Reinsurance assets		
Provision for unearned premiums	20,282	20,385
Claims outstanding	35,095	43,606
	55,377	63,991
Current tax asset	4,705	2,134
Deferred acquisition costs	24,652	22,199
Other receivables	63,726	60,827
Cash and cash equivalents	25,711	35,658
Total assets	1,067,105	1,056,538

FBD Holdings plc
Consolidated Statement of Financial Position (continued)
At 31 December 2012

EQUITY AND LIABILITIES	2012 €000s	2011 €000s
Equity		
Ordinary share capital	21,409	21,409
Capital reserves	16,835	15,927
Retained earnings	203,015	172,596
Shareholders' funds - equity interests	241,259	209,932
Preference share capital	2,923	2,923
Equity attributable to equity holders of the parent	244,182	212,855
Non-controlling interests	477	458
Total equity	244,659	213,313
Liabilities		
Insurance contract liabilities		
Provision for unearned premiums	170,243	174,362
Claims outstanding	581,132	603,190
	751,375	777,552
Retirement benefit obligation	30,766	21,692
Deferred tax liability	691	9,643
Payables	39,614	34,338
Total liabilities	822,446	843,225
Total equity and liabilities	1,067,105	1,056,538

FBD Holdings plc
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2012

	2012	2011
	€000s	€000s
Cash flows from operating activities		
Profit before tax	56,713	59,718
Adjustments for:		
(Profit)/loss on investments held for trading	(4,963)	4,050
Loss on investments held to maturity	998	971
Loss on investments available for sale	3,646	1,000
Interest and dividend income	(24,793)	(25,979)
Interest expense	4	3,774
Profit on loan realisation	(4,970)	(1,374)
Depreciation of property, plant and equipment	7,006	6,451
Share-based payment expense	908	614
Impairment of investment property	1,318	2,182
Profit on sale of investment property	-	(5,200)
Impairment of property, plant and equipment	996	975
Write off available for sale assets net of provisions	2,586	-
Decrease in insurance contract liabilities	(17,563)	(24,952)
Effect of foreign exchange rate changes	569	(98)
Loss on disposal of property, plant and equipment	121	1
Gain on sale of subsidiaries	(4,113)	(8,374)
Joint venture result before tax	1,655	467
	<hr/>	<hr/>
Operating cash flows before movement in working capital	20,118	14,226
(Increase)/decrease in receivables and deferred acquisition costs	(6,833)	1,311
Increase/(decrease) in payables	6,905	(10,057)
Decrease in inventories	-	6,375
	<hr/>	<hr/>
Cash generated from operations	20,190	11,855
Interest and dividend income received	25,004	27,040
Interest paid	(4)	(3,448)
Income taxes paid	(5,606)	(2,701)
	<hr/>	<hr/>
Net cash from operating activities	39,584	32,746
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of investments held for trading	(217,562)	(32,995)
Sale of investments held for trading	114,175	12,188
Purchase of investments held to maturity	-	(69,967)
Realisation of investments held to maturity	374,000	160,000
Purchase of available for sale investment	(158,707)	-
Sale of available for sale investments	10,703	-
Purchase of property, plant and equipment	(10,187)	(5,409)
Sale of property, plant and equipment	40	55
Investment property acquired on exercise of loan security	(3,186)	-
Sale of investment property	-	36,568
Decrease in loans and advances	26,391	347
Increase in deposits invested with banks	(168,553)	(110,150)
Net cash outflow from sale of subsidiaries	(4,981)	(12,396)
	<hr/>	<hr/>
Net cash used in investing activities	(37,867)	(21,759)
	<hr/>	<hr/>

Cash flows from financing activities		
Ordinary & preference dividends paid	(12,273)	(11,012)
Dividends paid to non-controlling interests	(80)	-
Proceeds of re-issue of ordinary shares	689	80
Decrease in borrowings	-	(1,111)
	<hr/>	<hr/>
Net cash used in financing activities	(11,664)	(12,043)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(9,947)	(1,056)
Cash and cash equivalents at the beginning of the year	35,658	36,714
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	25,711	35,658
	<hr/>	<hr/>

FBD Holdings plc
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2012

	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 2011	21,409	15,313	742	(98)	144,757	182,123	2,923	2,053	187,099
Profit after taxation from continuing operations - restated	-	-	-	-	41,580	41,580	-	38	41,618
Profit after taxation from discontinued operations – restated	-	-	-	-	9,516	9,516	-	(107)	9,409
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 and approved on ordinary and preference shares	-	-	-	-	(11,012)	(11,012)	-	-	(11,012)
Reissue of ordinary shares	-	-	-	-	80	80	-	-	80
Recognition of share based payments	-	614	-	-	-	614	-	-	614
Reduction in non-controlling interests on sale of subsidiary	-	-	-	-	-	-	-	(1,526)	(1,526)
Balance at 31 December 2011	21,409	15,927	-	-	172,596	209,932	2,923	458	213,313
Profit after taxation from continuing operations	-	-	-	-	45,175	45,175	-	99	45,274
Profit after taxation from discontinued operations	-	-	-	-	3,748	3,748	-	-	3,748
Other comprehensive expense	-	-	-	-	(7,089)	(7,089)	-	-	(7,089)
	21,409	15,927	-	-	214,430	251,766	2,923	557	255,246
Dividends paid and approved on ordinary and preference shares	-	-	-	-	(12,104)	(12,104)	-	-	(12,104)
Reissue of ordinary shares	-	-	-	-	689	689	-	-	689
Recognition of share based payments	-	908	-	-	-	908	-	-	908
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(80)	(80)
Balance at 31 December 2012	21,409	16,835	-	-	203,015	241,259	2,923	477	244,659

FBD Holdings plc
Supplementary Information
For the Year Ended 31 December 2012

Note 1 OPERATING PROFIT BY ACTIVITY – CONTINUING OPERATIONS

	2012 €000s	Restated 2011 €000s
Underwriting	60,371	56,051
Financial services	<u>5,635</u>	<u>4,170</u>
	<u>66,006</u>	<u>60,221</u>

Note 2 UNDERWRITING OPERATING PROFIT

	2012 €000s	Restated 2011 €000s
Gross written premiums	<u>344,255</u>	<u>351,111</u>
Net premium earned	300,625	300,920
Net claims incurred	(191,873)	(202,199)
Net underwriting expenses	<u>(76,133)</u>	<u>(72,925)</u>
Underwriting profit	32,619	25,796
Longer term investment return	<u>27,752</u>	<u>30,255</u>
Underwriting operating profit	<u>60,371</u>	<u>56,051</u>

	2012 €000s	Restated 2011 €000s
Net underwriting expenses		
Gross underwriting expenses	81,733	80,848
Reinsurance commissions receivable	(8,692)	(10,631)
Broker commission payable	<u>3,092</u>	<u>2,708</u>
Net underwriting expenses	<u>76,133</u>	<u>72,925</u>

FBD Holdings plc
Supplementary Information (continued)
For the Year Ended 31 December 2012

Note 3 EARNINGS PER 60 CENT ORDINARY SHARE

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

	2012	Restated
	€000s	2011
		€000s
Earnings		
Profit for the year	49,022	51,027
Non-controlling interests	(99)	69
Preference dividend	(282)	(282)
	<hr/>	<hr/>
Profit for the purpose of basic and diluted earnings per share	48,641	50,814
Adjustments to exclude profit for the year from discontinued operations	(3,748)	(9,409)
Adjustments to exclude non-controlling interests for the year from discontinued operations	-	(107)
	<hr/>	<hr/>
Earnings from continuing operations for the purpose of basic and diluted earnings per share excluding discontinued operations	44,893	41,298
	<hr/>	<hr/>
Number of shares	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share (excludes treasury shares)	33,443,894	33,296,894
Effect of dilutive potential of share options outstanding	350,406	148,206
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	33,794,300	33,445,100

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	Restated
		Cent
Basic earnings per share	134	124
	<hr/>	<hr/>
Diluted earnings per share	133	123
	<hr/>	<hr/>
From continuing and discontinued operations		
	Cent	Restated
		Cent
Basic earnings per share	145	153
	<hr/>	<hr/>
Diluted earnings per share	144	152
	<hr/>	<hr/>

The 'A' ordinary shares of €0.01 cent each that are in issue have no impact on the earnings per share calculation.

FBD Holdings plc
Supplementary Information (continued)
For the Year Ended 31 December 2012

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:

	2012	Restated
	€000s	2011
		€000s
Operating profit after taxation*	57,661	56,852
Non-controlling interests	(99)	69
Preference dividend	(282)	(282)
	57,280	56,639
Adjustments to exclude operating loss/(profit) after tax for the year from discontinued operations	160	(4,206)
Operating profit from continuing operations for the purpose of operating earnings per share excluding discontinued operations	57,440	52,433
	Cent	Restated
		Cent
Operating earnings per share		
Continuing operations	172	157
Continuing and discontinued operations	171	170

*2012 effective tax rate of 12.4% (2011: 12.4%).

FBD Holdings plc
Supplementary Information (continued)
For the Year Ended 31 December 2012

Note 4 DIVIDENDS

	2012	2011
	€000s	€000s
Paid during year:		
2011 final dividend of 25.25 cent (2010: 21.0 cent) per share on ordinary shares of €0.60 cent each	7,742	6,987
2012 interim dividend of 12.25 cent (2011: 11.25 cent) per share on ordinary shares of €0.60 cent each	4,080	3,743
Dividend of 4.8 cent (2011: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 cent each	169	169
Dividend of 8.4 cent (2011: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 cent each	113	113
Dividend of 4.8 cent (2010: Nil cent) per share on 8% non-cumulative preference shares of €0.60 cent each	169	-
	12,273	11,012
Approved but not paid:		
Dividend of nil cent (2011: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 cent each	-	169
Dividend of nil cent (2011: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 cent each	-	113
	-	282
Proposed:		
Dividend of 4.8 cent (2011: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 cent each	169	169
Final dividend of 30.00 cent (2011: 23.25 cent) per share on ordinary shares of €0.60 cent each	10,033	7,742
	10,202	7,911

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

FBD Holdings plc
Supplementary Information (continued)
For the Year Ended 31 December 2012

Note 5 ORDINARY SHARE CAPITAL

	Number	2012 €000s	2011 €000s
(i) Ordinary shares of €0.60 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 €0.01 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 €0.01 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 €0.01 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 €0.60 each, the dividend on the non-cumulative preference shares must firstly be declared or paid.

The number of ordinary shares of €0.60 each held as treasury shares at the beginning (and the maximum number held during the year) was 2,164,312. This represented 6.1% of the shares of this class in issue and had a nominal value of €1,298,000. There were no ordinary shares of €0.60 each purchased by the Company during the year. A total of 147,000 ordinary shares of €0.60 each were re-issued from treasury during the year under the FBD Holdings plc Executive Share Option Scheme. Proceeds of €689,000 were credited directly to distributable reserves. This left a balance of 2,017,312 ordinary shares of €0.60 each in treasury, which had a nominal value of €1,210,000 and represented 5.69% of the ordinary shares of €0.60 each in issue.

The weighted average number of ordinary shares of €0.60 each in the earnings per share calculation has been reduced by the number of such shares held in treasury.

At 31 December 2012, the total number of ordinary shares of €0.60 each under option amounted to 968,825 (2011: 1,118,923). 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, 158,825 (2011: 240,825) may be exercised prior to October 2013 at a subscription price of €2.50 per share. 821,582 (2011: 886,582) of the options outstanding under the ESOS may be exercised prior to September 2014 at a subscription price of €7.45 per share conditional on certain performance conditions being met. The 3,098 options outstanding under the SAYE Scheme as at 31 December 2011 were exercisable at a subscription price of €18.46 per share and lapsed in 2012.

All issued shares have been fully paid.

FBD Holdings plc
Supplementary Information (continued)
For the Year Ended 31 December 2012

Note 6 TRANSACTIONS WITH RELATED PARTIES

Farmer Business Developments plc has a substantial shareholding in the Group at 31 December 2012 details of which are set out in the Annual Report.

Included in the financial statements at the year end is €385,183 (2011: €127,294) due from Farmer Business Developments plc. This balance is made up of recharges for services provided, recoverable costs and interest. Interest is charged on this balance at the market rate. The amount due is repayable on demand.

During 2011 a joint venture was formed between the Group and Farmer Business Developments plc to own and manage the hotel and golf assets previously 100% owned by the Group. As part of the establishment of the joint venture, a loan was provided to the joint venture in 2011 by Farmer Business Developments plc for €7,500,000.

Note 7 SUBSEQUENT EVENTS

There have been no subsequent events which would have a material impact on the financial statements.

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 2012 or 2011 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 2012 and 2011 financial statements have been audited and received an unqualified audit reports. The 2012 financial statements were approved by the Board of Directors on 1 March 2013.

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.