

PRELIMINARY ANNOUNCEMENT
For the year ended 31 December 2014

FINANCIAL HIGHLIGHTS

	2014	2013
	€000s	€000s
• Gross premium written	363,735	351,195
• Net premium earned	303,444	296,387
• Operating (loss)/profit before taxation	(4,765)	52,673
• (Loss)/profit before taxation	(4,527)	51,455
	Cent	Cent
• Operating (loss)/earnings per share	(13)	136
• Diluted (loss)/earnings per share	(11)	131
• Net asset value per share	693	823
• Ordinary dividend per share	51	49

HIGHLIGHTS

- Gross premium written up 3.6% to €363.7m
- Rate led growth achieved across all customer segments, marginally increasing the Group's market share
- Profitability in 2014 was significantly impacted by a severe deterioration in the market claims environment and the worst weather experience in the Group's history
- FBD will continue to take all appropriate action to respond to trading conditions and return the Group to profitability
- Investment return of 3.1%, an excellent return in the continuing low-return environment
- The Group continues to have a strong capital base and resilient balance sheet
- Final dividend increased by 2.3% to 34 cent per share, delivering full year dividend growth of 4.1%
- The Group is guiding 2015 operating earnings per share of between 20 cent and 40 cent, subject to no exceptional claims events arising.

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

"2014 was a very difficult year for the Irish insurance industry and for FBD. The claims environment has deteriorated significantly and at a speed which exceeded expectations. Our focus for 2015 is on ensuring that we continue to support our customers when they need us, while ensuring that our business model remains robust and delivers a return for shareholders. FBD has taken significant, targeted actions to return to profitability. As a result, FBD is better positioned to manage the immediate challenges within the industry as it moves through the underwriting cycle and ultimately to take advantage of the improving Irish economy."

A presentation will be made to analysts at 10.30am today, a copy of which will be available on our Group website, www.fbdgroup.com.

About FBD Holdings plc ("FBD")

The Group was established in the 1960s and is now 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

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FBD Holdings plc

Review of operations

Overview

2014 was a very difficult year for the Irish insurance market and FBD, with a significant market-wide deterioration in the claims environment and severe weather experience. As a result, the Group recorded a loss before taxation of €4.5m. The Group's first priority is to return to profitability and, although significant actions were taken in 2014, it will be some time before the full benefits of the actions taken are reflected in profitability.

While FBD gave guidance at the outset of 2014 regarding the impact of an improving economy on the claims environment, the worsening of the claims environment far exceeded the expectations of the Group and the industry. Action was taken throughout the year to adjust premium rates upwards, leading to the first increase in the size of the property and casualty insurance market since 2003. The increase in rates, while welcome, did not impact quickly enough to match the sharp increase in claims experienced during the year. The market Combined Operating Ratio (COR) for both 2012 and 2013 was 109%. The deterioration in the claims environment is likely to have resulted in another loss making year for the market in 2014.

FBD's gross premium written increased by 3.6% to €363.7m. This growth was rate led and reflects the Group's prudent approach to volume growth in a recovering economy experiencing increased frequency of motor and liability claims and an otherwise deteriorating claims environment. In this context, FBD prioritised underwriting discipline and profitability over volume growth. Notwithstanding this focus, FBD's rate-led growth still delivered a marginal increase in market share from 13.6% to 13.7%.

In 2014, FBD's customers and the Group's profitability were impacted by the worst weather in the Group's history, an increase in claims frequency associated with economic growth, poor large claims experience and adverse development of some prior year injury claims. FBD's loss ratio increased from 67.9% to 86.0%.

Actual investment return was 3.1%, an exceptional result in the current low-rate environment.

Diluted loss per share was 11 cent (2013: 131 cent earnings). The Group continues to have a strong balance sheet, with FBD Insurance plc having a solvency level of 67.6% of net earned premium, or 343% of the statutory requirement.

FBD has a track record of delivering superior returns to shareholders. In 2015, the Group's focus will be on implementing a strategy which is appropriate for a higher claims environment and returning the business to profitability. Although 2014 was a very challenging year and market conditions continue to be difficult, the Board is confident that FBD is well positioned to outperform the market and will deliver strong returns for shareholders through the cycle. As a result, the Board is recommending a final dividend of 34 cent (2013: 33.25 cent), bringing the full year dividend to 51 cent (2013: 49 cent), an increase of 4.1%.

Business Review

Underwriting

Premium Income

FBD's gross premium written increased by 3.6% to €363.7m (2013: €351.2m), marginally increasing the Group's market share to 13.7%. FBD shifted emphasis during the year so as to increase focus on risk selection and rate-led price adequacy. This was necessary given that the industry is incurring losses, there is significant deterioration in the claims environment and that the Group's objective is to deliver only profitable growth. In the full year, FBD reduced policy volume by 1.9%, with volume in the second half of 2014 down 6.3% on the same period in 2013. Average rates were increased by 4.5% for the full year, with average rates for the second half of 2014 increased by 7.0% as the Group made the adjustments necessary to compensate for the increasing cost of risk. Insurable values rose as a result of the increase in economic activity and improved up-selling, reversing the declining trend between 2007 and 2013.

FBD Holdings plc

Review of operations (continued)

At times during the insurance cycle, shareholders' interests will be best served by foregoing growth in policy volume, avoiding sectors of the market which have become unprofitable. A similar situation arose in 2008 when FBD concluded that the rates achievable in the motor market were not sufficient and as a result reduced exposure. FBD believes that the Irish insurance market is at a similar point in the cycle and that on-going prudence is again warranted.

A key strategic priority for FBD is to deliver on the complete insurance needs of farming and direct business customers. In 2014 FBD expanded its product offering to farmers by launching cover for theft of livestock. In addition, FBD carried out a full review on the provision of its services to farming and direct business customers, taking customer feedback into account. As a result, call handling processes were redesigned, resulting in the removal of automated response systems and much improved personal interaction for the customer. Non-core activity was centralised to enable the sales teams to better focus on servicing the Group's existing customers and on new business development. These changes to customer service as well as its response to the weather related events (discussed below) resulted in significant improvements in the Group's already market leading net promoter scores in its core customer groups.

Net premium earned increased by 2.4% to €303.4m.

Claims

Net claims incurred were €260.9m, an increase of 29.6% on 2013, bringing the loss ratio from 67.9% to 86.0%. The claims environment for the whole Irish insurance market was challenging and deteriorated significantly as the year progressed.

In 2014, FBD's customers and the Group's profitability were impacted by severe weather, an increase in claims frequency associated with economic growth, poor large claims experience and adverse development of some prior year injury claims.

- The cost of the weather experienced in the first quarter of 2014 was the highest in the Group's history. The wind storm in mid-February ("Storm Darwin") and a series of persistent wind storms in the preceding six weeks cost the Group €15.2m, net of reinsurance (inclusive of reinstatement premiums). Storm Darwin was the single biggest weather event in the Group's history and had a devastating impact on areas of Ireland where the Group's core customer base is most concentrated. These weather events created enormous difficulties for 9,000 of the Group's customers directly affected. Customer feedback on the Group's response to this severe weather was very positive. Moreover, the Group's reinsurance treaties served FBD well and reduced the overall loss to the Group by more than €20m.
- As the domestic economy moved from contraction to recovery more quickly than anticipated, increased activity led to higher claims frequency in motor and liability lines. This increase in claims frequency is not restricted to one segment of FBD's book and applies across all customer profiles. FBD has taken the underwriting and rating actions necessary to compensate for this increased frequency. While the increase in economic activity is positive for FBD in the medium term, the pace of growth in economic activity and resultant claims activity has impacted profitability in the near-term and a time lag is to be expected before underwriting actions and rate increases are fully reflected in profitability.
- The Group experienced an increase in large claims costs due to a very small number of very large accident and liability claims (cost greater than €1m, net of reinsurance). Such large claims, volatile by definition over a short period, cost €4m more than expected in the full year. While the occurrence of such large claims can be expected to revert to norm over a longer period, we note that their severity is trending upwards.
- The development pattern of a small number of prior year medium-sized injury claims (cost between €0.2m and €1m, net of reinsurance) was significantly higher than expected. This adverse development related to accidents that occurred in 2011 and 2012 and was due to factors such as the deterioration in claimants' medical conditions or an increase in the probability of liability. Although the development pattern on this small group of claims was unfavourable, FBD continues to enjoy positive run-off experience across its book.

FBD Holdings plc

Review of operations (continued)

- In the last quarter of 2014, following a significant High Court judgement in a case not involving the Group, FBD has provided for a potential reduction in the discount factor applied to very large injury claims. In addition, FBD has recognised the reserving implications of a potential increase in the time frame for settlement of injury claims.

The increase in farm related fatalities from 16 in 2013 to 30 in 2014 is deeply concerning and is a tragedy for each of the families and communities involved. Greater awareness of the risks associated with farming and the typical Irish farmyard should help to bring this level down. FBD has committed substantial financial and human resources to initiatives targeting education, training and awareness in conjunction with many of the Group's partners in Ireland's agricultural and farming communities. FBD will maintain this increased focus in the future and hopes to see a reversal in the level of accidents and fatalities in 2015 and beyond.

2014 saw a most unwelcome reversal of successive years of decline in the level of road deaths in Ireland. The 4% increase in road deaths in the year demands a concerted and focused effort from the relevant authorities to ensure that the hard-won progress of previous years does not reverse permanently.

Expenses

Net underwriting expenses were €81.8m in 2014 (€77.6m in 2013) increasing the expense ratio from 26.2% to 27.0%. This increase is attributable to reinstatement premiums payable to reinsurers following Storm Darwin in February 2014 and an increase in broker commissions payable. The Group continues to invest in its IT infrastructure in order to provide a platform for future profitable growth.

The Group's combined operating ratio for 2014 was 112.9% (2013: 94.1%) resulting in an underwriting loss of €39.2m, compared to an underwriting profit of €17.6m in 2013.

Investment return

The Group maintained its low allocation to long-dated bonds to protect shareholders from the risk of rising bond yields. Actual investment return for 2014 was €26.1m compared to €29.4m in 2013, representing a 3.1% return on underwriting investments. This excellent return was delivered despite the low interest rates prevalent in the market and was aided by improving valuations on the Group's investment properties, and the good performance in the equity markets.

The longer term rate of return was €29.2m, up from €28.7m in 2013.

Financial services

The Group's financial services operations include premium instalment services and life, pension and investment broking (FBD Financial Solutions) less holding company costs. These generated a solid performance in a difficult market environment, delivering an operating profit of €5.2m (2013: €6.4m).

Joint venture

The trading performance of the property and leisure joint venture improved again in 2014, driven by growth in occupancy and yield, particularly in the Irish market, where revenue per room increased by 9%. Operating profit increased from €3.9m to €7.0m. After interest, tax and other charges, the Group's share of the joint venture's results was a profit of €1.9m (2013: €1.3m). The joint venture continued to be cash generative.

The market for Irish hotel assets strengthened in 2014, with improving operational performance and higher multiples. In early 2015, the joint venture completed the sale of the Temple Bar Hotel in Dublin. The proceeds from the sale will be used to pay down the joint venture's debt. The joint venture agreement with Taylor Wimpey for the sale of a segment of the development land in La Cala Resort, in Spain, is progressing well and is currently ahead of plan. Both the sale of the hotel in Dublin and the Taylor Wimpey deal are in keeping with the joint venture's core strategic objective of realising value as market conditions improve.

FBD Holdings plc
Review of operations (continued)

Profit before taxation

Actual investment return was €3.2m lower (2013: €0.7m higher) than the longer term rate of return. Separately, the Group recorded an increase in the value of the Group's own property of €1.5m (2013: €1.1m decrease).

Loss before taxation for continuing operations amounted to €4.5m (2013: €51.5m profit). After a taxation credit of €1.2m (2013: €6.6m charge), the loss after taxation was €3.3m (2013: €44.9m).

Earnings per share

Operating loss per share based on longer-term investment return amounted to 13 cent (2013: 136 cent earnings). Diluted loss per share was 11 cent (2013: 131 cent earnings).

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.

Although 2014 was a very challenging year, the Group has taken and will continue to take appropriate action to underpin business profitability in 2015. The nature of the insurance business is that earnings are influenced by inherently cyclical pricing and volatility in claims costs. Notwithstanding 2014's performance, the Board is confident that FBD is well positioned to outperform the market and will deliver strong returns for shareholders in the medium term.

As a result, the Board is recommending a final dividend payment of 34 cent per share (2013: 33.25 cent), an increase of 2.3%, bringing the full 2014 dividend to 51 cent (2013: 49 cent), an increase of 4.1%.

Subject to the approval of shareholders at the Annual General Meeting to be held on 14 May 2015, this final dividend for 2014 will be paid on 20 May 2015 to the holders of shares on the register on 13 March 2015.

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 remains robust. Ordinary shareholders' funds stand at €238.6m (December 2013: €277.2m). Net assets per ordinary share are 693 cent, compared to 823 cent per share at December. The significant reduction in shareholders' funds is mainly attributable to an increase in the liability for the Group's retirement benefit obligations of €21.8m, (net of taxation) and the payment of dividends of €17.5m during the year along with the loss recorded in the year. The increase in the liability for the Group's retirement benefit obligations arises as the discount rate used to value the pension scheme's liabilities reached an historic low.

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

FBD Holdings plc
Review of operations (continued)

Table 1 – Asset allocation

	31-Dec-14		31-Dec-13	
	€m	%	€m	%
Underwriting investment assets				
Deposits and cash	511	58%	454	53%
Corporate bonds	224	25%	144	17%
Government bonds	46	5%	134	16%
Equities	41	5%	73	8%
Unit trusts	25	3%	24	3%
Investment property	20	2%	12	1%
Own land & buildings	16	2%	15	2%
Underwriting investment assets	883	100%	856	100%
Other assets	118		116	
Reinsurers' share of technical provisions	57		44	
Investment in joint venture	47		45	
Plant and equipment	47		31	
Total assets	1,152		1,092	

The Group continues to be encouraged by the improvement in confidence in the global economy and by policymakers' actions to address the dislocation in the international monetary system. However recent ECB non-standard measures are likely to result in a sustained period of challenging investment yield conditions and continuing low interest rates for Euro-zone member countries.

Given these conditions, the Group believes it is appropriate to maintain its tactical lower-risk asset allocation and held 88.5% of its underwriting assets in cash and short dated bonds at 31 December 2014. The average term of the Group's assets remains shorter than the average term of its insurance liabilities, with more term deposits and less fixed interest securities than the Group's strategic investment allocation. FBD reduced its equity holdings by 44% in 2014 to take advantage of attractive valuations during the year and heightened volatility as market sentiment deteriorated. FBD's current investment allocation continues to be appropriate. The high allocation to cash provides FBD with the opportunity and agility to capitalise on higher yield opportunities should they emerge. This current tactical asset allocation is indicative of the Group's capital preservation strategy.

FBD Insurance had a solvency level of 67.6% (2013: 78.1%) of net premium earned at the end of 2014 which represents 343% of the minimum solvency margin and a reserving ratio of 251% (2013: 235%). FBD continues to have a prudent surplus over best estimate as at 31 December 2014. Run-off of the prior year outstanding claims was a positive €15.5m during 2014.

In line with all European insurers, FBD Insurance is preparing for the introduction of Solvency II regulations which are to come into effect on 1 January 2016. FBD Insurance has calculated its solvency capital requirement on the basis that Solvency II, as currently proposed, was effective at 31 December 2014 and the results show that FBD Insurance had sufficient capital to meet the requirement.

FBD Holdings plc
Review of operations (continued)

Outlook

Economic indicators point to an improved outlook for Ireland. This will be positive for FBD in the medium term. The Irish insurance market grew in 2014 following eleven consecutive years of decline. The rate of market growth in 2015 will be contingent on the speed and extent to which the market chooses to adjust rates to deliver an acceptable return.

Despite this welcome upturn in premium growth, industry profitability continues to be challenging. The Group believes that the market will continue to be loss making during 2015 as rate increases already implemented take time to be reflected in earned premium. In addition, this will be compounded by the general deterioration in the claims environment and low investment yields. Further market rating actions will be necessary. In particular, the Group believes that the claims environment is going through a period of heightened uncertainty. Increased claims frequency and potential changes in the claims settlement environment are contributing to current uncertainty in the Group's outlook.

FBD is committed to achieving profitable growth in book value through underwriting discipline. The Group will continue to take appropriate underwriting and rating action in order to deliver full price adequacy across all lines of business and thus deliver strong shareholder returns. Although the underwriting actions and rate increases implemented by FBD since early 2014 are having a beneficial impact on the expected loss ratio, they will only be fully reflected towards the second half of 2015.

FBD has a track record of delivering superior returns to shareholders. The nature of the insurance business is that earnings will be influenced by inherently cyclical pricing and volatility in claims costs. Although 2014 was a very challenging year and market conditions remain difficult, the Board is confident that FBD remains well positioned in its market and will deliver strong returns for shareholders through the insurance cycle.

Subject to no exceptional events arising, the Group is guiding full year 2015 operating earnings per share of between 20 and 40 cent.

FBD Holdings plc
Consolidated Income Statement
For the year ended 31 December 2014

Continuing Operations	2014	2013
	€000s	€000s
Revenue	406,263	396,290
Income		
Gross premium written	363,735	351,195
Reinsurance premiums	(52,312)	(49,109)
Net premium written	311,423	302,086
Change in provision for unearned premiums	(7,979)	(5,699)
Net premium earned	303,444	296,387
Net investment return	26,068	29,359
Financial services income	15,380	15,289
Total income	344,892	341,035
Expenses		
Net claims and benefits	(260,870)	(201,222)
Other underwriting expenses	(81,786)	(77,565)
Financial services expenses	(10,173)	(8,893)
Revaluation of property, plant and equipment	1,480	(1,121)
Restructuring and other costs	-	(2,050)
Share of results of joint venture	1,930	1,271
(Loss)/profit before taxation	(4,527)	51,455
Income taxation credit/(charge)	1,203	(6,563)
(Loss)/profit for the year	(3,324)	44,892
Attributable to:		
Equity holders of the parent	(3,419)	44,786
Non-controlling interests	95	106
	(3,324)	44,892
	2014	2013
	Cent	Cent
(Loss)/earnings per share		
Basic	(11)	132
Diluted	(11)	131

FBD Holdings plc
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2014

	2014 €000s	2013 €000s
(Loss)/profit for the year	(3,324)	44,892
<i>Items that will or may be reclassified to profit or loss in subsequent periods:</i>		
Net gain/(loss) on available for sale financial assets during the year	1,028	(654)
Taxation charge relating to items that will or may be reclassified to profit or loss in subsequent periods	(257)	-
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial (loss)/gain on retirement benefit obligations	(25,058)	2,851
Taxation credit/(charge) relating to items not to be reclassified in subsequent periods	3,214	(278)
Other comprehensive (expense)/income after taxation	(21,073)	1,919
Total comprehensive (expense)/income for the year	(24,397)	46,811
Attributable to:		
Equity holders of the parent	(24,492)	46,705
Non-controlling interests	95	106
	(24,397)	46,811

FBD Holdings plc
Pro Forma Reconciliation of Consolidated Operating (Loss)/Profit to (Loss)/Profit after Taxation
For the year ended 31 December 2014

	2014 €000s	2013 €000s
Operating result		
Underwriting	(9,972)	46,277
Financial services	5,207	6,396
Operating (loss)/profit before taxation	(4,765)	52,673
Investment return – fluctuations	(3,172)	682
Revaluation of property, plant and equipment	1,480	(1,121)
Restructuring and other costs	-	(2,050)
Share of results of joint venture	1,930	1,271
(Loss)/profit before taxation	(4,527)	51,455
Income taxation credit/(charge)	1,203	(6,563)
(Loss)/profit after taxation	(3,324)	44,892
	Cent	Cent
Operating (loss)/earnings per share	(13)	136
Diluted (loss)/earnings per share	(11)	131

FBD Holdings plc
Consolidated Statement of Financial Position
At 31 December 2014

ASSETS

	2014	2013
	€000s	€000s
Property, plant and equipment	62,625	45,568
Investment property	19,959	11,567
Investment in joint venture	47,167	45,237
Loans	971	1,037
Deferred taxation asset	5,572	3,255
Financial assets		
Investments held to maturity	-	30,288
Available for sale investments	224,977	141,897
Investments held for trading	116,428	210,231
Deposits with banks	494,909	437,977
	836,314	820,393
Reinsurance assets		
Provision for unearned premiums	16,010	19,720
Claims outstanding	41,300	24,550
	57,310	44,270
Current taxation asset	8,742	4,174
Deferred acquisition costs	28,427	26,429
Other receivables	58,951	68,284
Cash and cash equivalents	26,190	21,586
Total assets	1,152,228	1,091,800

FBD Holdings plc
Consolidated Statement of Financial Position (continued)
At 31 December 2014

EQUITY AND LIABILITIES	2014 €000s	2013 €000s
Equity		
Ordinary share capital	21,409	21,409
Capital reserves	18,756	17,812
Retained earnings	198,417	237,993
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Shareholders' funds - equity interests	238,582	277,214
Preference share capital	2,923	2,923
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Equity attributable to equity holders of the parent	241,505	280,137
Non-controlling interests	483	463
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Total equity	241,988	280,600
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Liabilities		
Insurance contract liabilities		
Provision for unearned premiums	179,650	175,380
Claims outstanding	638,504	565,611
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	818,154	740,991
Retirement benefit obligation	54,254	28,538
Deferred taxation liability	691	691
Payables	37,141	40,980
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Total liabilities	910,240	811,200
	<hr/>	<hr/>
Total equity and liabilities	1,152,228	1,091,800
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FBD Holdings plc
Consolidated Statement of Cash Flows
For the year ended 31 December 2014

	2014	2013
	€000s	€000s
Cash flows from operating activities		
(Loss)/profit before taxation	(4,527)	51,455
Adjustments for:		
Profit on disposal of investments held for trading	(3,709)	(16,165)
Loss on investments held to maturity	288	562
Loss on investments available for sale	2,284	4,797
Interest and dividend income	(13,352)	(17,265)
Depreciation of property, plant and equipment	8,197	7,675
Share-based payment expense	944	977
Revaluation of investment property	(9,261)	(588)
Revaluation of property, plant and equipment	(1,480)	1,121
Profit on the sale of investment property	(324)	-
Increase in insurance contract liabilities	64,123	723
Effect of foreign exchange rate changes	(160)	(293)
Profit on disposal of property, plant and equipment	(19)	-
Joint venture trading result	(1,930)	(1,271)
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Operating cash flows before movement in working capital	41,074	31,728
Decrease/(increase) in receivables and deferred acquisition costs	3,900	(5,738)
(Decrease)/increase in payables	(3,229)	1,950
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Cash generated from operations	41,745	27,940
Interest and dividend income received	16,795	16,659
Income taxes paid	(2,684)	(4,719)
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Net cash from operating activities	55,856	39,880
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Cash flows from investing activities		
Purchase of investments held for trading	(45,545)	(174,962)
Sale of investments held for trading	143,057	123,854
Realisation of investments held to maturity	30,000	-
Purchase of available for sale investments	(129,453)	(103,554)
Sale of available for sale investments	45,117	105,091
Purchase of property, plant and equipment	(24,094)	(18,574)
Sale of property, plant and equipment	339	31
Sale of investment property	1,353	-
Decrease in loans and advances	65	59
(Increase)/decrease in deposits invested with banks	(56,932)	35,897
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Net cash used in investing activities	(36,093)	(32,158)
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Cash flows from financing activities		
Ordinary and preference dividends paid	(17,505)	(15,663)
Dividends paid to non-controlling interests	(75)	(120)
Proceeds of re-issue of ordinary shares	2,421	3,936
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Net cash used in financing activities	(15,159)	(11,847)
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Net increase/(decrease) in cash and cash equivalents	4,604	(4,125)
Cash and cash equivalents at the beginning of the year	21,586	25,711
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Cash and cash equivalents at the end of the year	26,190	21,586
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FBD Holdings plc
Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

	Ordinary share capital	Capital reserves	Retained earnings	Attributable to ordinary shareholders	Preference share capital	Non-controlling interests	Total equity
	€000s	€000s	€000s	€000s	€000s	€000s	€000s
Balance at 1 January 2013	21,409	16,835	203,015	241,259	2,923	477	244,659
Profit after taxation	-	-	44,786	44,786	-	106	44,892
Other comprehensive income	-	-	1,919	1,919	-	-	1,919
	21,409	16,835	249,720	287,964	2,923	583	291,470
Dividends paid and approved on ordinary and preference shares	-	-	(15,663)	(15,663)	-	-	(15,663)
Reissue of ordinary shares	-	-	3,936	3,936	-	-	3,936
Recognition of share based payments	-	977	-	977	-	-	977
Dividend paid to non-controlling interests	-	-	-	-	-	(120)	(120)
Balance at 31 December 2013	21,409	17,812	237,993	277,214	2,923	463	280,600
(Loss)/profit after taxation	-	-	(3,419)	(3,419)	-	95	(3,324)
Other comprehensive expense	-	-	(21,073)	(21,073)	-	-	(21,073)
	21,409	17,812	213,501	252,722	2,923	558	256,203
Dividends paid and approved on ordinary and preference shares	-	-	(17,505)	(17,505)	-	-	(17,505)
Reissue of ordinary shares	-	-	2,421	2,421	-	-	2,421
Recognition of share based payments	-	944	-	944	-	-	944
Dividend paid to non-controlling interests	-	-	-	-	-	(75)	(75)
Balance at 31 December 2014	21,409	18,756	198,417	238,582	2,923	483	241,988

FBD Holdings plc
Supplementary Information
For the year ended 31 December 2014

Note 1 OPERATING (LOSS)/PROFIT BY ACTIVITY

	2014 €000s	2013 €000s
Underwriting	(9,972)	46,277
Financial services	<u>5,207</u>	<u>6,396</u>
	<u>(4,765)</u>	<u>52,673</u>

Note 2 UNDERWRITING OPERATING (LOSS)/PROFIT

	2014 €000s	2013 €000s
Gross premium written	<u>363,735</u>	<u>351,195</u>
Net premium earned	303,444	296,387
Net claims incurred	(260,870)	(201,222)
Net underwriting expenses	<u>(81,786)</u>	<u>(77,565)</u>
Underwriting (loss)/profit	(39,212)	17,600
Longer term investment return	<u>29,240</u>	<u>28,677</u>
Underwriting operating (loss)/profit	<u>(9,972)</u>	<u>46,277</u>

Net underwriting expenses	2014 €000s	2013 €000s
Management expenses	91,089	86,298
Deferred acquisition costs	<u>(1,998)</u>	<u>(1,777)</u>
Gross underwriting expenses	89,091	84,521
Reinsurance commissions receivable	(13,121)	(11,326)
Broker commission payable	<u>5,816</u>	<u>4,370</u>
Net underwriting expenses	<u>81,786</u>	<u>77,565</u>

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2014

Note 3 LOSS PER €0.60 ORDINARY SHARE

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

Earnings	2014 €000s	2013 €000s
(Loss)/profit for the year	(3,324)	44,892
Non-controlling interests	(95)	(106)
Preference dividend	(282)	(282)
	<hr/>	<hr/>
(Loss)/profit for the purpose of basic and diluted (loss)/earnings per share	(3,701)	44,504
	<hr/>	<hr/>
Number of shares	2014	2013
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (excludes treasury shares)	34,414,709	33,697,613
Effect of dilutive potential of share options outstanding	-	185,728
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	34,414,709	33,883,341
	<hr/>	<hr/>
	Cent	Cent
Basic (loss)/earnings per share	(11)	132
	<hr/>	<hr/>
Diluted (loss)/earnings per share	(11)	131
	<hr/>	<hr/>

The 'A' ordinary shares of €0.01 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 2014

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

Earnings	2014 €000s	2013 €000s
Operating (loss)/profit after taxation*	(4,174)	46,142
Non-controlling interests	(95)	(106)
Preference dividend	(282)	(282)
	<hr/>	<hr/>
Operating (loss)/profit for the purpose of operating earnings per share	(4,551)	45,754
	<hr/>	<hr/>
	Cent	Cent
Operating (loss)/earnings per share	(13)	136
	<hr/>	<hr/>

*2014 effective taxation rate of 12.4% (2013: 12.4%).

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2014

Note 4 DIVIDENDS

	2014	2013
	€000s	€000s
Paid during year:		
2013 final dividend of 33.25 cent (2012: 30.00 cent) per share on ordinary shares of €0.60 each	11,333	10,058
2014 interim dividend of 17.0 cent (2013: 15.75 cent) per share on ordinary shares of €0.60 each	5,890	5,323
Dividend of 4.8 cent (2013: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	169	169
Dividend of 8.4 cent (2013: 8.4 cent) per share on 14% non-cumulative preference shares of €0.60 each	113	113
	<hr/>	<hr/>
Total dividends paid	17,505	15,663
	<hr/>	<hr/>
Proposed:	2014	2013
	€000s	€000s
Dividend of 4.8 cent (2013: 4.8 cent) per share on 8% non-cumulative preference shares of €0.60 each	169	169
Final dividend of 34.0 cent (2013: 33.25 cent) per share on ordinary shares of €0.60 each	11,780	11,331
	<hr/>	<hr/>
Total dividends proposed	11,949	11,500
	<hr/>	<hr/>

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 Consolidated Statement of Financial Position.

FBD Holdings plc
Supplementary Information (continued)
For the year ended 31 December 2014

Note 5 ORDINARY SHARE CAPITAL

	Number	2014 €000s	2013 €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 1,383,487. This represented 3.9% of the shares of this class in issue and had a nominal value of €830,092. There were no ordinary shares of €0.60 each purchased by the Company during the year. A total of 570,403 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 €2,421,250 were credited directly to distributable reserves. This left a balance of 813,084 ordinary shares of €0.60 each in treasury which had a nominal value of €487,850 and represented 2.3% 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 2013, the total number of ordinary shares of €0.60 each under option amounted to 325,000. The related options had been granted under the FBD Holdings plc Executive Share Option Scheme ("ESOS") which ceased to exist after 5 September 2014. These options were all exercised during the year at a subscription price of €7.45.

All issued shares have been fully paid.

FBD Holdings plc
Supplementary Information (continued)
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Note 6 TRANSACTIONS WITH RELATED PARTIES

Farmer Business Developments plc has a substantial shareholding in the Group at 31 December 2014. Details of their shareholding and related party transactions are set out in the Annual Report.

For the purposes of the disclosure requirements of IAS 24, the term "*key management personnel*" (KMP) (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Company) comprises the Board of Directors (executive and non-executive) and Company Secretary of FBD Holdings plc and the Group's primary subsidiary, FBD Insurance plc and members of the Executive Management Team.

Full disclosure in relation to the 2014 and 2013 compensation entitlements of the Board of Directors and key management personnel is provided in the Annual Report.

Details of Directors' share options are also outlined in the Annual Report.

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 2014 or 2013 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 Conduct 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 2014 and 2013 Financial Statements have been audited and received unqualified audit reports. The 2014 Financial Statements were approved by the Board of Directors on 27 February 2015.

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.