

Corporate Governance

Your Board of Directors is committed to the highest standards of corporate governance. Good governance stems from a positive culture and well embedded values. FBD's core values of integrity, entrepreneurship, customer focus and ambition are central to how the Board conducts its business and discharges its responsibilities. Equally, however, these values are as relevant to every employee working throughout the Group in their interactions with each other, and with our customers, shareholders and other stakeholders.

UK Corporate Governance Code and the Irish Corporate Governance Annex

The UK Corporate Governance Code ("the Code") and the Irish Corporate Governance Annex ("the Annex") codify the governance arrangements which apply to listed companies such as FBD. Combined, these represent corporate governance standards of the highest international level.

Throughout 2015 and to the date of this report, we applied the principles of the Code and except where otherwise expressly stated complied with the provisions of both the Code and the Annex.

This section of the Annual Report sets out the governance arrangements in place in FBD Holdings plc.

The Board of Directors and its Role

The Group is managed by the Board of Directors.

The primary role of the Board is to provide leadership and strategic direction while maintaining effective control over the activities of the Group.

The Board has approved a Corporate Governance Framework setting out its role and responsibilities. This is reviewed annually as part of the Board's evaluation of its performance and governance arrangements. The Framework includes a formal schedule of matters reserved to the Board for its consideration and decision, which includes:

- the approval of the Group's objectives and strategy;
- approval of the annual budget including capital expenditure and the review of the Group's systems of internal control;
- maintenance of the appropriate level of capital, the allocation thereof and decisions as to the recommendation or payment of dividends;

- approval of Financial Statements; and
- the appointment of Directors and the Company Secretary.

This schedule ensures that the skills, expertise and experience of the Directors are harnessed to best effect and ensures that any major opportunities or challenges for the Group come before the Board for consideration and decision. The schedule was last reviewed in January 2016.

Other specific responsibilities of the Board are delegated to Board appointed Committees, details of which are given later in this report.

Board Composition and Independence

During 2015 the Board comprised two executive Directors and eight non-executive Directors, including the Chairman. This structure was deemed appropriate by the Board.

The Board deemed it appropriate that it should have between 9 and 11 members and that this size is appropriate, being of sufficient breadth and diversity to ensure that there is healthy debate and input on the main business to be dealt with by it.

Six of the non-executive Directors in office at the end of 2015 were considered to meet all of the criteria indicating independence set out in the Code.

	Date first elected by share-holders	Years from first election to the 2016 AGM	Considered to be independent
E Daly	May 2015	1	Yes
S Dorgan	Apr 2008	8	Yes
E Downey	May 2015	1	Yes
L Herlihy	-	0	Yes
B Horan	Apr 2012	4	Yes
R O'Flynn	-	0	Yes

Neither Mr. Walshe, who is chairman of the Group's largest shareholder, Farmer Business Developments plc, nor the Board Chairman, Mr. Berkery, were considered to be independent.

The Group has announced that the Company and its principal subsidiary, FBD Insurance plc, will have a Board comprised of the same directors and the dual board structure in operation up to the end of 2015 will be retired. This new structure will be implemented over the first half of 2016.

The skills and experience identified by the Board as critical to its composition and that of its Committees at this time include expertise in insurance or other financial services, general and farming/agri industry experience, corporate finance, corporate governance, regulatory and other compliance, financial accounting and executive reward principles and practice. The Board also considers it desirable to attract individuals with technology and consumer goods and services experience.

Directors' Biographies

Biographical details of the Directors in office on the date of this Report are as follows:

Michael Berkery, Chairman

Michael Berkery (aged 67) was elected Chairman of the Company in 1996. He was Chief Executive Officer of the Irish Farmers' Association for 25 years until his retirement in March 2009. He served on the National Economic and Social Council for over 20 years and was a director of the Agricultural Trust (publisher of the Irish Farmers Journal). He is chairman of FBD Trust Company Limited, and a Director of Enable Ireland and a number of other companies. In September 2015 Mr. Berkery was appointed as a member of the EU High Level Group on simplification of European Structural & Investment Funds. Mr. Berkery joined the Board in October 1988.

Mr. Berkery's extensive career at leadership level in the Irish Agriculture and Food Industry brings to the Board deep insights into the Irish farming and agri-related community, which together comprise a substantial customer base for the Group's underwriting subsidiary, FBD Insurance plc. He brings to the Board and to its Committees his facilitation and communication skills, business and economic knowledge, independence of mind and experience of management and motivation of people.

Emer Daly, independent non-executive Director

Emer Daly (aged 52) is currently non-executive Director of Permanent TSB Group Holdings plc, and Permanent TSB plc where she also serves as Chairman of the Audit Committee. She also serves as a non-executive Director of Friends Provident International Limited and Lombard S.A. and as Chairman of the Audit, Risk and Compliance Committee for both companies. Ms. Daly joined the Board, the Audit Committee and the Remuneration Committee in November 2014.

Ms. Daly is a Fellow of Chartered Accountants Ireland and has valuable experience of the general insurance industry, having previously worked in senior roles with PricewaterhouseCoopers and AXA Insurance. She served as a Director with Axa between 2000 and 2006 with responsibility for Financial Operations, Strategy and Risk Management.

Ms. Daly is also a member of the audit committee of the Department of Foreign Affairs and Trade and lectures in risk management in the UCD Graduate Business School. She previously held non-executive roles with Eigrid p.l.c., Payzone p.l.c, the Property Registration Authority and the Dublin Dental Hospital where she was board chairman for seven years. Ms. Daly brings to the Board extensive skills, expertise and experience in insurance, accounting, risk management and governance.

Sean Dorgan, independent non-executive Director

Sean Dorgan (aged 64) is currently non-executive Chairman of the Irish Management Institute and is a non-executive Director of Short Brothers plc. He has previously served as chairman and non-executive director of a number of companies and organisations in the private and public sectors. He was Chief Executive of IDA Ireland for nine years until his retirement at the end of 2007. Prior to joining IDA he was Secretary General of the Departments of Industry and Commerce and of Tourism and Trade and was Chief Executive of The Institute of Chartered Accountants in Ireland. Mr. Dorgan joined the Board, and the Audit Committee, in January 2008. He was appointed as Chairman of the Remuneration Committee in December 2011, and as Chairman of the Audit Committee and Senior Independent Director in April 2014.

Mr. Dorgan is a very experienced non-executive Director and brings to the Board, and to its Committees, substantial experience of corporate governance, compliance, accounting, HR and executive reward and general industry experience at leadership level.

Eddie Downey, independent non-executive Director

Eddie Downey (aged 54) was the 14th President of the Irish Farmers' Association up until his resignation in November 2015. He is a director of Bord Bia, the Irish Food Board, an organisation which develops international markets for Irish food produce.

Corporate Governance (continued)

He is also a Director of the Agricultural Trust (publisher of the Irish Farmers Journal). Mr. Downey joined the Board, and the Audit Committee, in April 2014. He was appointed to the Nomination Committee in February 2015. He stepped down from the Audit Committee in May 2015.

In addition to his commercial acumen, Mr. Downey brings to the Board a deep knowledge of Ireland's agricultural sector and is at the forefront of thinking and strategy for this important sector of Ireland's economy, a sector in which the Group, through its insurance subsidiary, FBD Insurance plc, has substantial interest.

Liam Herlihy, independent non-executive Director

Liam Herlihy (aged 64) was, until May of 2015, Group Chairman of Glanbia plc, a leading Irish based performance nutrition and ingredients group, having served in that role for 7 years during which he presided over a period of significant structural change and unprecedented growth for Glanbia. Mr. Herlihy joined the Board in September 2015.

Mr. Herlihy completed the Institute of Directors Development Programme and holds a certificate of merit in Corporate Governance from University College Dublin. He brings to the Board a wealth of commercial experience and some deep insights into the farming and general agricultural industries in Ireland which, together, comprise the Group's core customer base.

Brid Horan, independent non-executive Director

Brid Horan (aged 62) is a member of the Governing Authority of DCU and a Council Member of the Irish Management Institute. Ms. Horan was up until 2014 Deputy Chief Executive of ESB, Ireland's leading energy company, having been an Executive Director of ESB since 2006. Before joining ESB in 1997 as Group Pensions Manager, Ms. Horan headed KPMG Pension & Actuarial Consulting. An Actuary and a Chartered Director, Ms. Horan was a Commissioner of the National Pensions Reserve Fund from its establishment in 2001 to 2009 and a Board member of IDA Ireland from 1996 to 2006. Ms. Horan joined the Board, the Remuneration Committee and the Nomination Committee in December 2011.

Ms. Horan brings to the Board broad strategic and commercial experience, an in-depth understanding of HR and reward issues and her experience of corporate governance and risk management.

Fiona Muldoon, Group Chief Executive

Fiona Muldoon (aged 48) joined the Group in January 2015 as Group Finance Director Designate and was appointed as an executive Director and member of the Board. In October 2015, Ms. Muldoon was appointed as Group Chief Executive.

A Chartered Accountant, Ms. Muldoon was Director of Credit Institutions and Insurance Supervision at the Central Bank of Ireland from August 2011 until May 2014. Prior to this she was with XL Group for seventeen years and held a number of senior roles with this NYSE listed Property & Casualty Insurance firm in Ireland, London and Bermuda, including two years as Group Treasurer until July 2010. On 12 June 2015, Ms. Muldoon was appointed as a non-executive Director of the Governor and Company of the Bank of Ireland.

Ruairí O'Flynn, independent non-executive Director

Mr. O'Flynn (aged 58) is Chairman of Canada Life International Reinsurance and London Life and General Reinsurance. He is also a non-executive Director of Irish Life Investment Managers and Setanta Asset Management and a member of the Board of Córas Iompair Éireann (CIE). He joined the Board and the Audit Committee in May 2015.

Mr. O'Flynn has over 20 years' experience at CEO and Board level in the financial services industry in Ireland and the UK. He was formerly CEO at Canada Life Ireland, Setanta Asset Management and Lifetime Assurance.

Mr. O'Flynn was also a full time member of faculty at the Irish Management Institute and he lectures in Corporate Governance and Leadership. He graduated from Trinity College Dublin with the degrees of Bachelor of Business Studies and MSc.(Mgt.) in Organisational Behaviour. He has completed the Program for Management Development at Harvard Business School, and the International Directors Programme at Insead Business School.

He brings to the Board extensive experience at senior executive level in the financial services industry together with his expertise in the areas of strategy, leadership and corporate governance.

Padraig Walshe, non-executive Director

Padraig Walshe (aged 58) is Chairman of Farmer Business Developments plc, the Company's largest shareholder. He is a past President of COPA, the European Farmers' Organisation and of the Irish Farmers' Association. Mr. Walshe previously served on the Board of FBD between 2006 and 2010, and rejoined the Board in December 2011.

Mr. Walshe's extensive leadership experience at national and international level and his deep understanding of Ireland's farming community and the Irish food sector are of immense benefit to the Board.

Board Diversity

The Board values the major contribution which a mix of backgrounds, skills and experience brings to the Group and sees merit in increasing diversity at Board level in achieving the Group's strategic objectives. Differences in background, skills, experience and other qualities, including gender, will continue to be considered in determining the optimal composition of the Board, the principal aim being to achieve an appropriate balance between them.

While all appointments to the Board will have due regard to diversity, they will be made on merit, ensuring that the skills, experience and traits noted by the Board as being of particular relevance at any time are present on the Board and included in any planned refreshment.

Over the coming years and as opportunities to appoint arise, the Board will continue to seek candidates who have both the requisite skills and experience and who will help the Board achieve greater diversity.

As at the date of this report, the Board was comprised as follows:

Tenure of Director

0 – 2 years	55%
3 – 6 years	22%
7 – 9 years	11%
Over 9 years	11%

Gender

Male	67%
Female	33%

Executive/non-executive

Non-executive	89%
Executive	11%

Experience and skills

The percentage of the Board having the requisite skills and experience were as follows:

Insurance or financial services	55%
General industry	67%
Agri/farming	44%
Corporate finance	44%
Regulatory and compliance	67%
Financial accounting	55%
Executive reward	67%

Key Roles and Responsibilities

Chairman

The role of the Chairman is set out in writing in the Corporate Governance Framework. He is responsible, *inter alia*, for:

- the effective running of the Board, setting its agenda and ensuring that it receives accurate, timely and clear information;
- ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives; and
- ensuring that the views of shareholders are communicated to the Board.

Group Chief Executive

The role of the Group Chief Executive is set out in writing in the Corporate Governance Framework. She is responsible, *inter alia*, for:

- running the Group's business;
- proposing and developing the Group's strategy and overall objectives in close consultation with the Chairman and the Board; and
- implementing the decisions of the Board and its Committees.

Corporate Governance (continued)

Senior Independent Director

The Senior Independent Director is responsible for:

- being available to shareholders if they have concerns which they have not been able to resolve through the normal channels of the Chairman, the Group Chief Executive or the Finance Director, or for which such contact is inappropriate;
- conducting an annual review of the performance of the Chairman;
- acting as a sounding board for the Chairman; and
- serving as an intermediary for the other non-executive Directors as required.

Company Secretary

The Company Secretary acts as Secretary to the Board and to its Committees. In so doing, he:

- assists the Chairman in ensuring that the Directors have access, in a timely fashion, to the papers and information necessary to enable them to discharge their duties;
- assists the Chairman by organising and delivering induction and training programmes as required; and
- is responsible for ensuring that Board procedures are followed and that the Directors are fully briefed on corporate governance matters.

Board effectiveness and performance evaluation

Board effectiveness is reviewed annually as part of the Board's performance evaluation process. The Chairman is responsible for ensuring that each Director receives an induction on joining the Board and that he or she receives any additional training he or she requires. The induction itself is organised and delivered by the Company Secretary and other members of the management team.

Board Evaluation

Every year the Board evaluates its performance and that of its Committees. Directors are expected to take responsibility for identifying their own training needs and to take steps to ensure that they are adequately informed about the Group and about their responsibilities as a Director. The Board is confident that all of its members have the requisite knowledge and experience and support from within the Company to perform their role as a Director of the Group.

Towards the end of 2015, the Board had its evaluation process externally facilitated by Praesta Ireland, an independent consultancy which has no other connections with the Group. The main conclusion from the evaluation process was that the Board, its Committees, the Chairman and individual Directors are performing very effectively with some suggestions made for further improvement.

The evaluation process for 2015 took place in December 2015 and January 2016. The purpose of the process was to identify areas which the Board can identify for improvement and to affirm positively those areas where it is playing an effective role in leading the Group.

Key recommendations from the evaluation process include:

- the amalgamation of the two Boards of the Group's principal entities – FBD Holdings plc and FBD Insurance plc;
- the appointment of highly experienced insurance executives and non-executives to this Board;
- improvements in certain of the management information coming to the Board;
- making appointments to the senior management team as quickly as possible; and
- improvements in succession planning, executive development and Director training.

Re-election of Directors

The Board has, since 2011, adopted the practice that all Directors will submit themselves for re-election at each Annual General Meeting regardless of length of service or the provisions of the Company's Articles of Association.

Access to advice

All members of the Board have access to the advice and the services of the Company Secretary who is responsible for ensuring that Board procedures are followed and that applicable rules, regulations and other obligations are complied with.

In addition members of the Board may take independent professional advice at the Company's expense if deemed necessary in the furtherance of their duties.

Attendance at Board and Board Committee Meetings during 2015

	Board	Audit	Nomination	Remuneration
M Berkery	15/15	-	4/4	1/1
E Daly	14/15	6/6	-	3/3
S Dorgan	15/15	6/6	1/1	3/3
E Downey	13/15	1/2	2/3	-
L Herlihy	8/8	-	-	-
B Horan	13/15	-	4/4	3/3
A Langford	4/4	-	1/1	-
F Muldoon	13/13	-	-	-
C O’Caoimh	9/9	-	-	-
R O’Flynn	12/12	4/4	-	-
P Walshe	14/15	-	-	-

If a Director is unable for any reason to attend a Board or Committee meeting, he or she will receive Board papers in advance of the meeting and is given an opportunity to communicate any views on or input into the business to come before the meeting to the Chairman.

Board Committees

The Board has established three Committees to assist it in the execution of its responsibilities. These are:

- the Audit Committee;
- the Nomination Committee; and
- the Remuneration Committee.

Each of the Committees has written terms of reference which were approved by the Board and set out the Committees’ powers, responsibilities and obligations. These are available on the Group’s website www.fbdgroup.com.

The Company Secretary acts as secretary to the Committees. Minutes of all of the Committees’ meetings are either circulated to all of the Directors in the case of the Audit Committee or are available to any Director on request in the case of the other two Committees.

Each of these Committees has provided a report in the sections following.

Report of the Audit Committee

Membership during the year

CURRENT

S Dorgan	Independent non-executive Director, Committee Chairman
E Daly	Independent non-executive Director
R O’Flynn	Independent non-executive Director, appointed to the Committee on 14 May 2015

PREVIOUS

E Downey	Independent non-executive Director, stepped down from Committee on 14 May 2015
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The Committee members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities.

The Board has resolved that each of Ms. Daly, Mr. Dorgan and Mr. O’Flynn have recent and relevant financial experience.

Objective of Committee

To assist the Board of the Group in fulfilling its oversight responsibilities for such matters as financial reporting, the system of internal control and management of financial risks, the audit process and the Group’s process for monitoring compliance with laws and regulations.

Key responsibilities delegated to the Committee

- reviewing the Group’s financial results announcements and Financial Statements;
- overseeing the relationship with the external auditors including reviewing their terms of engagement, independence and fees;
- reviewing the scope, resources, results and effectiveness of the Group’s internal audit function; and
- performing detailed reviews of specific areas of financial reporting as required by the Board or the Committee.

Corporate Governance (continued)

Meetings

The Committee met on six occasions during 2015. Meetings are attended by Committee members and, on occasion, by invitation, the Chief Financial Officer. The statutory Auditor and the Head of Group Internal Audit are invited to attend all scheduled meetings of the Committee. The Committee regularly meets separately with the statutory auditor and with the Head of Group Internal Audit, without members of management present.

The minutes of Committee meetings are circulated routinely to the Board. The Committee chairman also provides a verbal report to the Board after each Committee meeting. The Committee reports formally to the Board annually on the overall work undertaken and the degree to which it discharged the responsibilities delegated to it.

Activities of the Committee during 2015

During the year the following were the main activities undertaken:

- assessment of financial and other risks facing the Group and of the operation of internal controls;
 - review of all aspects of the relationship with the external auditors, including the statutory audit plan, audit findings and recommendations and consideration of the independence of the external auditors and the arrangement in place to safeguard this, including partner rotation, prohibition on share ownership and levels of fees payable to the statutory auditor for non-audit assignments;
 - consideration of issues of financial reporting, particularly those involving substantial judgment and the risk of material misstatement including claims estimates and provisions;
 - review of drafts of Annual Report and Half Yearly Report prior to their consideration by the Board;
 - review of correspondence between the Company and IAASA, the Irish financial reporting regulator, in relation to the Annual and Half Yearly Reports;
 - appraisal of the Internal Audit function, plan, work, report and issues arising and monitoring the scope and effectiveness of the function;
 - assessment of compliance with laws, regulations, codes and financial reporting requirements; and
- reporting to the Board on its activities and confirming the degree to which the Committee's delegated responsibilities had been discharged through verbal reports to the Board after each meeting and a formal written report presented annually.

The specific judgements and estimates used in the formulation of the financial statements and considered by the Committee included:

- claims best estimate and the margin for uncertainty;
- change in the accounting treatment of MIBI reserve;
- asset valuations;
- accounting treatment of the convertible bond instrument;
- revenue recognition and the treatment of unearned premium reserve;
- accounting for the defined benefit pension scheme; and
- recoverability of deferred tax asset following losses incurred in 2015.

The Committee considered specific comprehensive papers on these issues presented by management and was satisfied with the treatment proposed in each case.

Having put the provision of audit services out to competitive tender during 2015 the Committee recommended that PricewaterhouseCoopers be appointed as statutory auditor in respect of the 2016 Financial Statements. This was approved by the Board. This change was implemented as a result of requirements under the new European Audit Directive and Regulations to rotate audit firms every ten years.

The Committee retains direct oversight over the activities of the Audit Committee of the Group's principal subsidiary, FBD Insurance plc, and routinely receives the minutes of that committee's meetings once they are approved.

Evaluation

The Committee's activities formed part of the Board's evaluation process which found the Committee to be operating effectively.

Sean Dorgan

On behalf of the Audit Committee

26 February 2016

Report of the Nomination Committee

Membership during the year

CURRENT

M Berkery	Committee Chairman, non-executive Director, Board chairman
B Horan	Independent non-executive Director
E Downey	Independent non-executive Director, appointed to the Committee on 27 February 2015

PREVIOUS

A Langford	Chief Executive Officer stepped down from Committee on 27 February 2015
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Objective of Committee

To ensure that the Board and its Committees are made up of individuals with the necessary skills, knowledge and experience to ensure that the Board is effective in discharging its responsibilities.

Key responsibilities delegated to the Committee

- reviewing the structure, size and composition of the Board and making recommendations to the Board for any appointments or other changes;
- recommending changes to the Board's committees; and
- advising the Board in relation to succession planning both for the Board and the senior executives in the Group.

During the year the Committee consulted a number of external firms to assist it in the identification of suitable individuals for appointment to executive and non-executive positions and in the drafting of employment contracts.

Meetings

The Committee met four times during 2015 to consider potential candidates for appointment to the Board to fulfil vacancies which arose during the year and to oversee the detailed succession planning process undertaken in the Group's principal subsidiary, FBD Insurance plc. At its meeting in May, the Committee reviewed and approved the Board succession plan.

Evaluation

The Committee's activities formed part of the Board's evaluation process which found the Committee to be operating effectively.

The composition of the Committee at the end of 2015 fully met the requirements of the Code as a majority of Committee members were Directors considered to be independent.

Michael Berkery

On behalf of the Nomination Committee

26 February 2016

Report of the Remuneration Committee

Membership during the year

CURRENT

S Dorgan	Committee Chairman, and independent non-executive Director
E Daly	Independent non-executive Director
B Horan	Independent non-executive Director

PREVIOUS

M Berkery	Non-executive Director, stepped down from the Committee on 27 February 2015
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Objective of Committee

To assist the Board of the Company in ensuring that the level of remuneration in the Group and the split between fixed and variable remuneration are sufficient to attract, retain and motivate executive Directors and senior management of the quality required to run the Company in a manner which is fair and in line with market norms, while not exposing the Company to unnecessary levels of risk.

Key responsibilities delegated to the Committee

- determining the broad policy for the remuneration of the Company's executive Directors, Company Secretary and other senior executives;
- determining the total remuneration packages for the foregoing individuals, including salaries, variable remuneration, pension and other benefit provision and any compensation on termination of office;
- ensuring that the Company operates to recognised good governance standards in relation to remuneration;
- making awards of shares under the Group's approved share scheme; and
- preparation of the detailed Report on Directors' Remuneration.

Meetings

The Group Chief Executive may attend meetings of the Committee but only by invitation and not at a time when his or her individual remuneration arrangements are discussed. The Committee met three times during 2015.

Activities of the Committee during 2015

The principal activities undertaken by the Committee during 2015 include:

- annual review of remuneration arrangements for executive Directors and other senior executives, including bonuses paid for performance in 2014 and the conditions attaching to the 2015 bonus plan;
- review and approval of the Report on Directors' Remuneration for 2014;
- making of two conditional awards of shares under the FBD Performance Share Plan and setting the conditions attached; and
- approving the terms and conditions of appointment of the Group Chief Executive in Q4 2015.

The Committee Chairman consulted a number of external firms in the drafting of the CEO employment contract and in selecting appropriate conditions to attach to the LTIP awards.

Full details of Directors' Remuneration are set in the Report on Directors' Remuneration on pages 38 to 46.

Evaluation

The Committee's activities formed part of the Board's evaluation process which found the Committee to be operating effectively.

Sean Dorgan

On behalf of the Remuneration Committee

26 February 2016

Shareholder Engagement

The Board is committed to ensuring that excellent lines of communication exist and are fostered between the Group and its shareholders.

A planned programme of investor relations activities is undertaken throughout the year which includes:

- briefing meetings with all major shareholders after the full year and half yearly results announcements;
- regular meetings between institutional investors and analysts with the Group Chief Executive, Chief Financial Officer and/or Head of Investor Relations to discuss business performance and strategy and to address any issues of concern; and
- responding to letters and queries received directly from shareholders and from proxy adviser firms.

Should a significant proportion of votes be cast against a resolution at any general meeting, the Board will endeavour to identify the shareholders concerned and will initiate a contact with them with the view to understanding the reasons for the adverse vote.

The Board receives a regular report from the Head of Investor Relations which includes details of all meetings held, feedback received and issues either of interest or of concern raised.

Annual General Meeting

The Company's Annual General Meeting is held each year in Dublin. The 2016 meeting will be held on 29 April.

Who attends?

- All of the Directors;
- Senior Group executives;
- Shareholders; and
- Company Advisers

Members of the media are also invited and permitted to attend.

What business takes place at the meeting?

- the Group Chief Executive makes a presentation on the results and performance to the meeting prior to the Chairman dealing with the formal business of the meeting itself;
- all shareholders present, either in person or by proxy can question the Chairman, the Committee Chairmen and the rest of the Board during the meeting and afterwards; and
- the Chairman then deals with the formal business of the meeting.

All shareholders are encouraged to ask questions and to raise any issues at the meeting.

When this part of the meeting has concluded, all formal resolutions are dealt with on a show of hands. Once the vote is declared by the Chairman, the votes lodged with the Company in advance of the meeting are displayed prominently in the venue for those present to see. Immediately after the meeting is concluded the results are published on the Group's website www.fbdgroup.com and also via the Irish and London Stock Exchanges.

The notice of the Annual General Meeting is issued to shareholders at least 20 working days in advance of the meeting.

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

In accordance with the revised FRC guidance for directors on internal control published in September 2014, "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting", the Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the Financial Statements and that this process is regularly reviewed by the Board.

Corporate Governance (continued)

The key risk management and internal control procedures which covers all material controls include:

- skilled and experienced management and staff in line with fit and proper requirements;
- roles and responsibilities including reporting lines clearly defined with performance linked to company objectives;
- an organisation structure with clearly defined lines of responsibility and authority;
- a comprehensive system of financial control incorporating budgeting, periodic financial reporting and variance analysis;
- a Risk Committee of the Board of FBD Insurance plc, the Group's principal subsidiary, and a Risk Management Framework comprising a Risk Function headed by a Chief Risk Officer, a clearly stated risk appetite and risk strategy supported by approved risk management policies and processes in the areas of underwriting, reinsurance, claims reserving, investment and treasury;
- an Executive Risk Committee in FBD Insurance plc comprising senior management whose main role includes reviewing and challenging key risk information and to assist the Risk Committee, described earlier, in the discharge of its duties between meetings;
- an Actuarial function;
- a Compliance function;
- an Internal Audit function;
- an Audit Committee whose formal terms of reference include responsibility for assessing the significant risks facing the Group in the achievement of its objectives and the controls in place to mitigate those risks;
- disaster recovery framework in place and regularly tested;
- business continuity framework in place and regularly tested;
- the risk strategy, framework and appetite are articulated in a suite of policies covering all risk types and supported by detailed procedural documents. Each of these documents is subject to annual review and approval by the Board; and
- performance of a Forward Looking Assessment of Own Risk ("FLAOR") linking of risk management strategy and capital management.

The Annual Budget, Half Yearly Report and Annual Report are reviewed and approved by the Board. Financial results with comparisons against budget are reported to executive Directors on a monthly basis and are reported to the Board at each Board Meeting.

The risk management, internal control, reporting and forecasting processes are important to the Board in the exercise of its governance and oversight role. It constantly strives to further improve their quality.

The Group has established a "Speak Up" Policy for employees the purpose of which is to reassure employees that it is safe and acceptable to raise any concern that they may have about malpractice and to enable them to raise such concerns safely and properly. This policy is reviewed by the Audit Committee annually and circulated thereafter to all Group employees.

The Board has reviewed the effectiveness of the Group's system of internal control. This review took account of the principal risks facing the Group, the controls in place to manage those risks and the procedures in place to monitor them. The Board is satisfied that the controls and procedures in place were effective throughout the period covered by this report and up to the date of its approval.

Viability Statement

The Directors have assessed the prospects of the Group and its ability to meet its liabilities as they fall due in the medium term. The Directors selected a three year timeframe as this corresponds with the Board's strategic planning process. The objectives of the strategic planning process are to consider the key strategic choices facing the Group and to build a financial model with various scenarios. This assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the principal risks and uncertainties facing the Group, as outlined on pages 118 to 129.

The Directors review and renew the Group's three year plan at least annually. Progress against the strategic plan is reviewed regularly by the Board and senior management. Associated risks are considered within the Board's risk management framework.

The strategic plan has been tested for a number of scenarios which assess the potential impact of some of the strategic and commercial risks facing the Group. The Group performs a FLAOR at least annually which subjects FBD's solvency capital levels to a number of extreme stress scenarios. This was last performed in December 2015. Based on the results of these tests the Directors confirm that they have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, its future performance and solvency and that they can have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Chairman's Statement and the Review of Operations, as are the financial position of the Group, its cash flows, liquidity position and borrowing facilities. In addition, note 40 of the Financial Statements includes the Group's policies and processes for risk management.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future being a period of at least twelve months from the date of this report. As a result they continue to adopt the going concern basis of accounting in preparing the Financial Statements. In forming this view, the Directors have reviewed the Group's budget for 2016 and forecast for 2017 and 2018, which take account of reasonably foreseeable changes in trading performance, the key risks facing the business and the medium-term plans approved by the Board in its review of the Group's corporate strategy along with the Group's capital projections and requirements under the new Solvency II regime effective from 1 January 2016. The Directors have concluded that there are no material uncertainties that cast significant doubt over the company's and the Group's ability to continue as a going concern.

The Group has experienced very significant challenges during 2015 and has taken decisive action to return the business to profitability. This includes focusing its resources on its farming and small business customers together with pursuing a consumer strategy under a single brand. In parallel FBD has taken significant underwriting and rating action to reduce risk in its book.

The Group took decisive action to improve its capital position during 2015, which included the issuing of a Solvency II compliant tier II convertible bond of €70m, the divestment of its property and leisure joint venture for €48.5m and the investment of the net proceeds as equity in FBD Insurance plc and the de-risking of the Group's defined benefit pension scheme, which was closed to future accrual in September 2015. These actions have ensured that the Group's principal subsidiary, FBD Insurance plc, met its Solvency II capital requirements before the effective date of 1 January 2016.