Protection.
It's in our nature.

FBD Holdings plc
2019 Solvency and Financial Condition Report

Contents

Introduction

The EU-wide Solvency II Directive came into force with effect from 1 January 2016. This document is the fourth Solvency and Financial Condition Report (SFCR) published under this directive for FBD Holdings plc ('FBD' or the 'Group') which also includes information relating to FBD Insurance plc (the 'Company').

The SFCR provides narrative information in quantitative and qualitative form including quantitative reporting templates (QRTs).

The report covers the Business and Performance of the Group, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

Business and Performance

FBD is one of Ireland's largest property and casualty insurers looking after the insurance needs of farmers, private individuals and business owners through its principal subsidiary, FBD Insurance plc. The Group also has financial services operations including a successful life and pensions intermediary. The Group is a holding company incorporated in Ireland.

The Business and Performance section highlights the profitability of FBD Holdings plc as the Group recorded a profit before tax of €112.5m in 2019 (2018: €50.1m). The Group delivered an underwriting profit of €93.7m, compared to the underwriting profit of €63.4m in 2018.

Net claims incurred amounted to €148.7m (2018: €183.4m). There were positive prior year reserve releases of €40.1m as our claims experience from older years continued to show improvements relative to provisions (2018: €28.7m). These releases have been driven primarily by better than expected settlements and a very low large claims frequency in some recent accident years. In particular our latest view of the 2016 accident year continues to be better than previous expectations.

The Group's expense ratio was 25.9% (2018: 24.9%). Other underwriting expenses were €87.3m, an increase of €3.2m. The increase is explained by €1.2m more in commission payments in respect of our intermediary partner, €1.2m in increased salary costs and a €1m increase in marketing costs offset by modest reductions elsewhere.

FBD's total investment return for 2019 was 2.7% (2018: -0.5%). 1.7% (2018: 0.2%) is recognised in the Consolidated Income Statement and 1.0% (2018: -0.7%) recognised in the Consolidated Statement of Other Comprehensive Income (OCI). The strong returns are a result of investment gains across all asset classes. The Income Statement return reflects the strong performance of the Company's risk asset portfolio, in particular equities. Falling interest rates and an easing of monetary policy in the Eurozone resulted in a strong positive Mark to Market return on FBD's sovereign and corporate bond portfolios.

System of Governance

The Board of FBD Holdings plc is responsible for the long-term success of the Group. 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 is assisted by the Executive Management Team and key roles and functions within the business.

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.

At 31 December 2019 the Board comprised two Executive Directors and eight Non-Executive Directors, including the Chairman. The Board deemed it appropriate that it should have between 8 and 12 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.

Risk Profile

An annual review is completed by the Risk Committee of all major risks to ensure all risks are identified and evaluated. Each risk is assessed by considering the potential impact and the probability of the event occurring. Impact assessments are made against financial, operational, regulatory and reputational criteria. The Risk Profile details the Underwriting, Market, Credit, Liquidity, Operational and Other material risks relating to FBD Insurance plc. For each of the risks, FBD has undertaken stress testing as part of its Own Risk and Solvency Assessment (ORSA). The outcome of the stress and scenario tests was that in each case FBD would have sufficient available capital to continue to meet the Solvency Capital Requirement (SCR).

Valuation for Solvency Purposes

The Valuation for Solvency Purposes outlines the difference between the Solvency II Valuation and the financial statements for the Group and FBD Insurance plc. FBD Holdings plc and FBD Insurance plc financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

Capital Management

The Capital Management section outlines the SCR and Minimum Capital Requirement (MCR) for the Group and the insurance entity. FBD measures and calculates capital using the Standard Formula. The solvency position is monitored on a regular basis to ensure compliance with the SCR and MCR.

At 31 December 2019 the Group Solvency Capital Ratio was 193% including foreseeable dividends of €35.1m. The FBD Insurance plc ratio was 189%. For the first time the SCR calculation excludes a substantial portion of the value of the Company's TIA policy administration system. The TIA system is the principal operating and core technology platform of the business. The impact of this change in the SCR calculation is a reduction of eight percentage points. There is no impact on the Group's IFRS financial statements.

A. Business and Performance

A1. The Business

A1.1 The Undertaking

FBD Holdings plc is incorporated in Ireland. The only insurance entity in the Group is FBD Insurance plc, an insurer licensed in Ireland. The address of the Registered Office and Head Office is;

FBD Holdings plc

FBD House

Bluebell

Dublin 12

D12 YOHE

Ireland

A1.2 Supervisory Authority

FBD Holdings plc and FBD Insurance plc are domiciled in Ireland and the supervisory authority responsible for financial supervision of the undertakings is:

Central Bank of Ireland

New Wapping Street

North Wall Quay

Dublin 1

D01 F7X3

Ireland

A1.3 Independent Auditors

FBD's independent auditors are:

PricewaterhouseCoopers

Chartered Accountants and Statutory Audit Firm

One Spencer Dock

North Wall Quay

North Wall

Dublin 1

D01 X9R7

Ireland

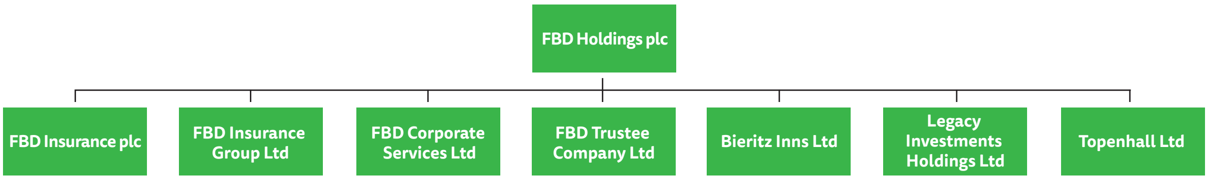
A1.4 FBD shareholders with qualifying holdings:

The shareholders below have interests above 10% in the Group.

Farmer Business Developments plc	No. of Shares	% of Class	% of Voting Rights
Ordinary shares of €0.60 each	8,531,948	25%	22%
8% Non-Cumulative Preference Shares	1,470,292	42%	4%
14% Non-Cumulative Preference Shares	1,340,000	100%	3%
Total % Voting Rights			29%

FBD Trust Company Limited	No. of Shares	% of Class	% of Voting Rights
Ordinary shares of €0.60 each	2,984,737	9%	8%
8% Non-Cumulative Preference Shares	2,062,000	58%	5%
Total % Voting Rights			13%

A1.5 FBD Holdings plc Group Structure:



FBD Holdings plc ('FBD' or the 'Group')	Ireland A holding company which is parent to the other Group companies
FBD Insurance plc ('the Company')	Ireland A regulated insurance company which underwrites motor, property, liability and other smaller insurance lines
FBD Insurance Group Ltd t/a FBD insurance	Ireland FBD Insurance Group Limited is a subsidiary of FBD Holdings plc and it performs the sales and marketing activities of the Group
FBD Corporate Services Limited	Ireland This company employs all staff working for the Group from 1 January 2018
FBD Trustee Company Limited	Ireland The principle activity of this company is to act as Trustee to FBD Insurance plc pension schemes

Non-Principal Subsidiaries *(represents less than 1% of FBD Holdings Net Asset Value)*

Bieritz Inns Limited	Ireland The company activities are property investment and development
Legacy Investments Holdings Limited	Ireland A company used for investment purposes
Topenhall Limited	Isle of Man The principal activity is the holding of land in Warwickshire

A1.6 Relevant operations transactions within the Group

FBD Holdings paid ordinary and preference dividends of €17.7m to shareholders in 2019. Dividends of €21.4m were paid by FBD Insurance plc to FBD Holdings plc in 2019.

All employees of the Group are employed by FBD Corporate Services Ltd which recharges the costs of the employees to the Group companies being FBD Holdings plc, FBD Insurance plc and FBD Insurance Group Ltd.

All direct general insurance premium for the Group is generated through the intermediary FBD Insurance Group Ltd which is paid commission by FBD Insurance plc for the revenue and incurs expenses related to the sales operations.

Inter-group loans are in place and inter-company transactions arise between the Group companies in the normal course of business.

A1.7 Material lines of business and geographical areas

FBD Insurance plc underwrites insurance in Commercial, Agri and Consumer segments covering farm, business, home and motor insurance in Ireland.

For Solvency II purposes the company reports under the following lines of business:

1. Motor vehicle liability insurance;
2. Other motor insurance;
3. Fire and other damage to property insurance;
4. General liability insurance;
5. Income protection insurance; and
6. Marine, aviation and transport insurance.

Lines of business 5) income protection and 6) marine are combined under 'Other Insurance' for the tables in this report.

A1.8 Significant Business or Events during the reporting period

There were no significant or other events that occurred over the reporting period that had a material impact on the undertaking.

A2. Underwriting Performance

A2.1 The Undertaking

The Group's underwriting income and expenses by Solvency II material lines of business for 2019 and 2018 are set out in the tables below.

	Motor vehicle liability insurance 2019 €000s	**Other motor insurance 2019 €000s**	**Fire and other damage to property insurance 2019 €000s**	**General liability insurance 2019 €000s**	**Other insurance 2019 €000s**	**Total 2019 €000s**
Gross Written Premium	124,238	58,348	107,399	74,690	5,388	**370,063**
Net Earned Premium	108,237	57,877	98,348	67,993	5,098	**337,553**
Net Claims incurred including MIBI	(51,223)	(23,981)	(34,240)	(34,330)	(3,016)	**(146,790)**
Expenses Including CHE	(35,566)	(10,900)	(29,543)	(19,862)	(1,222)	**(97,093)**
Underwriting Profit	21,448	22,996	34,565	13,801	860	**93,670**

	Motor vehicle liability insurance 2018 €000s	Other motor insurance 2018 €000s	Fire and other damage to property insurance 2018 €000s	General liability insurance 2018 €000s	Other insurance 2018 €000s	Total 2018 €000s
Gross Written Premium	123,243	58,615	110,859	73,200	5,587	371,504
Net Earned Premium	108,181	58,927	99,448	66,521	4,827	337,903
Net Claims incurred including MIBI	(61,995)	(25,112)	(39,182)	(51,256)	(3,838)	(181,383)
Expenses Including CHE	(31,838)	(11,676)	(29,509)	(18,864)	(1,214)	(93,102)
Underwriting Profit/(Loss)	14,348	22,139	30,756	(3,599)	(226)	63,418

A2.2 Gross Written Premium

The Company's underwriting activities are conducted in Ireland.

Strong competition in all customer segments has resulted in a decrease in Gross Written Premium of €1.4m to €370.1m (2018: €371.5m). Increases in SME Business and the introduction of the An Post partnership were offset by reductions in Agri and Consumer as we reduced prices in the face of strong competition to defend our book. We continued to maintain our underwriting discipline on risk selection and price adequacy. We believe that our strong customer relationships, risk selection and underwriting capabilities are a core strength. New business volumes grew by 13%, primarily in personal lines. Retention rates are generally satisfactory across the book thanks to our excellent customer service.

A2.3 Claims

Net claims incurred amounted to €148.7m (2018: €183.4m). There were positive prior year reserve releases of €40.1m as our claims experience from older years continued to show improvements relative to provisions (2018: €28.7m). These releases have been driven primarily by better than expected settlements and a very low large claims frequency in some recent accident years. In particular our latest view of the 2016 accident year continues to be better than previous expectations.

The Group incurred a net charge of €8.0m (2018: €7.1m) relating to the MIBI levy and its MIICF contribution which are calculated based on the Group's expected share of the motor market for 2019 and its motor gross written premium respectively.

A2.4 Claims Environment

We welcome the increased stabilisation in the Irish claims environment, in particular:

- An increased willingness to recognise that plaintiffs have some degree of responsibility for their own personal safety, building on the decision in Byrne v Ardenheath (2017). This should assist businesses who are being held to unreasonably high standards in personal injury cases. In addition, in the event a plaintiff succeeds in proving a breach of statutory duty on the part of the defendant, a causal link must be shown before damages will be awarded (McCarthy v Twomey (2019).
- The PIAB (Amendment) Act was enacted in April to address the non-co-operation of claimants including failure to attend medical examinations and failure to cooperate with experts. Claimants can now incur penalties in respect of legal costs but only at the judge's discretion.
- The Civil Liability & Courts Act has been amended to reduce the timeframe of notification of a claim to a defendant from two months to one.
- Legislation was passed to establish the Judicial Council and the Personal Injuries Guidelines Committee. The Judicial Council was formally established in February 2020 and the Committee is to follow. We await the findings of the Committee to see if there is to be real change in award levels.

Currently the level of compensation is too high for soft tissue injuries in Irish courts and the negligence standards imposed by courts for farmers and small businesses remain too onerous. The Personal Injuries Commission found that the average soft tissue award in Ireland is more than 4 times that in the UK. We believe important reforms would lower insurance costs for all our customers:

- lower injury awards through the work of the Judicial Council Personal Injury Commission;
- speed up litigation and reduce legal costs;
- create a pre-action protocol to fast-track rejected Injuries Board awards;
- make gross exaggeration an offence;
- establish and resource a Garda fraud investigation unit.

In addition, there are remaining issues outstanding that may further increase the cost of claims such as:

- the Consumer Insurance Contracts Act, while introducing reforms for consumers that are generally welcome but has the potential to increase costs and create upward pressure on pricing;
- Brexit implications on our supply chain may lead to increased costs for motor and property damage repair claims;
- further increases in Property repair costs due to demand and labour supply shortages.

While award stability is welcome after many years of uncertainty, in the absence of real reform of the claims environment, Irish businesses, farmers and consumers will continue to bear too-high insurance costs and volatile underwriting capacity in the market caused by withdrawal of foreign competitors and niche operators.

A2.5 Weather, Claims Frequency and Large Claims

An unusually benign 2019 resulted in no weather events of note and the lowest quantum of weather claims in many years.

There was a modest reduction in Motor injury frequency during 2019 with the benign weather a contributing factor. We are closely monitoring Employer's Liability claims frequency which was running at a three year high in the middle of 2019 but is showing more positive trends in the second half of the year. It is likely that it is a result of increased economic activity.

The number of large Casualty claims greater than €250k reported in 2019 is slightly higher than the average number reported in the previous 7 years. The number and size of large claims can vary greatly from year to year.

A2.6 Expenses

The Group's expense ratio was 25.9% (2018: 24.9%). Other underwriting expenses were €87.3m, an increase of €3.2m. The increase is explained by €1.2m more in commission payments in respect of our intermediary partner, €1.2m in increased salary costs and a €1m increase in marketing costs offset by modest reductions elsewhere.

A3. Investment Performance

A3.1 Investment Return

FBD's total investment return for 2019 was €28.9m (2.7% as a percentage of average assets under management for the year). This compares with -€5.4m for the full year 2018 (-0.5%).

The table below shows the investment income of the Group by asset class:

	2019 €000s	2018 €000s
Actual return		
Corporate bonds	**10,903**	(2,386)
Government bonds	**6,399**	373
Deposits and cash	**10**	81
Investment property	**844**	905
Equities	**6,592**	(3,212)
Other risk assets	**4,069**	(1,124)
Total investment income	**28,817**	(5,363)

Strong returns were experienced across all asset classes during 2019. There were two main drivers for these returns:

- Falling interest rates as a result of an easing of monetary policy adopted by the main central banks.
- An easing of trade war tensions between the US and China which boosted world equity markets.

The returns above are net of investment related expenses attributable to the respective asset class.

Corporate bonds

The income on the corporate bond portfolio was complemented by positive Mark to Market returns as a result of the falling interest rates described above and tightening credit spreads.

Government bonds

The income on the Sovereign Bond portfolio was complemented by positive Mark to Market returns as a result of the falling interest rates described above.

Deposits and cash

Returns on deposits and cash remain low due to the low interest rate environment.

Investment property

The positive return under Investment Property was as a result of a revaluation of the Warwickshire property held by Topenhall Limited. This offset the reduction in value of FBD Insurance plc's investment property.

Equities

Equity markets in 2019 were buoyed by the relaxation in trade tensions between the US and China. FBD's global equity fund was up 24% for the year. The Company added to its investment in global equities during the year and also commenced investing in Emerging Market equities and Listed Infrastructure (categorised under Equity heading). These new asset classes also experienced strong growth over the year.

Other risk assets

Emerging Market Debt was the main contributor to the positive performance in this category of assets in 2019.

This following table shows the allocation of the Group's investment assets.

	31 December 2019		31 December 2018	
	€m	**%**	**€m**	**%**
Corporate bonds	**509**	**46%**	498	48%
Government bonds	**302**	**27%**	297	29%
Deposits and cash	**168**	**15%**	157	14%
Other risk assets	**65**	**6%**	55	5%
Equities	**46**	**4%**	24	2%
Investment property	**19**	**2%**	18	2%
	1,109	**100%**	1,049	100%

The Group adopts a conservative investment policy where it ensures that its technical reserves are well matched by cash and fixed interest securities of similar nature and duration. FBD invested an additional €22m in risk assets during the year in line with the company's Strategic Asset Allocation framework.

Other risk assets at 31 December 2019 consisted of Emerging Market Debt, Absolute Return Fixed Income, Senior Private Debt and Infrastructure assets.

A3.2 Investments in Securitisation

The Group has no investments in securitisation.

A4. Other Material Income and Expenses

There are no other activities that are material.

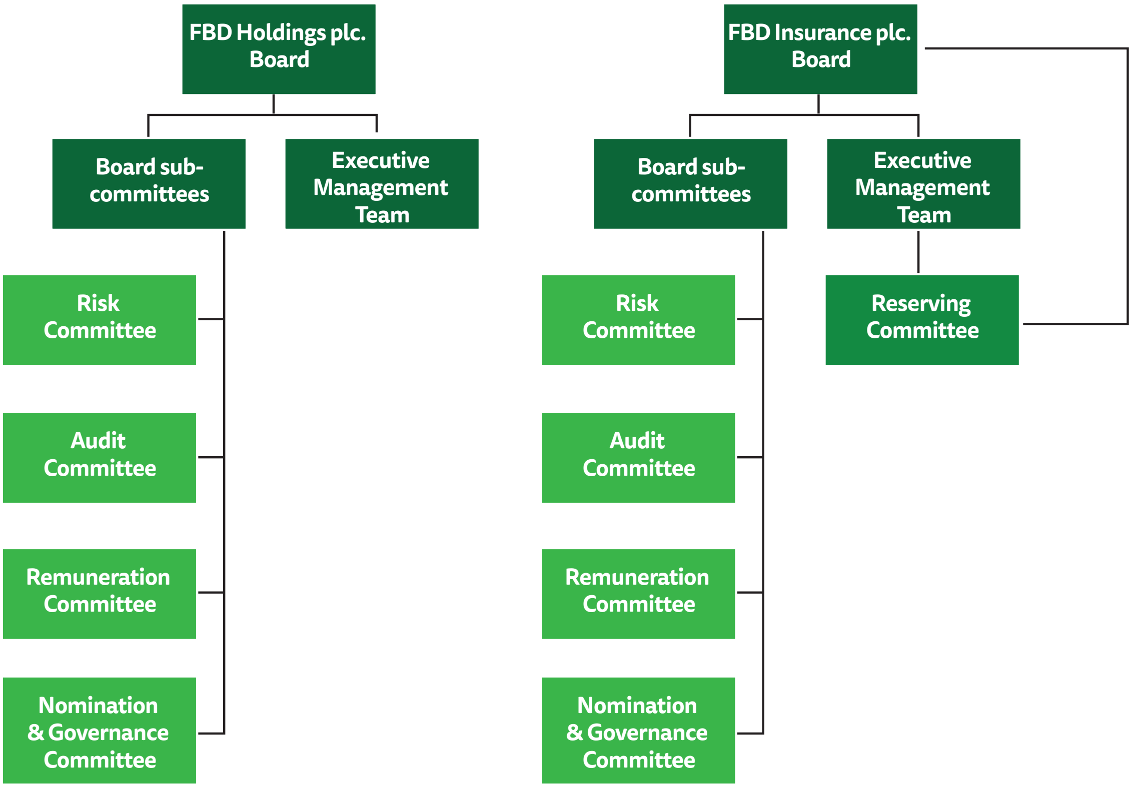
A5. Other Material Information

The Board of FBD Holdings plc proposes to pay a dividend of 100c per share for the 2019 financial year. This is equivalent to a payout ratio of approximately 35% in respect of 2019 profits.

B. System of Governance

B1. General Information

B1.1 The Board and Committees Structure



The Board

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 of 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 February 2020.

Other specific responsibilities of the Board are delegated to Board appointed Committees, details of which are given below.

Risk Committee

The Board Risk Committee is the forum for risk governance within FBD. It is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures of the Group and future risk strategy. This advice includes recommending a risk management framework incorporating strategies, policies, risk appetites and risk indicators to the Board for approval. The Risk Committee oversees the risk management function, which is managed on a daily basis by the Chief Risk Officer.

The key responsibilities delegated to the Committee are to:

- promote a risk awareness culture within the Group;
- ensure that the material risks and emerging risks facing the Group have been identified and that appropriate arrangements are in place to manage and mitigate those risks effectively;
- advise the Board on the effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, the amounts, types and distribution of capital adequate to cover the risks of the Group;
- review and challenge risk information received by the Chief Risk Officer from the business departments to ensure that the Group is not exceeding the risk limits set by the Board;
- present a profile of the Group's key risks, risk management framework, risk appetite and tolerance and risk policies at least annually together with a summary of the Committee's business to the Board.

Audit Committee

The objective of the Committee is to assist the Board 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.

The key responsibilities delegated to the Committee include:

- reviewing the Group's financial results announcements and financial statements;
- reviewing the Solvency II returns;
- overseeing the relationship with the external auditors including reviewing and approving their terms of engagement and fees;
- review and monitor the independence and objectivity of the Statutory Auditor and the effectiveness of the audit process;
- 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.

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.

Remuneration Committee

The objective of the Committee is to assist the Board of the Group 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 Group in a manner which is fair and in line with market norms, while not exposing the Group to unnecessary levels of risk.

The key responsibilities delegated to the Committee include:

- ensuring that the Group's overall reward strategy is consistent with achievement of the Group's strategic objectives;

- determining the broad policy for the remuneration of the Group's Executive Directors, Company Secretary and executive management;
- 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;
- ensure that remuneration schemes promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests;
- review the on-going appropriateness and relevance of the Remuneration Policy;
- ensuring that the Group 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.

Nomination and Governance Committee

The objective of the Committee is 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.

During 2019, the responsibilities of the Committee were expanded to include corporate governance and the Committee was renamed the Nomination and Governance Committee.

The key responsibilities delegated to the Committee include:

- 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;
- advising the Board in relation to succession planning both for the Board and the senior executives in the Group;
- monitor the Group's compliance with corporate governance best practice with applicable legal, regulatory and listing requirements and to recommend to the Board such changes as deemed appropriate; and
- overseeing, in conjunction with the Board Chairman, the conduct of the annual evaluation of the Board, Board Committees, Chairman and individual Director Performance.

Reserving Committee

The Executive Management Team established a Reserving Committee for the Company with independent Non-Executive Directors as members, with formal terms of reference and with responsibility, inter alia, for the following:

- on a quarterly basis to review the adequacy of reserves and to recommend to the Board the level of IFRS Reserves and Technical Provisions for inclusion in the financial statements and reporting; and
- the review of all material reports of the Head of Actuarial Function relating to reserves.

The Committee has full access to the Group's Head of Actuarial Function and any other person as deemed necessary by the Committee to effectively carry out its functions.

B1.2 Key Roles

The 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;

- facilitating the constructive board relations and the effective contribution of all Non-Executive Directors;
- 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 Board has a clear understanding of the views of the shareholders.

The Group Chief Executive

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

- running the Group's business and reporting regularly on the progress and performance of the Group;
- proposing, developing and executing 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.

The Executive Management Team

The Group Chief Executive has established an Executive Management Team ("EMT") comprising senior Group executives to assist them in the discharge of their responsibilities for the Group's performance, operations and compliance.

The composition of this team is a matter for the decision of the Group Chief Executive and its role and responsibilities include:

- Managing the day to day running of the Group's business;
- Formulating the Group's strategic plans for the approval of the Board;
- Communicating the standards of performance, strategy and goals of the Group to meet the objectives approved by the Board;
- Leading the implementation of the agreed programme of priority development initiatives;
- Reviewing and communicating progress against the goals, providing direction to the Group's employees, removing barriers to achieving the goals and allocating the Group's resources to the areas of greatest importance;
- Advising the Board, through the Group Chief Executive, on all matters concerning organisational strategy and performance.

B1.3 Authority and independence of key functions

The control functions report regularly to the Board on the effectiveness of the System of Governance including the Internal Control System. The control functions are defined as the Risk Function, Compliance Function, Internal Audit Function, and Actuarial Function.

The Group uses a 'three lines of defence' framework in the delineation of accountabilities for internal control.

- Primary responsibility for risk management rests with line management;
- Line management is supported by the second line Risk, Actuarial and Compliance Functions;
- The third and final line of defence is the Internal Audit function, which provides independent assurance to the Audit Committee of the Board on risk taking activities.

The second and third line of defence functions have defined Terms of Reference (ToR) reviewed at least annually by the appropriate committee.

Risk Function

The Board has established a Risk Function, headed by an appointed Chief Risk Officer. The Risk Function has independent oversight of the Group risk management activities with specific responsibility for ensuring that the Group's risk management framework is documented and implemented and that its risk management procedures are carried out effectively. The Risk Function acts as a second line of defence in the FBD's Risk Management Framework.

The Risk Function's terms of reference states that the function shall have full, unrestricted access to all information, explanations, records, and personnel necessary for the purposes of the identification, assessment, monitoring and reporting of risk to the Board Risk Committee and the Board.

Compliance Function

The Board has established a Group Compliance Function, headed by an appointed Head of Compliance. The Compliance Function acts in an advisory, oversight and assurance role to ensure that the Group has the necessary systems and controls in place to ensure adherence, on an on-going basis, to its legal and regulatory requirements. The Compliance Function acts as a second line of defence in the FBD's Risk Management Framework.

The Compliance Framework sets out how regulatory risk is managed in FBD and provides the necessary structures for the identification, assessment, monitoring, management and reporting of regulatory risk including to senior management and the Board.

Actuarial Function

The Board has established an Actuarial Function, headed by an appointed Head of Actuarial Function. The Actuarial Function co-ordinates the calculation of Technical Provisions and provides an Opinion and accompanying report on the Technical Provisions to the Board and the Central Bank of Ireland.

In addition, the Actuarial Function prepares an Opinion on the Underwriting Policy, Reinsurance arrangements and the ORSA. The Actuarial Function acts as a second line of defence in FBD's Risk Management Framework.

Internal Audit Function

The Board has established an Internal Audit Function, headed by an appointed Head of Internal Audit. Internal Audit is an independent function reporting to the Board through the Audit Committee. Internal Audit acts as the third line of defence in the FBD Risk Management Framework and examines and evaluates the functioning of the internal controls and all other elements of the system of governance, as well as the compliance of activities with internal strategies, policies, processes and reporting procedures.

B1.4 Material changes during the period

There were 4 changes to the Board in 2019. The table below sets out the Directors who served during 2019:

Liam Herlihy	Chairman
Walter Bogaerts	Independent Non-Executive Director
Mary Brennan	Independent Non-Executive Director
Dermot Browne	Senior Independent Non-Executive Director
Joe Healy	Independent Non-Executive Director
Orlagh Hunt	Independent Non-Executive Director
Fiona Muldoon	Group Chief Executive
David O'Connor	Independent Non-Executive Director
John O'Grady	Group Chief Financial Officer
Padraig Walshe	Non-Executive Director
Sylvia Cronin	Independent Non-Executive Director
Richard Pike	Independent Non-Executive Director

In October 2019, Ms Muldoon informed the Board that she will leave her position as Executive Director and CEO during 2020. Following this announcement the Committee engaged an external executive search specialist firm, Odgers Berndtson, to assist in identifying a suitable replacement to lead FBD into the future. Mr. Paul D'Alton was appointed as interim CEO by the Board effective from 3 April 2020.

During 2019, the Nomination and Governance Committee recommended the appointment of Ms Sylvia Cronin and Mr Richard Pike as Independent Non-Executive Directors to the Board. Ms Orlagh Hunt and Mr Dermot Browne did not go forward for re-election at the AGM in May 2019.

B1.5 Remuneration policy and practices

The Group's Remuneration Policy is determined by the Board of FBD Holdings plc through the Remuneration Committee.

When determining executive director remuneration policy and practices, the Committee addresses all of the following:

- **Clarity:** remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce;
- **Simplicity:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
- **Risk:** remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioral risks that can arise from target-based incentive plans, are identified and mitigated; and
- **Predictability:** the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.

Remuneration Principles

The Committee aims for our disclosure to be clear to allow shareholders to understand the range of potential values which may be earned under the remuneration arrangements. Please find key principles set out hereunder:

- **Fair:** FBD aims to reward employees fairly and transparently for their contribution and to ensure all employees have equal opportunity to progress their careers and enhance their earning potential and ensuring that our diversity policy is key to ensuring fairness.
- **Performance:** performance management plays a key role in aligning individual objectives with FBD overall strategy, goals and values. Performance outcomes using a combination of financial objectives and non-financial behaviours which underpin individual remuneration and provide a clear alignment between performance and remuneration.
- **External Factors:** FBD aims to align remuneration with competitors and the relevant sectors for talent assessed against market benchmarks from recognised providers of benchmarking data.
- **Risk Aligned:** remuneration is designed to promote high performance, a strong risk management culture and risk taking which is aligned to FBD's risk appetite. All employees are required to have a risk objective in their performance plan.

The remuneration of the Non-Executive Directors of the Group is determined by the Board. The individual remuneration packages of senior executives are determined by the Remuneration Committee who report to the Board.

B1.5.1 Components of Remuneration

Fixed Remuneration

Base Salary and Allowances

FBD current remuneration structure predominantly consists of fixed pay elements, i.e. base salary, allowances. Base salary is the principle component of fixed remuneration and is designed to be fair and competitive and set according to appropriate salary ranges which reflect the size and level of responsibilities of each role.

Base salary is normally reviewed annually having regard to personal performance, company performance and competitive market practice.

Benefits and Wellbeing

FBD provides depending on role or competitive market practice/business needs, a car allowance. The company also makes a fixed percentage contribution to the private health insurance costs of all employees.

FBD takes the wellbeing of employees very seriously and provides access to a variety of health and wellbeing initiatives.

Variable Remuneration

Variable remuneration is based on individual and company performance and is awarded to all permanent employees and varies by amount and structure depending on role but in all cases is designed to encourage and reward enhanced performance.

1. Short Term Incentives

Bonus – Head Office Employees and Management

Short Term Incentives compromise annual bonuses. The proportion of basic salary which can be earned by way of annual bonus ("Bonus Potential") may never exceed 100% of basic salary for employees. The bonus potential for senior executives will be approved in all cases for each financial year by the Remuneration Committee. The maximum bonus potential as a percentage of base salary for the Chief Executive for 2019 was 105%. The maximum bonus potential as a percentage of base salary for the Chief Financial Officer for 2019 was 60%.

Financial targets will set the attainment of which will determine the amount of annual bonus which might be available to any employee. These targets will encourage enhanced performance in the best interests of the Company and its Shareholders and will be approved by the Remuneration Committee. After the financial targets have been measured, the individual performance of the employee will be assessed against agreed performance objectives which will determine the amount of annual bonus available which is actually paid.

If annual company profit after tax does not reach a minimum level, to be determined annually by the Remuneration Committee after the budget has been approved, then the bonus may be revised downwards, potentially to €0, the ultimate discretion over which rests with the Remuneration Committee following consultation with the Chief Executive Officer.

The Remuneration Committee will be required to approve the amount of annual bonus payable to each of the senior executives.

Bonus – Sales Employees

Sales employee's bonus arrangements are based on the achievement of KPIs which are agreed annually including targets for such matters as gross written premium, retention levels, discretionary discounts ceded, compliance standards and business quality. This bonus is paid quarterly in arrears. Any bonus or variable pay proposals must be in compliance with Central Bank guidelines on variable pay.

2. Long Term Incentives

FBD Holdings plc, the Company's parent, has established the FBD Performance Share Plan ("LTIP") which was approved by its shareholders. Under the LTIP, the Remuneration Committee may, at its sole discretion, make conditional awards of shares to Executives. Conditional awards of shares under the LTIP are limited to 10% in aggregate with any other employee share plan of the Company's issued ordinary shares of €0.60 each over a rolling 10 year period.

Under the rules of the LTIP, the market value of the shares which are the subject of a conditional award may not normally exceed 100% of the grantee's base salary as at the date of the grant of the award.

The period over which the performance conditions applying to a conditional LTIP award are measured may not be less than three years.

The typical performance conditions will centre on FBD Holdings plc's Net Asset Value per share and growth of the business. These conditions are designed to ensure alignment between the interests of the grantees and those of FBD Holdings plc's shareholders, to incentivise retention of key individuals and to encourage appropriate focus on long-term sustainable business performance.

The Chief Risk Officer of the Company will be consulted prior to any proposed conditional award by the Remuneration Committee of FBD to Executives or employees to ensure that the conditions attaching to any award do not encourage excessive taking of risk. The Company will procure that no award will be made to any senior management or employees of FBD Insurance until the Chief Risk Officer is satisfied with the proposed conditions attaching.

A significant proportion of executive director remuneration arrangements is share-based and we also require significant holding of shares (e.g. bonus deferral/LTIP holding periods/shareholding requirements) which ensures that remuneration outcomes are closely aligned to shareholder returns.

B1.5.2 Components of Remuneration

The remuneration of persons who exercise a significant influence on the undertaking and with members of the administrative, management or supervisory body (which comprises the Board of Directors and Company Secretary of FBD Insurance plc and the members of the Executive Management Team) is as follows:

	2019 €000s	2018 €000s
Short term employee benefits[1]	**3,501**	3,545
Post-employment benefits	**305**	297
Share based payments	**993**	316
Charge to the Consolidated Income Statement	**4,799**	4,158

[1] *Short term benefits include fees to Non-Executive Directors, salaries and other short-term benefits to all key management personnel that exercise significant influence.*

B1.5.3 Special Arrangements for Risk, Compliance and Internal Audit Roles

In the case of employees who hold roles in the Risk, Compliance and Internal Audit functions, so as to ensure the independence of these role holders and that their ability to perform their second and third line of defence roles is not in any way compromised, there will be no linkage between Annual Bonus and Company performance targets. Annual Bonuses will be awarded conditional only on the attainment of individual performance objectives.

Remuneration of Key Employee Groups

Non-Executive Directors

Non-Executive Directors are paid a competitive, non-pensionable fee in respect of their services as Directors and additional non-pensionable fees in respect of other responsibilities, such as the chairmanship or membership of Board Committees or in performing the role of Senior Independent Non-Executive Director, reflecting the time commitment and the responsibilities of the role. Non-Executive Directors' fees are determined by the Board, within the limits set by shareholders, in accordance with the Articles of Association. Non-Executive Directors are not entitled to variable remuneration including share options.

B1.6 Supplementary Pension

FBD operates a defined contribution pension arrangement for its employees, where both the employee and employer contribute to the retirement fund. FBD also operates a legacy defined benefit arrangement, which is closed to future accrual.

Pension

FBD offers employees a competitive defined contribution pension benefit. Employees are enrolled in the group scheme which provides a standard employer contribution rate of 8%.

Executive Directors receive defined contribution pension benefits (or equivalent cash in lieu), in line with arrangements for the wider workforce. The Remuneration Committee have determined that the level of pension contribution for any newly appointed Executive Directors will be set in line with levels in operation for the majority of the workforce.

B1.7 Adequacy of System of Governance

The Systems of Governance is considered to be appropriate for FBD, taking into account the nature, scale and complexity of the risks inherent in the business.

B1.8 Material Transactions

There are no material transactions to note.

B2. Fitness and Probity Requirements

B2.1 Fit and proper policy

The Central Bank of Ireland published its Regulations and Standards of Fitness and Probity (the F&P Standards), issued under Part 3 of the Central Bank Reform Act 2010 ('the 2010 Act'), on 1 September 2011. These statutory standards came into effect on 1 December 2011.

As a regulated entity, FBD is subject to the F&P Standards. The FBD Fitness and Probity Policy sets outs the structure, processes and procedures in place to for the periodic assessment of individuals performing 'Controlled Functions' and 'Pre-Approval Controlled Functions', including Directors, senior management and those employees whose activities have a material impact on the business. This includes role mapping, performance of due diligence and record keeping.

FBD considers itself to be in compliance with the F&P Standards.

B2.2 Selection due diligence

The Company operates robust HR recruitment and selection controls which ensure that FBD selects only candidates that meet the F&P Standards. These controls include appropriate screening of candidates and the completion of the Central Bank's Individual Questionnaire by all PCF preferred candidates prior to their engagement. This includes screening for amongst other things; educational qualification and work experience; bankruptcy and debt judgments and regulatory sanctions.

In addition, our employment contract terms require continuing adherence to all regulatory standards including, amongst others, the F&P Standards and Minimum Competency Code (MCC) obligations.

B2.3 Continuous due diligence

The Group operates a continuous due diligence programme which covers all Directors, senior executives and employees across the Group. Under this programme, training and a questionnaire are completed annually by Controlled Function and Pre-Approval Controlled Function role holders.

Validation and assessment of completed Individual Questionnaires is independently undertaken by HR in consultation with Compliance. Where this review causes the Chief HR Officer and the Head of Compliance to form the opinion that there is reason to believe or suspect a person's fitness and probity to perform the relevant function, a formal process may be conducted which may result in the person being removed from carrying out the regulated function. Such circumstance may include, but is not limited to, material or undeclared judgements; criminal or civil convictions or regulatory censure. In assessing the impact of these circumstances, FBD takes into consideration all relevant matters including the circumstances surrounding the issue; the length of time since the issue; the explanation given; the proposed role and its impact.

B3. Risk Management System including the own risk and solvency assessment

B3.1 Risk Management Framework

FBD has adopted an Enterprise Risk Management Framework which comprises of strategies, policies, processes and reporting procedures necessary to identify, assess, monitor, manage and report, on a continuous basis the risks, at an individual and at an aggregated level, to which the Group could be exposed. The key elements of the Enterprise Risk Management Framework are governance, process and people. FBD has established procedures to monitor and report on the system of controls and it follows the three lines of defence model outlined previously.

Key components of monitoring and reporting of the system of control include:

- Business Unit Quality Assurance;
- Business Unit Management Information;
- Risk Control Self-Assessment;
- Error Reporting;
- First Line Reviews;
- Second Line Reviews;
- Third Line Internal Audits; and
- Board/Executive Committee Reporting.

B3.2 Risk Implementation and Integration

All staff are expected to demonstrate appropriate standards of behaviour in the development of strategy and the pursuit of objectives. This philosophy is supported by the following guiding principles. Management and employees shall:

- consider all forms of risk in decision-making;
- create and evaluate business-unit level and Group-level risk profile to consider what's best for their individual business unit and department and what's best for the Group as a whole;
- support Executive Management's creation of a Group-level portfolio view of risk;
- retain ownership and accountability for risk and risk management at the business unit or other point of influence level;
- strive to achieve best practices in enterprise risk management;
- monitor compliance with policies and procedures and the state of enterprise risk management;
- leverage existing risk management practices, wherever they exist within the Group;
- document and report all significant risks and enterprise risk management deficiencies; and
- accept that enterprise risk management is mandatory, not optional.

Roles and Responsibilities

While the Board has ultimate responsibility for all risk-taking activity within the Group, it has delegated some risk governance tasks to a number of committees or key officers. The Group uses a 'three lines of defence' framework in the delineation of accountabilities for risk governance as outlined in B 1.3.

The Risk Management Function maintains a Corporate Risk Register with each risk assigned to a Risk Owner and a Risk Champion in the Business.

Line Management/Risk Owner

The first line of defence within each business and support unit is line management. Line management has primary responsibility for ensuring that the business complies with their specific obligations. In addition, the first line of defence is responsible for working with the Risk Management Function to identify, assess, monitor and report risk. Line management is also responsible for ensuring that all staff members receive appropriate training.

Risk Champion

Risk Champions report to their departmental manager with a dotted line to the Chief Risk Officer. These individuals are well placed in FBD to ensure the continuous monitoring and reporting of their risk and control environment.

Risk Appetite Framework

Risk appetite is a measure of the amount and type of risks FBD is willing to accept or not accept over a defined period of time in pursuit of its objectives. The Risk Appetite Framework defines FBD's appetite for each main risk category describing at a high level the type of risk we are willing to take.

The Group's appetite is to maintain sustainable profit and a strong capital position while acting in the best interests of consumers. The risk appetite in FBD is driven by an overarching desire to protect the solvency of the Group at all times. Through the proactive management of risk, FBD ensures that it does not currently have or will not take on an individual risk or combination of risks that could threaten the solvency of the Group. This ensures that FBD has and will have in the future sufficient capital to pay its policyholders and all other creditors in full as these liabilities fall due.

The management of risks are outlined further in Section C of this report. The Risk Appetite Framework is reviewed and approved at least annually by the Board and is monitored and reported by the Risk Function in order to support and embed risk in the decision making process of the Group.

Risk Policies

The Group has developed a number of risk management policies which clearly set out the following:

- Definition of risk;
- Objective;
- Roles and Responsibilities;
- Processes; and
- Reporting procedures to be applied.

The risk policies are reviewed at least annually by the Board or more frequently if the system, or area concerned, undergoes significant change.

B3.3 The Own Risk and Solvency Assessment (ORSA) Process

B3.3.1 ORSA Process Overview

An ORSA policy has been documented and is approved by the Board annually.

The ORSA report is prepared annually and reviewed by the Board.

The Group has in place processes for managing its overall solvency needs and regulatory capital requirements and integrating the strategic development process with the management of all material risks to which it is exposed.

The Board is made aware of the implications that strategic decisions have on the risk profile, regulatory capital requirements and overall solvency needs of the Group and to consider whether these effects are desirable, affordable and feasible given the quantity and quality of its capital. The output from the ORSA assists the Board in making strategic decisions including in relation to:

- Capital Management Policy;
- Adequacy of Risk Appetite; and
- Business planning.

Following the output from the ORSA, where necessary, management actions are developed.

Any strategic or other major decisions that may materially affect the risk and/or capital position of the Group need to be considered through the ORSA process before such a decision is taken. This does not require a full performance of the ORSA. The Group consider how the output of the last assessment of the overall solvency needs changes if certain decisions are taken and how these decisions affect the regulatory capital requirements.

The ORSA provides a comprehensive view and understanding of the risks the Group is exposed to or could face in the future and how they translate into capital requirements or alternatively require mitigation actions. The ORSA process and output is communicated to the Board and Executive Management via the Internal Report on ORSA.

The Internal Report on ORSA is prepared by the Chief Risk Officer and presented to the Board Risk Committee and Board for approval. The information communicated is sufficiently detailed to ensure that the Board Risk Committee and Board is able to use it in its strategic decision-making process and that other employees can ensure that any necessary follow-up action on foot of the report is taken.

The Board is responsible for challenging and approving the results of the ORSA.

B3.3.2 ORSA Approval by the Administrative, Management or Supervisory Body (AMSB)

The ORSA is a top down process owned by the Board. It is an ongoing process which ensures that the business is managed soundly and prudently by identifying, assessing and monitoring current and future solvency needs in light of all the risks faced. FBD must submit at least one ORSA Report to the Central Bank of Ireland each year.

The ORSA is a very important process for the Board as it provides it with a comprehensive view and understanding of the risks to which the Group is exposed or could face in the future and how they translate into capital needs or alternatively require mitigating actions.

To aid in the assessment of the overall solvency needs and business and capital planning process, the Group will carry out a number of stress tests, reverse stress tests and scenario analyses.

The nature and number of stress and scenario tests is initially developed by the Risk Function with input from key stakeholders. The stress and scenarios chosen take into account the material risks facing the Group, external environment and likelihood of occurring based on historical analysis. These are presented to the Board Risk Committee for review and challenge and to the Board for review, challenge and approval.

The following are documented as part of the stress testing:

- Source of data used;
- Stress test assumptions used;
- Method of stress testing used; and
- Conclusion and action plan if necessary.

The ORSA Supervisory Report is prepared by the Chief Risk Officer and is subject to Board Risk Committee and Board approval prior to submission to the Central Bank. The ORSA Supervisory Report is the same as the internal report unless otherwise determined by the Board.

B3.3.3 Overall Solvency Needs

FBD's overall solvency needs are assessed at least annually as part of the ORSA process. The assessment takes into account the specific risk profile, approved risk tolerance limits and the business strategy of the Group.

A key part of this assessment is to review the significance of any deviation between the risk profile of FBD and the assumptions underlying the Standard Formula SCR calculation.

FBD's approach to this assessment of the appropriateness of the Standard Formula is as follows:

- Assess, from a qualitative perspective, if key assumptions for each module and sub-module in the Standard Formula are appropriate for capturing the risks specific to the Company.
- For any key assumption assessed as potentially inappropriate to the Company, a further qualitative assessment is carried out to determine if any deviation is likely to materially impact the overall SCR.
- Where a key assumption is assessed as both potentially inappropriate and also likely to have a material impact on the overall SCR a quantitative assessment is carried out to better capture the risk exposure for the Company.
- On completion of the quantitative assessment the overall appropriateness of SCR is determined for the Company.

As part of the overall solvency needs assessment the Company's Strategy and Business Plan is considered. Base case financial projections covering the FBD planning cycle period are developed. Based on these financials the Company's capital position is projected over a three year period. This capital projection is then subjected to a number of stress tests, reverse stress tests and scenario analyses. Based on the outputs of these tests the Company reviews the appropriateness of their Capital Risk Appetite.

B4. Internal Control System

B4.1 Internal Control Environment

FBD has in place an internal control system that encompasses the policies, processes, tasks, behaviours and other aspects of the Group that, taken together:

- Facilitate its effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieving the Group's objectives. This includes the safeguarding of assets from inappropriate use or from loss and fraud, and ensuring that liabilities are identified and managed;
- Help ensure the quality of internal and external reporting. This requires the maintenance of proper records and processes that generate a flow of timely, relevant and reliable information from within and outside the organisation; and
- Help ensure compliance with applicable laws and regulations, and also internal policies with respect to the conduct of business.

The Group's system of internal control comprises:

- Internal control framework;
- Identification and evaluation of risks and control objectives;
- Control activities;
- Information and communication;
- Monitoring and reporting of controls;
- Processes for reviewing the effectiveness of the internal control system.

The Internal Control Framework is the mechanism under which internal controls are developed, implemented, and monitored. It consists of the processes and arrangements that ensure internal and external risks to which FBD is exposed are identified; appropriate and effective internal controls are developed and implemented to soundly and prudently manage these risks; and reliable and comprehensive systems are put in place to appropriately monitor the effectiveness of these controls. FBD has in place an appropriate and effective internal control environment to ensure that the Group is managed and controlled in a sound and prudent manner. The Control Framework is the foundation for all the principles of the Internal Control Policy which provides the discipline, process and structure.

The factors which together comprise the control environment are:

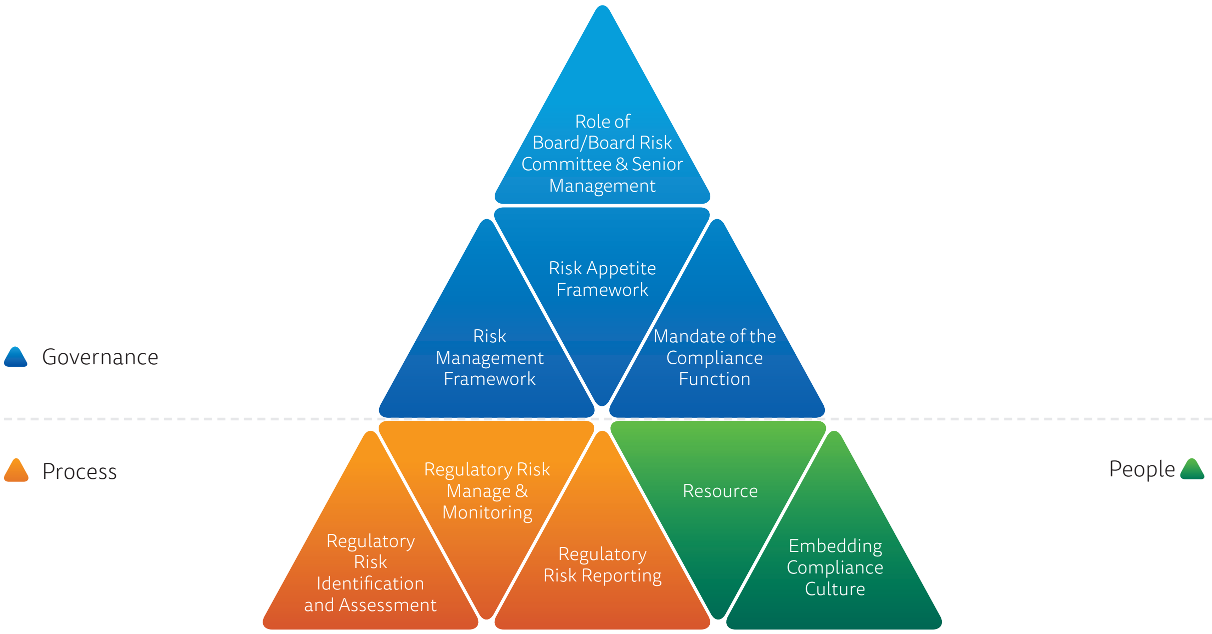
- A Board of Directors that is actively concerned with sound corporate governance and that understands and diligently discharges its responsibilities by ensuring that FBD is appropriately and effectively managed and controlled;
- A management that actively manages and operates FBD in a sound and prudent manner;
- The Board and all FBD employees demonstrate a commitment to integrity and values;
- Organisational and procedural controls supported by an effective management information system to soundly and prudently manage FBD's exposure to risk; and
- The utilisation of a 'three lines of defence' framework in the delineation of accountabilities for internal control as outlined in B1.3, which incorporates an independent audit mechanism to monitor the effectiveness of the organisational and procedural controls.

B4.2 Compliance Function Implementation

Compliance Framework

The Compliance Function operates in the second line of defence and through the Head of Compliance develops and implements the Board approved Compliance Framework. The Compliance Framework sets out how regulatory risk is managed in FBD under the headings of governance, process and people. The framework outlines the various compliance related activities which are undertaken and provides a structure and clarity over compliance activities.

The key elements of the Compliance Framework are illustrated below:



The Annual Compliance Plan is developed by the Head of Compliance and approved by the Board.

B5. Internal Audit Implementation

B5.1 How the Internal Audit Function is implemented

The Internal Audit Function is the third line of defence within the "three lines of defence" model operated by the Group. Internal Audit provides independent assurance to the Board through the Audit Committee on risk-taking activities. The Internal Audit Function is formally established through its Charter, which is reviewed and approved by the Audit Committee annually. The Internal Audit Charter states that Internal Audit is to operate in compliance with the International Standards for the Practice of Internal Auditing issued by the Institute of Internal Auditors ("IIA"). Internal Audit is expected to comply with the IIA's Code of Ethics.

B5.2 Maintaining independence and objectivity

The Head of Internal Audit (HIA) has a direct reporting line to, with direct and unlimited access to, the Chair of the Board Audit Committee. The Board Audit Committee is responsible for the appointment and removal of the HIA. The Internal Audit Charter notes that Internal Audit is specifically prohibited from performing management activities, including:

- Performing Operational duties; including operation of policies and procedures;
- Initiating or approving accounting transactions; and
- Undertaking consulting engagements where the primary aim includes process improvement, implementation of systems, or advising on operating practices.

The Charter also notes that in order to minimise the risk of conflicts of interest the HIA will, where possible taking into account the size of the audit team, rotate members of audit team assigned to audits that they have participated in previously. Lastly, the Internal Audit Manual states: "To maintain independence Internal Audit staff are required to refrain from assessing operations for which they were responsible within the preceding 12 months and specific operations where there is a personal conflict of interest".

B6. Actuarial Function Implementation

B6.1 Description

The Actuarial Function is part of the second line of defence within the "three lines of defence" model operated by the Group. The Actuarial Function is responsible for calculating the Best Estimate Technical Provisions and expressing an Opinion on the Technical Provisions, the underwriting policy, the adequacy of reinsurance arrangements and the ORSA.

The Actuarial Function annual activities are prescribed within a Terms of Reference which is included in the Reserving Policy that is reviewed by the Reserving Committee annually. The Actuarial Function shall have full, unrestricted access to all information, explanations, records, and personnel necessary for the completion of those activities.

B6.2 Reporting

The Head of Actuarial Function reports directly to the Chief Financial Officer. Also, the Head of Actuarial Function has access to the Independent Non-Executive Directors of the Reserving Committee.

The Head of Actuarial Function presents all Opinions to the necessary Board Committee's and the Board on an annual basis. In addition, results from quarterly reserving analyses and other material analyses are reported to the Reserving Committee, Audit Committee and the Board.

B7. Outsourcing Policy

FBD Holdings plc (FBD) outsources a number of processes, services and activities to service providers to assist in achieving its strategic objectives and delivering a high level of service to its customers. The purpose of the Outsourcing Policy is to provide guidance governing the definition of outsourcing and material outsourcing:

- Policy principles;

- Roles and responsibilities;
- Business case;
- Due diligence;
- Business continuity;
- Contract agreements;
- Relationship management framework;
- Management of outsourced activity; and
- Outsourcing records.

The outsourcing arrangements in place for the Group are reviewed annually in line with the policy and the Board approve all "Material Outsourcing" arrangements.

Service Provided	Jurisdiction
Co-location of the data centre, Managed Services including System Monitoring, Data Backup/ Restores, Web Hosting for ecommerce and Security	Ireland
Management of the Corporate Bond Portfolio	UK*
Management of the Sovereign Bond Portfolio	Ireland
Management of the collective investment schemes	Ireland
Claims Registration/Investigation/Handling/Payment processes for property claims	Ireland

* *FBD is contracted with a UK legal entity to provide asset management services on its Corporate Bond portfolio. The asset manager has its headquarters based in an EU27 country.*

B8. Other Material Information

No other material information to be disclosed.

C. Risk Profile

In accordance with Group policy, business unit management has primary responsibility for the effective identification, management, monitoring and reporting of risks. There is an annual review by the Risk Committee of all major risks to ensure all risks are identified and evaluated. Each risk is assessed by considering the potential impact and the probability of the event occurring. Impact assessments are made against financial, operational, regulatory and reputational criteria.

C1. Underwriting risk

Underwriting

The Group has developed its insurance underwriting strategy to diversify the type of insurance risks written and within each of the types of cover, to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The principal insurance covers provided by the Group include, Motor, Employers' and Public Liability and Property.

The Group manages these risks through its underwriting strategy, proactive claims handling and its reinsurance arrangements. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks written and to reduce the variability of the expected outcome by each risk category. The only significant concentration of insurance risk is that all of the Group's underwriting business is conducted in Ireland. Within Ireland there is no significant concentration risk in any one area.

The Group's underwriting strategy is incorporated in the overall corporate strategy which is approved by the Board of Directors and includes the employment of appropriately qualified underwriting personnel; the targeting of certain types of business that conform with the Group's risk appetite and reinsurance treaties; constant review of the Group's pricing policy using up-to-date statistical analysis and claims experience; and the surveying of risks carried out by experienced personnel. All risks underwritten are within the Company's underwriting policies.

Reserving

While the Group's underwriting risk appetite is constantly reviewed and managed, there is no certainty that the cost of claims will not rise due to abnormal weather events, increased claims frequency, increased severity, changes in regulatory environment, change in economic activity or any other reason. Such an increase could have a material impact on the results and financial condition of the Group.

The Group establishes provisions for unpaid claims, legal costs and related expenses to cover its ultimate liability in respect of both reported claims and incurred but not reported (IBNR) claims. These provisions take into account both the Group's and the industry's experience of similar business, historical trends in reserving patterns, loss payments and pending levels of unpaid claims and awards, as well as any potential changes in historic rates arising from market or economic conditions. The provision estimates are subject to rigorous review and challenge by senior management, the Reserving Committee and the Board.

The estimation and measurement of claims provisions is a major determining factor in the Group's results and financial position. The Group uses statistical and actuarial methods to calculate the quantum of claims provisions and uses independent actuaries to review its liabilities to ensure that the carrying amount of the liabilities is adequate. Where the liabilities, net of any related deferred acquisition costs, are deemed to be inadequate, the deficiency is recognised immediately in the Consolidated Income Statement. There is no certainty that the amount provided is sufficient – further claims could arise or settlement costs could increase as a result of claims inflation, periodic payments or the size of court awards. Such an increase could have a material impact on the results and financial condition of the Group.

Catastrophe Risk

The Group purchases reinsurance protection to limit its exposure to single large claims and the aggregation of claims from catastrophic events. The Group's reinsurance is approved by the Board of Directors on an annual basis.

FBD has purchased a reinsurance programme which has been developed to meet the local domestic risk profile and tailored to FBD's risk appetite. The programme protects, Motor, Liability, Property and other classes against both individual and cumulative large losses and events.

C1.1 Concentration risk

Concentration risk is the risk of loss due to overdependence on a single entity or category of business. While all of the Group's underwriting business is conducted in Ireland, with a significant focus on the Agri sector, it is spread over a wide geographical area with no concentration in any one county or region. The resultant concentration risk from adverse weather events, i.e. floods, storms or freezes in Ireland, are mitigated by a flood mapping solution and an appropriate reinsurance strategy.

C1.2 Risk sensitivity for underwriting risks

FBD carries out stress and scenario testing as part of the ORSA process which includes stress testing for material underwriting risks. For the 2019 ORSA, the solvency position at 30 September 2019 and the projected solvency position over the business planning period were re-calculated following high impact low likelihood adverse stresses.

The outcome of the stress and scenario tests is that in each case FBD would have sufficient available capital to continue to meet the SCR.

C2. Market risk

The Group has invested in term deposits, listed debt securities, investment property, quoted and unquoted shares and externally managed collective investment schemes which provide exposure to a broad range of asset classes. These investments are subject to market risk, whereby the value of the investments may fluctuate as a result of changes in market prices, changes in market interest rates or changes in the foreign exchange rates of the currency in which the investments are denominated. The extent of the exposure to market risk is managed by the formulation of, and adherence to, an Investment Policy incorporating clearly defined investment limits and rules, as approved annually by the Board of Directors and employment of appropriately qualified and experienced personnel and external investment management specialists to manage the Group's investment portfolio. The overriding philosophy of the investment policy is to protect and safeguard the Group's assets and to ensure its capacity to underwrite is not put at risk. The Group abides by the Prudent Person Principle meaning that it will only invest in assets the risks of which can be properly identified, measured, monitored, managed and controlled.

C2.1 Interest rate and spread risk

Interest rate and spread risk arises primarily from the Group's investments in listed debt securities and deposits and their movement relative to the Group's liabilities. The Group reviews its exposure to interest rate and spread risk on a quarterly basis by conducting an asset liability matching analysis. As part of this analysis it monitors the movement in assets minus liabilities for defined interest rate stresses and ensures that they remain within set limits as laid out in its Asset Liability Management policy. Similar monitoring is done for spread risk.

At 31 December 2019, the Group held the following deposits and quoted debt securities:

	2019		2018	
	Market Value €000s	**Weighted average interest rate %**	**Market Value €000s**	**Weighted average interest rate %**
Time to maturity				
In one year or less	**169,259**	**1.81%**	135,517	1.13%
In more than one year, but not more than two years	**148,245**	**0.88%**	182,949	2.19%
In more than two years, but not more than three years	**185,279**	**1.21%**	133,480	1.03%
In more than three years, but not more than four years	**157,866**	**1.11%**	181,957	1.25%
In more than four years, but not more than five years	**67,902**	**1.35%**	129,182	1.17%
More than five years	**142,623**	**1.20%**	103,006	1.57%
Total	**871,174**		866,091	

C2.2 Equity price risk

The Group is subject to equity price risk directly due to its holding in quoted and unquoted shares and indirectly due to its holdings in collective investment schemes which invest in equities.

The amounts exposed to equity price risk at the reporting date are:

	2019 €000s	**2018 €000s**
Equity exposure	45,714	23,962

C2.3 Risk sensitivity for market risks

FBD carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material market risks. For the 2019 ORSA, the solvency position at 30 September 2019 and the projected solvency position over the business planning period were re-calculated following high impact low likelihood adverse stresses.

The outcome of the stress and scenario tests is that in each case FBD would have sufficient available capital to continue to meet the SCR.

C3. Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Credit risk is measured separately for:

- Reinsurance assets;
- Other receivables (policyholders, agents and intermediaries);
- Cash and cash equivalents; and
- Listed debt securities.

The Group purchases reinsurance protection to limit its exposure to single claims and the aggregation of claims from catastrophic events. The Group only places reinsurance with companies that it believes are strong financially and operationally. Credit exposures to these companies are closely monitored by senior management. All of the Group's current reinsurers have a credit rating of A- or better. The Group has assessed these credit ratings and security as being satisfactory in diminishing the Group's exposure to the credit risk of its reinsurance receivables.

Financial assets are graded according to current credit ratings issued by the main credit rating agencies. Investment grade financial assets are classified within the range of AAA to BBB ratings. Financial assets which fall outside this range are classified as speculative grade. All of the Group's bank deposits are with financial institutions which have a minimum A- rating. The Group holds the following listed Government bonds (average credit rating: A) and listed corporate bonds (average credit rating: A-), with the following credit profile:

	2019		2018	
FBD Holdings plc	**Market Value €000s**	**Weighted Average Duration**	**Market Value €000s**	**Weighted Average Duration**
Government Bonds				
AAA	**54,997**	**1.1**	55,181	2.1
AA+	**21,306**	**3.6**	21,067	4.6
AA	**42,579**	**5.4**	41,023	3.2
A+	**41,060**	**2.2**	41,288	3.2
BBB+	**71,236**	**6.9**	42,039	7.2
BBB-	**71,178**	**2.8**	96,786	3.5
Total	**302,356**	**3.8**	297,384	3.8
Corporate Bonds				
AAA	**937**	**1.7**	2,252	1.6
AA	**12,508**	**1.5**	12,584	2.5
AA-	**45,509**	**1.9**	34,710	2.3
A+	**45,133**	**2.1**	62,939	2.6
A	**68,909**	**2.2**	73,793	2.4
A-	**96,016**	**2.8**	91,648	2.7
BBB+	**109,077**	**2.5**	115,365	2.8
BBB	**100,812**	**2.9**	78,759	2.8
BBB-	**29,917**	**2.6**	25,659	2.5
Total	**508,818**	**2.5**	497,709	2.6

The extent of the exposure to credit risk is managed by the formulation of, and adherence to, an Investment Policy incorporating clearly defined investment limits and rules, as approved annually by the Board of Directors. The Group employ appropriately qualified, experienced personnel and external investment management specialists to manage the investment portfolio. The overriding philosophy of the Investment Policy is to protect and safeguard the Group's assets and to ensure its capacity to underwrite is not put at risk.

C3.1 Concentration risk

Concentration risk is the risk of loss due to overdependence on a singular investment or category of business. The main concentration risks to which the Group is exposed, and how they are mitigated, are as follows:

- Exposure to a single country, counterparty or security as part of its sovereign or corporate bond portfolio. The Group mitigates this risk by placing limits on these exposures with its investment managers which are continuously monitored.
- Exposure to a single counterparty as part of its cash and deposit holdings. The Group mitigates this risk by placing limits on its total exposures to banking counterparties as set out in the Group's Investment Policy, which is approved annually by the Board of Directors.

Receivables arising out of direct insurance operations and other receivables have no significant concentration of risk.

C3.2 Risk sensitivity for credit risks

FBD carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material credit risks. For the 2019 ORSA, the solvency position at 30 September 2019 and the projected solvency position over the business planning period were re-calculated following high impact low likelihood adverse stresses.

The outcome of the stress and scenario tests is that in each case FBD would have sufficient available capital to continue to meet the SCR.

C4. Liquidity risk

The Group is exposed to daily calls on its cash resources, mainly for claims payments. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring that the maturity profile of its financial assets is shorter than or equal to the maturity profile of its liabilities and maintaining a minimum cash amount available on short term access at all times.

The following tables provide an analysis of assets and liabilities into their relevant maturity groups based on the remaining period to contractual maturity/expected settlement. The contracted value below is the undiscounted cash flow.

FBD Holdings plc Assets – 2019	**Carrying Value total €000s**	**Contracted Value €000s**	**Cash flow within 1 year €000s**	**Cash flow 1-5 years €000s**	**Cash flow after 5 years €000s**
Financial assets	**871,174**	881,186	179,209	567,255	134,722
Reinsurance assets	**66,350**	66,350	19,701	37,854	8,795
Loans and receivables	**64,477**	64,477	64,477	-	-
Cash and cash equivalents	**94,982**	94,982	94,982	-	-
Total	**1,096,983**	**1,106,995**	**358,369**	**605,109**	**143,517**

Liabilities – 2019	**€000s**	**€000s**	**€000s**	**€000s**	**€000s**
Insurance contract liabilities	**866,877**	866,877	283,051	475,893	107,933
Payables	**35,765**	35,765	35,765	-	-
Other provisions	**8,417**	8,417	8,417	-	-
Subordinated bond	**49,485**	72,500	2,500	10,000	60,000
Total	**960,544**	**983,559**	**329,733**	**485,893**	**167,933**

FBD Holdings plc Assets – 2018	Carrying Value total €000s	Contracted Value €000s	Cash flow within 1 year €000s	Cash flow 1-5 years €000s	Cash flow after 5 years €000s
Financial assets	**866,091**	888,704	144,927	640,873	102,904
Reinsurance assets	**80,925**	80,925	25,262	49,119	6,544
Loans and receivables	**63,483**	63,483	63,483	-	-
Cash and cash equivalents	**77,639**	77,639	77,639	-	-
Total	**1,088,138**	**1,110,751**	**311,311**	**689,992**	**109,448**

Liabilities – 2018	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities	**920,900**	920,900	300,983	510,677	109,240
Payables	**33,234**	33,234	33,234	-	-
Other provisions	**7,738**	7,738	7,738	-	-
Convertible debt	**49,426**	75,000	2,500	10,000	62,500
Total	**1,011,298**	**1,036,872**	**344,455**	**520,677**	**171,740**

FBD Insurance plc Assets - 2019	Carrying Value total €000s	Contracted Value €000s	Cash flow within 1 year €000s	Cash flow 1-5 years €000s	Cash flow after 5 years €000s
Financial assets	**871,174**	881,186	179,209	567,255	134,722
Reinsurance assets	**66,350**	66,350	19,701	37,854	8,795
Loans and receivables	**54,177**	54,177	54,177	-	-
Cash and cash equivalents	**91,176**	91,176	91,176	-	-
Total	**1,082,877**	**1,092,869**	**344,263**	**605,109**	**143,517**

Liabilities – 2019	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities	**866,877**	866,877	283,051	475,893	107,933
Other provisions	**8,417**	8,417	8,417	-	-
Payables	**35,418**	35,418	35,418	-	-
Subordinated bond	**49,485**	72,500	2,500	10,000	60,000
Total	**960,197**	**983,212**	**329,386**	**485,893**	**167,933**

FBD Insurance plc Assets - 2018	Carrying Value total €000s	Contracted Value €000s	Cash flow within 1 year €000s	Cash flow 1-5 years €000s	Cash flow after 5 years €000s
Financial assets	**940,955**	963,568	219,791	640,873	102,904
Reinsurance assets	**80,925**	80,925	25,262	49,119	6,544
Current tax asset	**3,949**	3,949	3,949	-	-
Loans and debtors	**55,585**	55,585	55,585	-	-
Total	**1,081,414**	**1,104,027**	**304,587**	**689,992**	**109,448**

Liabilities – 2018	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities	**920,900**	920,900	300,983	510,677	109,240
Other Provisions	**7,740**	7,740	7,740	-	-
Payables	**30,403**	30,401	30,401	-	-
Convertible Debt	**49,426**	75,000	2,500	10,000	62,500
Total	**1,008,469**	**1,034,041**	**341,624**	**520,677**	**171,740**

C4.1 Expected Profit included in Future Premium

The expected profit included in future premiums (EPIFP) is €13.2m net of reinsurance.

C4.2 Risk sensitivity for liquidity risks

Given that liquidity is not a material risk for FBD, no specific risk sensitivity is provided.

C5. Operational Risk

Operational risk could arise as a result of inadequately controlled internal processes or systems, human error or from external events. Operational risks are regularly assessed against financial, operational, regulatory and reputational criteria.

This definition is intended to include all risks to which the Group is exposed and that are not considered elsewhere. Hence, operational risks include for example, information technology, information security, human resources, project management, outsourcing, taxation, legal, fraud and regulatory risks. Business Unit Management has primary responsibility for the effective identification, management, monitoring and reporting of operational risks which are overseen by the second and third line functions.

FBD Insurance plc is regulated by the Central Bank of Ireland and must ensure that it conducts its business in accordance with regulatory requirements at all times. FBD Insurance plc has no appetite for confirmed and quantified breaches of compliance with regulatory requirements and has an embedded Compliance Framework with regular reporting to the Board which provide assurance that compliance controls are operating effectively in the Group.

The Group is dependent upon the quality, ability and commitment of key personnel in order to sustain, develop and grow its business. There can be no assurance that the Group will be able to retain all of its key employees. The success of the Group will depend upon its ability to retain, attract, motivate and develop key personnel.

The Group relies significantly on information technology to support the business and as such may be susceptible to risks associated with information security, be that through security breaches, cyber-attacks or other failures or malfunctions. Satisfactory information technology controls are in place across the Group, including a dedicated IT security team with overall responsibility for managing information technology security standards, which together with on-going employee training and regular cyber-risk reviews are used to mitigate such information technology risks.

In addition, the Group has taken significant steps to minimise the impact of business interruption that could result from a major external event. A formal disaster recovery plan is in place for both workspace recovery and retrieval of communications, IT systems and data. If a major event occurs, these procedures will enable the Group to move the affected operations to alternative facilities within very short periods of time. The disaster recovery plan is tested regularly and includes disaster simulation tests.

C5.1 Risk sensitivity for operational risks

FBD carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material operational risks. For the 2019 ORSA, the solvency position at 30 September 2019 and the projected solvency position over the business planning period were re-calculated following high impact low likelihood adverse stresses. The stress and scenarios chosen has taken into account the material operational risks facing the Group including cyber and IT risk.

The outcome of the stress and scenario tests is that in each case FBD would have sufficient available capital to continue to meet the SCR.

C6. Other Material Risks

One key aspect of the Risk Management Framework is to identify and if necessary take appropriate action in response to future risks which could impact the Group. We have a defined process in place for the identification of emerging risks, which is informed through the use of subject matter experts, workshops, Risk and Control Self Assessments and consulting a range of external documentation. Key emerging risks are reviewed regularly by the Board/Risk Committee to assess whether they might become significant for the business.

- Technological advances changing the shape of the insurance industry and competitive environment.
- The risk that an interruption or failure of information systems, whether caused by security breaches, cyber-attacks or other failures or malfunctions, may result in a significant loss of business, assets or competitive position.
- Global deterioration in economic conditions and particularly in Ireland may lead to a reduction in revenue and profits.
- Global socio-political uncertainty that may cause an adverse impact on profitability.
- The impact of climate change may result in increasingly volatile weather patterns and more frequent severe weather events.
- Regulatory legislative landscape and its associated cost to ensure continued compliance.

Brexit

The UK legally left the EU on 31 January 2020 and have entered into a Transition Period, which is due to end on 31 December 2020. Brexit uncertainty continues as the UK and EU must negotiate and agree the detail of the terms of their future trade relationship. The impact of Brexit on the economy is still uncertain. The Irish government has stated that it will be following a "No Deal" approach to implementing Budget 2020. Leaving without a trade deal would involve tariffs, or import taxes on many goods, notably food and would also involve significant bureaucracy and disruption to trade. Brexit introduces business and trading uncertainty for all indigenous Irish businesses, including FBD and the Group's core customers in farming and other small businesses. As mentioned previously the financial impact of Brexit on FBD is mitigated by our exclusive focus on the Republic of Ireland for insurance business and our low level of exposure to Sterling assets in our investment portfolio. Operationally, we are in communication with all relevant UK service suppliers and are satisfied that Brexit does not pose a material threat. To the degree that there might be an impact on the carrying value of our assets, this risk is managed. FBD have set conservative strategic allocation levels across investment assets and these have been stress-tested for a Brexit scenario. Brexit related risks are managed in line with our Risk Management Framework as outlined on page 19. We continue to review and plan for operational impacts which may arise including supporting the needs of our customers.

COVID-19

The COVID-19 pandemic has since year-end had a major impact on investment markets, on the businesses and lives of many of our customers and the on the day to day running of FBD. While investment losses have been incurred on our bond and risk asset portfolios, FBD remains well capitalised and resilient. We are long-term investors, hold a relatively low risk investment portfolio and will manage our exposures carefully in these volatile markets. We are also continuously monitoring the overall financial impact of the pandemic on our business.

FBD continues to work through the operational impacts on the business of the pandemic and we have used our business continuity plans to enable employees to continue to work and support our customers. Remote working arrangements for many staff are in place and effective. We have taken actions to minimise the risk to the health and well-being of our employees.

We are also working closely with customers in cases where businesses have to close and no longer require part of the cover provided by insurance policies. This includes offering refunds on employers liability, public liability and business interruption sections of policies. We will continue to work closely with our customers through this crisis.

C6.1 Off Balance Sheet positions

The Group does not have any risk exposure arising from Off Balance Sheet positions.

C6.2 Special Purpose Vehicles

The Group does not have any risk exposure arising from Special Purpose Vehicles.

C7. Other Material Information

No other material information to be disclosed.

D. Valuation for Solvency Purposes

This section contains information regarding the valuation of the Balance Sheet items. For each material asset class the bases, methods and main assumptions used for valuation for solvency purposes are described. Each material class of asset includes a quantitative and qualitative explanation of any material difference between the valuation for solvency purposes and the valuation in the financial statements. There are some small rounding differences as the figures are agreed to the Quantitative Reporting Templates (QRTs) prepared at a more granular level.

FBD Holdings plc **Balance Sheet**	**Solvency II value 31 December 2019 €000s**	**IFRS 31 December 2019 €000s**
Deferred acquisitions costs	-	33,182
Intangible assets	-	2,155
Deferred tax assets	-	1,222
Pension benefit surplus	-	8,723
Property, plant & equipment held for own use	28,115	28,115
Policy Administration System	6,823	38,603
Property (other than for own use)	18,693	18,693
Right of use assets	-	6,115
Financial Assets- Equities	813	813
Financial Assets- Government Bonds	306,864	302,357
Financial Assets Corporate Bonds	509,866	508,816
Financial Assets- collective investments schemes	111,399	111,399
Deposits (including cash and cash equivalents)	167,294	154,982
Loans and mortgages	611	611
Reinsurance recoverables	55,808	66,350
Receivables (trade, not insurance)	11,607	11,606
Any other assets, not elsewhere shown	8,625	56,208
Total assets	**1,226,518**	**1,349,950**

	Solvency II value 31 December 2019 €000s	**IFRS 31 December 2019 €000s**
Technical provisions- non- life	720,256	866,877
Provisions other than technical provisions	8,427	8,417
Deferred tax liabilities	6,012	4,905
Payables (trade, not insurance)	45,433	33,150
Lease liability	-	6,222
Subordinated liabilities	50,000	49,485
Any other liabilities, not elsewhere shown	5,448	5,743
Total liabilities	**835,576**	**974,799**
Excess of assets over liabilities	**390,942**	**375,151**

FBD Insurance plc Balance Sheet	Solvency II value 31 December 2019 €000s	IFRS 31 December 2019 €000s
Deferred acquisitions costs	-	33,182
Intangible assets	-	2,155
Deferred tax assets	-	278
Pension benefit surplus	-	5,478
Property, plant & equipment held for own use	20,037	20,037
Policy Administration System	6,823	38,603
Property (other than for own use)	22,013	22,013
Right of use assets	-	5,584
Financial Assets- Equities	812	812
Financial Assets- Government Bonds	306,864	302,357
Financial Assets Corporate Bonds	509,866	508,816
Financial Assets- collective investments schemes	111,399	111,399
Deposits (including cash and cash equivalents)	163,395	151,176
Loans and mortgages	471	471
Reinsurance recoverables	55,809	66,350
Receivables (trade, not insurance)	8,569	8,569
Any other assets, not elsewhere shown	8,563	56,147
Total assets	**1,214,621**	**1,333,427**

	Solvency II value 31 December 2019 €000s	IFRS 31 December 2019 €000s
Technical provisions- non- life	720,256	866,876
Provisions other than technical provisions	8,427	8,417
Deferred tax liabilities	6,173	3,717
Payables (trade, not insurance)	44,668	32,480
Lease liability	-	5,682
Subordinated liabilities	50,000	49,485
Any other assets, not elsewhere shown	5,448	5,743
Total liabilities	**834,972**	**972,400**
Excess of assets over liabilities	**379,649**	**361,027**

D1. Assets

Solvency II Valuation for each material class of asset is listed below. The FBD Holdings plc (Group) Financial Statements and FBD Insurance plc (Company) financial statements are prepared in line with IFRS. The difference in the financial statement valuations to Solvency II is detailed below.

D1.1 Deferred Acquisition Costs (DAC)

The Group and the Company respectively recognise an asset relating to deferred acquisition costs (DAC). DAC is not recognised in the Solvency II framework and is therefore removed under Solvency II.

D1.2 Intangible assets

Intangible assets are valued at cost less accumulated amortisation and less any accumulated impairment losses. Intangible assets comprise computer software and these assets are amortised over expected useful lives on a straight line basis over a five year period. Intangible assets are not recognised in the Solvency II framework and are therefore removed under Solvency II.

D1.3 Deferred Tax Asset/Liability

The Group have recognised a deferred tax asset in the financial statements however a deferred tax liability is recognised under Solvency II. This difference is due to the revaluation of the Technical Provisions under Solvency II and the non-recognition of deferred acquisition costs and the pension surplus under Solvency II.

D1.4 Pension Benefit Surplus

The pension surplus is not recognised in the Solvency II framework and is therefore removed.

D1.5 Property, plant and equipment

D1.5.1 Property

In the Group, Property (other than for own use) comprises of an investment property held for rental in Ireland. In the Company there are additional properties occupied by Group companies recognised as Property (other than for own use).

Properties were valued at fair value at 31 December 2019 by independent external professional valuers, CB Richard Ellis, Valuation Surveyors. The valuations were prepared in accordance with the RICS Valuation – Professional Standards global January 2014 (Red Book).

The valuations report received from the external professional valuers states that the valuations have been prepared on the basis of "Market Value". The properties have been valued individually and no account taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously either as lots or as a whole.

D1.5.2 Plant and equipment

Plant and equipment is stated in the IFRS financial statements at cost less accumulated depreciation and accumulated revaluation profits/(losses). Plant and equipment is stated at fair value under Solvency II as assessed by the Board on an annual basis. FBD Holdings plc has higher Property, plant and equipment held for own use than the Company as it includes the properties occupied by the Group companies.

Depreciation is provided in respect of all plant and equipment and is calculated to write off the cost or valuation of the assets over their expected useful lives. The useful life of plant and equipment is estimated to be three to ten years dependent on the asset. Depreciation on assets in development commences when the assets are ready for their intended use.

For the first time the SCR calculation excludes a substantial portion of the value of the Company's TIA policy administration system. The TIA system is the principal operating and core technology platform of the business. The impact of this change in the SCR calculation is a reduction of eight percentage points. There is no impact on the Group's IFRS Financial Statements.

D1.5.3 Policy Administration System

Under IFRS the Policy Administration System is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided in respect of the Policy Administration System and is calculated in order to write off the cost of the asset over its expected useful life on a straight line basis over a five to ten year period. The Policy Administration System is reported under Solvency II at €6.8m with no value given to the database, middleware and policy administration application for Solvency II purposes.

D1.6 Right of Use Assets

On adoption of IFRS 16, the Group recognised a lease liability and a right of use asset for each of the leases which had previously been classified as 'operating leases' under the principles of IAS17 Leases. The right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the IFRS Statement of Financial Position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application. The right of use assets and lease liability are not recognised in the Solvency II framework and are therefore removed under Solvency II.

D1.7 Financial Assets

Financial assets are quoted investments in active markets which are stated at fair value. They are recognised on a trade date basis at fair value and are revalued at subsequent reporting dates at fair value, using the closing bid price.

The Group assumes that the quoted closing bid price for these assets is the price that would be achievable had the assets been sold at the time of valuation.

The total value of the financial assets in the financial statements is the same as the Solvency II valuation, however there are some classification differences in the reporting of the assets. Certain corporate bonds in the financial statements are classified as government bonds for Solvency II.

Accrued income on bonds is reflected on the bond line for Solvency II but is shown in other assets in the financial statements.

D1.8 Deposits, cash and cash equivalents

Deposits, cash and cash equivalents are valued at amortised cost using the effective interest rate method. The Directors believe that this represents fair value and that the above values are the recoverable amounts. Accrued interest on deposits and accrued interest on cash and cash equivalents are reflected in the deposits and cash and cash equivalent lines for Solvency II but are shown in other assets in the Group and Company Financial Statements.

D1.9 Trade receivables

Trade receivables are valued at amortised cost using the effective interest rate method. The Directors believe that this represents fair value and that the above values are the recoverable amounts. There is no difference between the IFRS valuation and the Solvency II valuation.

D1.10 Any other assets, not elsewhere shown

As described in above sections, accrued income and accrued interest is included in Any Other Assets for IFRS but for the Solvency II valuation accrued income and accrued interest is reflected in the Bond lines and Cash/ Deposit lines respectively. Under Solvency II 'Any other assets, not elsewhere shown' also includes the Company's policyholder and intermediary debtors adjusted to remove direct debit premium receivable but not yet due. This is consistent with the valuation principles for Technical Provisions under Solvency II which require that such balances are deducted from Technical Provisions.

D1.11 Reinsurance recoverables

Reinsurance recoverables are stated at a discounted best estimate value in line with Solvency II rules. Reinsurance recoverables are not discounted for the IFRS valuation.

D2. Technical Provisions

D2.1 Technical Provision by material line of business

The table below shows the Technical Provisions as at 31 December 2019 by line of business. FBD Holdings plc and FBD Insurance plc (both prepared under IFRS) have the same Technical Provisions listed below.

Technical provisions 2019	**Motor vehicle liability insurance €000s**	**Other motor insurance €000s**	**Fire and other damage to property insurance €000s**	**General liability insurance €000s**	**Other insurance €000s**	**Total €000s**
Gross Best Estimate Liab.	340,907	7,324	41,350	287,466	4,947	681,994
Risk margin	15,106	2,306	3,911	16,525	414	38,262
Gross Technical Provisions	**356,013**	**9,630**	**45,261**	**303,991**	**5,361**	**720,256**
Recoverables	(44,643)	-	(812)	(10,332)	(21)	(55,808)
Net Technical Provisions	311,370	9,630	44,449	293,659	5,340	664,448

Technical provisions 2018	**Motor vehicle liability insurance €000s**	**Other motor insurance €000s**	**Fire and other damage to property insurance €000s**	**General liability insurance €000s**	**Other insurance €000s**	**Total €000s**
Gross Best Estimate Liab.	371,349	9,502	50,117	305,260	5,606	741,834
Risk margin	15,821	2,325	4,172	17,168	477	39,963
Gross Technical Provisions	**387,170**	**11,827**	**54,289**	**322,428**	**6,083**	**781,797**
Recoverables	(57,741)	-	285	(10,965)	(106)	(68,527)
Net Technical Provisions	329, 430	11,827	54,574	311,463	5,977	713,270

D2.2 Methodology

The Company values Technical Provisions using the methodology prescribed by the Solvency II Directive and the regulations made under the Directive.

The Company uses homogeneous risk groups in the calculation of Technical Provisions. The groupings are based on type of business giving rise to the claim (Line of Business) and the size of the claim. When determining groupings, the credibility of data is balanced against homogeneity. The modelling approach for each group is similar, though assumptions may vary.

Gross claims for earned premium are projected to ultimate using standard actuarial techniques including Bornhuetter-Ferguson and Chain Ladder methods. The key assumptions made include the initial expected loss ratios for each accident year and the projected incurred and paid development patterns. Ultimate gross claims for earned premium are converted to net of reinsurance utilising reinsurance treaty information.

At the valuation date 31 December 2019, the Company had both incepted unearned business and business that was bound but not incepted. The ultimate gross claims, expenses and reinsurance recoveries for the unearned business are taken from the Company's premium reserve model. This is a deterministic model that calculates ultimate loss and expense ratios on a gross and net basis.

Reserves are added to liabilities in respect of earned and unearned business to account for events that may occur but have not been seen historically. A binary modelling approach using frequency and severity expectations around each event is used to determine reserves.

Best estimate of the claims, premiums and expense cash flows are discounted to give best estimate liabilities. A risk margin is added to best estimate liabilities to arrive at Technical Provisions.

D2.3 Key areas of uncertainty

D2.3.1 Estimation of outstanding loss reserves ("OSLR")

While information about claims is generally available, assessing the cost of settling the claim is subject to some uncertainty.

D2.3.2 Estimation of losses relating to claims

Estimation of the losses relating to claims which have been incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than estimating the OSLR since the nature of the claims is not known at the time of reserving.

D2.3.3 Unexpired Risks

Estimation of claims arising on business which has not yet expired ("unexpired risks") is uncertain as the claims have not yet been incurred, but are expected to be incurred on the business which the Company has written.

D2.3.4 Market environment

Changes in the market environment increase the inherent uncertainty affecting the business. In particular, claims inflation, publishing of updated Book of Quantum, discount rate movements, introduction of Periodic Payment Orders (PPO) legislation and the Contracts Bill have impacted the market environment in recent years or may impact the market environment in the coming years.

D2.3.5 Events not in data ('ENID loading')

Estimating a provision for events not in data is subject to considerable uncertainty as the events being considered have not been observed.

D2.3.6 Run-off expenses

The estimation of the change in expense base for run-off of the Company is inherently uncertain due to the estimations around the period of the run-off, base costs and inflation.

D2.3.7 Risk Margin

The Risk Margin, being the margin payable to transfer the business to another insurance carrier, is uncertain due to the requirement to forecast future solvency capital requirements over the period of a run-off. This therefore shares the same uncertainties of the run-off expenses provision considered at D.2.3.6, as well as the inherent uncertainties around forecasting future solvency capital requirements.

D2.4 Risk Management

The Company manages the risks around these uncertainties via the following actions:

- On-going monitoring of claims, including regular reviews of claims handling functions;
- Maintaining a number of reinsurance arrangements to limit the impact of adverse claims development;
- Internal controls through the Reserving Committee and Actuarial Function which monitor claims development and reinsurance arrangements; and
- Regular external actuarial reviews.

D2.5 Transition from IFRS to Solvency II

The changes required to transition from FRS accounts to Technical Provisions for solvency purposes are consistent for all lines of business, and are noted below.

D2.5.1 Claims provisions

The Company has made no adjustments to the projected claims provisions used in its FRS accounts in recording the claims provisions for solvency purposes. Gross claims provisions as at 31 December 2019 are €604.8m.

D2.5.2 Reinsurance share of claims provisions

The Company has made no adjustments other than Reinstatement premia to the reinsurance recoveries in its IFRS accounts in recording the reinsurance share of claims provisions for solvency purposes. The reinsurance share of claims provisions as at 31 December 2019 is €58.7m.

D2.5.3 Unexpired risks

The Company has estimated the claims which will be payable on unexpired risks, termed "premium provisions", based on the ultimate loss and expense ratios from the claims provisions and premium rate adjustments related to the unearned book of business. Gross premium provisions as at 31 December 2019 are €77.1m.

D2.5.4 Risk Margin

The Risk Margin has been considered to ensure that the value of the Technical Provisions is equivalent to the amount that would be expected to have to be paid to a third party insurance group in order to take over and meet the insurance obligations of the Company. The Risk Margin has been calculated based on the estimated capital requirements to run-off the Company's obligations, and applying a cost of capital of 6%.

The Risk Margin is calculated using a simplified method allowed under Article 58 of Commission Delegated Regulation 2015/35. The capital required to run-off the portfolio is based on the future estimated SCRs, taking account of underwriting risk, reinsurance counterparty risk and operational risk. The Group approximates the whole SCR for each future year by using a ratio of the best estimate liabilities at each future year to the best estimate liabilities at the valuation date. This results in a Risk Margin of €38.3m.

D2.5.5 Other

The Company has made adjustments for events not in data, reinsurance amounts recoverable on unexpired risks, policyholder receivables, reinsurance payable, counterparty default, expenses that will be incurred in servicing insurance obligations and discounting.

D2.6 Adjustments not applied

The Company has not applied the matching adjustment, volatility adjustment, transitional risk-free interest term structure or the transitional deduction in calculating its Technical Provisions.

D2.7 Changes in Assumptions

There were no material changes in the relevant assumptions made in the calculation of Technical Provisions compared to the previous reporting period.

D2.8 Special Purpose Vehicles

The Company does not have any Special Purpose Vehicles.

D3. Other Liabilities

D3.1 Provision other than Technical Provisions

Provisions other than Technical Provisions include a provision for Motor Insurers' Bureau of Ireland ("MIBI"). The provision is included under IFRS at fair value and is not discounted. The provision is discounted for the Solvency II valuation.

D3.2 Deferred Tax Liabilities

The Group and the Company have recognised a deferred tax liability under Solvency II and IFRS. This variance is due to the revaluation of the Technical Provisions and the non-recognition of deferred acquisition costs and the pension surplus under Solvency II.

D3.3 Reinsurance payables

Reinsurance payables (excluding Reinstatement premia) not past due are included in any other liabilities. Reinsurance payables are calculated in accordance with reinsurance agreements. Reinstatement premia is included in the Technical Provisions under Solvency II.

D3.4 Payables (trade, not insurance); Debts owed to credit institutions

There are no valuation differences between the IFRS accounts and the Solvency II valuation for payables (trade, not insurance) and debts owed to credit institutions as they are held at fair value.

D3.5 Lease liability

On adoption of IFRS 16, the Group recognised a lease liability and a right of use asset for each of the leases which had previously been classified as 'operating leases' under the principles of IAS17 Leases. The right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the IFRS Statement of Financial Position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application. The right of use assets and lease liability are not recognised in the Solvency II framework and are therefore removed under Solvency II.

D3.6 Subordinated liabilities

On 1 October 2018 FBD Holdings plc announced that its subsidiary FBD Insurance plc had entered into an agreement to purchase and cancel the €70,000,000 7% Convertible Notes which were in issue for €86,059,000. The below table shows the loss recognised as a result of the purchase and cancellation of the Notes.

Purchase and cancellation of the Convertible Notes	**2019 €000s**	**2018 €000s**
Balance at 1 January	-	52,525
Amortised during the year	-	1,062
Derecognition of convertible debt upon purchase and cancellation	-	(53,587)
Balance at 31 December	-	-
Carrying value of bond on date of settlement (as per above table)	-	53,587
Carrying value of equity on date of settlement	-	18,232
Total carrying value of convertible debt on date of settlement	-	71,819
Consideration paid for convertible bond	-	(86,059)
Loss on purchase and cancellation of the Convertible	-	(14,240)
Loss on purchase and cancellation of the bond attributable to:		
A) Statement of changes in Equity		
– Loss on equity portion	-	2,763
B) Consolidated Income Statement		
– Loss on debt portion	-	11,477
	-	-

Interest costs associated with the Notes totalling €nil (2018: €4,864,000) as result of the purchase and cancellation of the Notes.

On 2 October 2018 FBD Insurance plc successfully agreed to issue €50,000,000 of new Callable Dated Deferrable Subordinated Notes due 2028. The agreed coupon for the notes was 5%. Interest costs associated with the subordinated notes totalling €2,500,000 (2018: €589,000) were incurred and recognised during the financial year.

	2019 €000s	**2018 €000s**
Balance at 1 January	**49,426**	-
Recognition of subordinated debt on issue	**-**	49,412
Amortised during the year	**59**	14
Balance at 31 December	**49,485**	**49,426**

D3.7 Reconciliation of Total Liabilities to Solvency II Balance Sheet

The following are the material movements for the Group;

- Technical Provisions, Deferred tax liabilities and Subordinated Liabilities are revalued for the Solvency II valuation as explained above.
- Debt owed to credit institutions is a reclassification for the Solvency II valuation.

The following are the material movements for FBD Insurance plc;

- Technical Provisions, Deferred tax liabilities and Subordinated Liabilities are revalued for the Solvency II valuation as explained above.
- Provisions other than Technical Provisions include a Solvency II reclassification and are also subject to discounting for the Solvency II valuation.

D4. Alternative methods of valuation

The Group does not use any alternative valuation methods.

D5. Any Other Material Information

No other material information to be disclosed.

E. Capital Management

E1. Own Funds

E1.1 Objectives, policies and processes for managing own funds

The solvency objective is to ensure that the Group has and will have in the future sufficient capital to pay its policyholders and all other creditors in full as these liabilities fall due. This means the Group must hold an appropriate amount and quality of capital to meet regulatory requirements as well as a buffer relevant to the specific capital needs given its risk profile, financial condition, business model and strategies, overall complexity, sensitivity to changing conditions and other factors that may arise from time to time. The Group believes that maintaining a strong capital position is imperative to being able to continue to operate through periods of severe stress.

FBD measures and calculates capital using the Standard Formula. The Solvency Capital Requirement (SCR) measures the amount of capital which is required to be held to cover a 1/200 year event over a 1 year horizon and reflects the risk profile of the Group. The MCR, lower than the SCR, is the minimum level of regulatory capital required.

The Medium-Term Capital Management Plan is updated at least annually in accordance with the most up to date SCR calculations and monitored quarterly with regard to performance and emerging trends. Any issues arising are highlighted to the Executive Management Team (EMT) and the Board as appropriate. As part of the overall strategy the Company prepares financial forecasts over the Business Planning period. These financial forecasts include projected Solvency Capital Ratios and are presented to both the EMT and the Board.

The ORSA contains a three year projection of requirements which also assists in managing own funds.

E1.2 Information on the structure, amount and quality of own funds

FBD Holdings plc	Tier 1 €000s	Tier 2 €000s	Tier 3 €000s	Total €000s
1 January 2019	304,618	52,923	-	357,541
Movement during year	48,256	-	-	48,256
31 December 2019	352,874	52,923	-	405,797[1]
Eligible amount to cover the SCR	352,874	52,923	-	405,797
Eligible amount to cover MCR	352,874	18,036	-	370,910
1 January 2018	293,320	72,923	-	366,243
Movement during year	11,297	(20,000)	-	(8,703)
31 December 2018	304,618	52,923	-	357,541
Eligible amount to cover the SCR	304,618	52,923	-	357,541
Eligible amount to cover MCR	304,618	18,848	-	323,466

[1] *Own funds available to cover SCR have been reduced by the foreseeable dividends of €35.1m.*

FBD Insurance plc	Tier 1 €000s	Tier 2 €000s	Tier 3 €000s	Total €000s
1 January 2019	299,988	50,635	-	350,623
Movement during year	44,064	-	-	44,064
31 December 2019	344,052	50,635	-	394,687[1]
Eligible amount to cover the SCR	344,052	50,635	-	394,687
Eligible amount to cover MCR	344,052	18,036	-	362,088
1 January 2018	295,566	70,635	-	366,191
Movement during year	4,432	(20,000)	-	(15,568)
31 December 2018	299,988	50,635	-	350,623
Eligible amount to cover the SCR	299,988	50,635	-	350,623
Eligible amount to cover MCR	299,988	18,848	-	318,836

[1] *Own funds available to cover SCR have been reduced by the foreseeable dividends of €35m.*

E.1.2.1 Ordinary share capital

FBD Holdings plc has fully paid up ordinary share capital of €21.4m (2018: €21.4m). FBD Insurance plc has fully paid up ordinary share capital of €74m (2018: €74m). This is available to fully absorb losses, and in the case of winding up, ranks behind all other obligations. This share capital satisfies all the requirements of Tier 1 own funds as set out in article 71 of the Commission Delegated Regulations (EU) 2015.

E.1.2.2 Reconciliation reserve

The reconciliation reserve is equal to the total excess assets over liabilities reduced by the other basic own fund items. The reconciliation reserve is fully available to absorb losses.

FBD Holdings plc	2019 €000s	2018 €'000s
Excess of assets over liabilities	**390,942**	325,156
Foreseeable dividends, distributions and charges	**(35,144)**	(17,615)
Other basic own fund items	**(24,332)**	(24,332)
Reconciliation reserve	**331,466**	283,209

FBD Insurance plc	2019 €000s	2018 €'000s
Excess of assets over liabilities	**379,649**	322,033
Foreseeable dividends, distributions and charges	**(34,963)**	(21,410)
Other basic own fund items	**(74,821)**	(74,821)
Reconciliation reserve	**269,865**	225,802

E1.2.3 Preference share capital

FBD Holdings plc has fully paid up preference share capital of €2.9m (2018: €2.9m). FBD Insurance plc has fully paid up preference share capital of €0.6m (2018: €0.6m). It is available to fully absorb losses, and in the case of winding up, ranks behind all other obligations with the exception of ordinary share capital. It satisfies all the requirements of Tier 2 own funds as set out in article 73 of the Commission Delegated Regulations (EU) 2015. It does not fully meet the requirements to be classified as Tier 1 capital, as they do not comply with article 71, part 4(d), whereby there is an obligation to make a distribution on the preference share capital if a distribution has been made on the ordinary share capital of the company.

E1.2.4 Subordinated Liabilities

Included within Tier 2 of both FBD Holdings plc and FBD Insurance plc €50,000,000 of Callable Dated Deferrable Subordinate Notes due 2028. The agreed coupon for the notes is 5%. This subordinated bond satisfies all the requirements of Tier 2 own funds as set out in article 73 of the Commission Delegated Regulations (EU) 2015.

E1.2.5 Ancillary own funds

The Group has no ancillary own funds.

E1.2.6 Analysis of material changes in each Tier

FBD Holdings plc reflects a €48m increase in the 2019 Tier 1 Own Funds. The increase is due to an increase in the Reconciliation Reserve primarily driven by the increase in Underwriting Profit in 2019, offset by the proposed dividends of €35m.

FBD Insurance plc reflects a €44m increase in the 2019 Tier 1 Own Funds. The increase is due to an increase in the Reconciliation Reserve primarily driven by the increase in Underwriting Profit in 2019, offset by the proposed dividends of €35m.

There is no change in the Tier 2 Own Funds for both FBD Holdings plc and FBD Insurance plc.

There is no change in the Tier 3 Own Funds for both FBD Holdings plc and FBD Insurance plc.

E1.2.7 Difference between Equity shown in the financial statements and the Solvency II value of excess assets over liabilities

FBD Holdings plc	2019 €000s	2018 €000s
Equity per financial statements		
Ordinary share capital	**21,409**	21,409
Retained earnings	**350,819**	262,074
Preference share capital	**2,923**	2,923
Financial Liabilities at amortised Cost	**49,485**	49,426
Total Equity (including Tier II debt)	**424,636**	335,832
Adjustments for Solvency II		
Difference in technical provisions net of reinsurance	**66,752**	89,961
Deferred acquisitions costs not recognised	**(33,182)**	(31,366)
Pension benefit surplus not recognised	**(8,723)**	(12,944)
Deferred tax	**(2,329)**	(4,537)
Provisions other than technical provisions	**(6,212)**	(1,790)
Solvency II value of excess assets over liabilities (Including Tier II Debt)	**440,942**	375,156

FBD Insurance plc	2019 €000s	2018 €000s
Equity per financial statements		
Ordinary share capital	**74,187**	74,187
Retained earnings	**286,205**	204,232
Preference share capital	**635**	635
Financial Liabilities at amortised Cost	**49,485**	49,426
Total Equity (including Tier II debt)	**410,512**	328,480
Adjustments for Solvency II		
Difference in technical provisions net of reinsurance	**66,752**	89,961
Deferred acquisitions costs not recognised	**(33,182)**	(31,956)
Pension benefit surplus not recognised	**(5,478)**	(8,111)
Deferred tax	**(2,733)**	(6,222)
Provisions other than technical provisions	**(6,222)**	(118)
Solvency II value of excess assets over liabilities (including Tier II Debt)	**429,649**	**372,033**

E1.2.8 Transitional Arrangements

There are no own funds items subject to transitional arrangements.

E2. Solvency Capital Requirement and Minimum Capital Requirements

E2.1 Solvency Capital Requirement (SCR) Net

The Group solvency ratio stood at 193% (FBD Insurance plc ratio 189%) as at 31 December 2019 and is based on the Standard Formula. These solvency ratio figures include an allowance for the proposed dividend payable in May 2020.

The Directive prescribes two methods for the calculation of the group solvency:

- Method 1 – standard method based on the consolidation of financial statements
- Method 2 – alternative method based on deduction and aggregation

FBD Holdings plc applies method 1 for the determination of the Group solvency.

The table below shows the inputs into the Solvency Capital Requirement (SCR) calculation as at 31 December 2019.

Solvency Capital Requirement FBD Holdings plc	2019 Net SCR €000s	2018 Net SCR €000s
Non-Life Underwriting Risk	182,987	192,970
Health Underwriting Risk	2,441	3,128
Market Risk	72,987	63,205
Counterparty Default Risk	7,091	7,467
Undiversified BSCR	265,506	266,770
Diversification Credit	(48,251)	(44,996)
Basic SCR	217,255	221,774
Operational Risk	20,459	22,255
Loss absorbing capacity of technical provisions and deferred tax	(27,000)	(26,752)
Solvency Capital Requirement	**210,714**	**217,277**

Solvency Capital Requirement FBD Insurance plc	2019 Net SCR €000s	2018 Net SCR €000s
Non-Life Underwriting Risk	182,987	192,970
Health Underwriting Risk	2,441	3,128
Market Risk	69,566	61,753
Counterparty Default Risk	6,216	7,073
Undiversified BSCR	261,210	264,924
Diversification Credit	(46,316)	(44,108)
Basic SCR	214,894	220,817
Operational Risk	20,460	22,255
Loss absorbing capacity of technical provisions and deferred tax	(27,000)	(26,752)
Solvency Capital Requirement	**208,354**	**216,320**

E2.2 Minimum Capital Requirement

The table below shows the inputs into the Minimum Capital Requirement (MCR) calculation as at 31 December 2019.

Minimum Capital Requirement FBD Holdings plc	2019 €000s	2018 €000s
Linear MCR	90,179	94,240
SCR	210,714	217,277
Combined MCR	90,179	94,240
Minimum Capital Requirement	**90,179**	**94,240**

Minimum Capital Requirement FBD Insurance plc	2019 €000s	2018 €000s
Linear MCR	90,179	94,240
SCR	208,354	216,320
Combined MCR	90,179	94,240
Minimum Capital Requirement	**90,179**	**94,240**

E2.3 Simplified calculations

The Group does not use simplified calculations for risk modules and sub-modules of the Standard Formula.

E2.4 Compliance with the MCR and the SCR

The solvency position is monitored on a regular basis to ensure compliance. The Group was compliant with both the MCR and SCR throughout 2019.

E2.5 Material changes in MCR & SCR during the year

The MCR has reduced in the year from €94m to €90m for both FBD Insurance plc and for FBD Holdings plc. The SCR has reduced in the year from €216m to €208m for FBD Insurance plc and from €217m to €211m for FBD Holdings plc. The primary reason for these movements is that the claims provision has significantly reduced over the year.

E3. Use of duration-based equity sub-module in the calculation of the Solvency Capital Requirement

The Group does not use the duration-based equity sub-module in the calculation of the Solvency Capital Requirement.

E4. Differences between the standard formula and any internal model used

The Group does not use an internal model to calculate the SCR.

E5. Non-compliance with the Minimum Capital Requirements and non-compliance with the Solvency Capital Requirements

There is no foreseeable risk of non-compliance with the SCR and the MCR. The ORSA document includes a number of stress and scenario tests. None of the stressed positions breached the SCR or the MCR.

The Solvency position is monitored on a regular basis to ensure compliance with the SCR and the MCR.

E6. Any Other Material Information

No other material information to be disclosed.

F. Appendices

FBD Holdings plc Quantitative Reporting Templates

S.02.01.02 – Balance Sheet

S.05.01.02 – Premiums, claims and expenses by line of business

S.05.02.01 – Premiums, claims and expenses by country

S.23.01.22 – Own Funds

S.25.01.22 – Solvency Capital Requirement – for Groups on Standard Formula

S.32.01.22 – Undertakings in the scope of the Group

FBD Insurance plc Quantitative Reporting Templates

S.02.01.02 – Balance Sheet

S.05.01.02 – Premiums, claims and expenses by line of business

S.05.02.01 – Premiums, claims and expenses by country

S.17.01.02 – Non-Life Technical Provisions

S.19.01.21 – Non-Life Insurance Claims

S.23.01.01 – Own Funds

S.25.01.21 – Solvency Capital Requirement – for Undertakings on Standard Formula

S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

FBD HOLDINGS PLC

General information

Participating undertaking name	FBD Holdings Plc
Group identification code	635400HNBZBITDHQJG48
Type of code of group	LEI
Country of the group supervisor	IE
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business

S.05.02.01 - Premiums, claims and expenses by country

S.23.01.22 - Own Funds

S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula

S.32.01.22 - Undertakings in the scope of the group

FBD HOLDINGS PLC

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	34,938
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,058,667
R0080	*Property (other than for own use)*	18,693
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	813
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	813
R0130	*Bonds*	816,730
R0140	*Government Bonds*	306,864
R0150	*Corporate Bonds*	509,866
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	111,399
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	111,031
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	611
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	611
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	55,808
R0280	*Non-life and health similar to non-life*	55,808
R0290	*Non-life excluding health*	55,808
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	11,607
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	56,262
R0420	Any other assets, not elsewhere shown	8,625
R0500	**Total assets**	1,226,518

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	720,256
R0520	*Technical provisions - non-life (excluding health)*	714,924
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	677,074
R0550	*Risk margin*	37,850
R0560	*Technical provisions - health (similar to non-life)*	5,332
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	4,920
R0590	*Risk margin*	412
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	8,427
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	6,012
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	45,433
R0850	Subordinated liabilities	50,000
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	50,000
R0880	Any other liabilities, not elsewhere shown	5,448
R0900	**Total liabilities**	835,576
R1000	**Excess of assets over liabilities**	390,942

FBD HOLDINGS PLC

S.05.01.02

Premiums, claims and expenses by line of business

	Non-life	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Total
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	
		C0020	C0040	C0050	C0060	C0070	C0080	C0200
	Premiums written							
R0110	Gross - Direct Business	5,366	124,238	58,348	22	107,399	74,690	370,063
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	407	14,787	0	3	10,873	5,767	31,836
R0200	Net	4,959	109,451	58,348	19	96,527	68,923	338,227
	Premiums earned							
R0210	Gross - Direct Business	5,488	123,024	57,877	24	109,221	73,759	369,394
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	407	14,787	0	7	10,873	5,767	31,841
R0300	Net	5,081	108,237	57,877	17	98,348	67,993	337,553
	Claims incurred							
R0310	Gross - Direct Business	3,007	40,434	23,981	-39	34,803	33,501	135,687
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	-2	-10,790	0	-47	564	-829	-11,104
R0400	Net	3,009	51,223	23,981	8	34,240	34,330	146,790
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	1,224	36,223	10,913	9	29,604	20,506	98,478
R1200	**Other expenses**							
R1300	**Total expenses**							98,478

FBD HOLDINGS PLC

S.05.02.01

Premiums, claims and expenses by country

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0010	**Non-life**							
	Premiums written							
R0110	Gross - Direct Business	370,063						370,063
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	31,836						31,836
R0200	Net	338,227						338,227
	Premiums earned							
R0210	Gross - Direct Business	369,394						369,394
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	31,841						31,841
R0300	Net	337,553						337,553
	Claims incurred							
R0310	Gross - Direct Business	135,687						135,687
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	-11,104						-11,104
R0400	Net	146,790						146,790
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	98,478						98,478
R1200	**Other expenses**							
R1300	**Total expenses**							98,478

FBD HOLDINGS PLC

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	21,408	21,408		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	2,923		0	2,923	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	331,466	331,466			
R0140	Subordinated liabilities	50,000		0	50,000	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				

R0220 **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	405,797	352,874	0	52,923	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	405,797	352,874	0	52,923	0
R0530	Total available own funds to meet the minimum consolidated group SCR	405,797	352,874	0	52,923	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	405,797	352,874	0	52,923	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	370,910	352,874	0	18,036	
R0610	**Minimum consolidated Group SCR**	90,179				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	411.30%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	405,797	352,874	0	52,923	0
R0680	**Group SCR**	210,714				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	192.58%				
	Reconcilliation reserve					
R0700	Excess of assets over liabilities	390,942				
R0710	Own shares (held directly and indirectly)					
R0720	Forseeable dividends, distributions and charges	35,144				
R0730	Other basic own fund items	24,332				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0750	Other non available own funds					
R0760	**Reconciliation reserve**	331,466				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	16,511				
R0790	**Total Expected profits included in future premiums (EPIFP)**	16,511				

FBD HOLDINGS PLC

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Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	72,987		
R0020	Counterparty default risk	7,091		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	2,441		
R0050	Non-life underwriting risk	182,987		
R0060	Diversification	-48,251		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	217,255		

USP Key
For life underwriting risk:
1 - Increase in the amount of annuitybenefits
9 - None
For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None
For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	20,460
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-27,000
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	210,714
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	210,714
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	90,179

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
	Information on other entities			
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0		
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0		
R0520	*Institutions for occupational retirement provisions*	0		
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0		
R0540	Capital requirement for non-controlled participation requirements	0		
R0550	Capital requirement for residual undertakings	0		
	Overall SCR			
R0560	SCR for undertakings included via D&A	0		
R0570	**Solvency capital requirement**	210,714		

FBD HOLDINGS PLC

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Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	IE	635400HQZXKIXB5YCS61	LEI	FBD INSURANCE PLC	Non life insurance undertaking	Incorporated companies limited by shares or by guarantee or unlimited	Non-mutual	THE CENTRAL BANK OF IRELAND
2	IE	140134	Specific code	FBD INSURANCE GROUP	Credit institution, investment firm and financial institution		Non-mutual	THE CENTRAL BANK OF IRELAND
3	IE	155113	Specific code	BIERITZ INNS LIMITED	Other		Non-mutual	
4	IE	51715	Specific code	LEGACY INVESTMENT HOLDINGS LIMITED	Other		Non-mutual	
5	GB	7010V	Specific code	TOPENHALL LIMITED	Other		Non-mutual	
6	IE	635400HNBZBITDHQJG48	LEI	FBD HOLDINGS PLC	Other		Non-mutual	
7	IE	614936	Specific code	FBD CORPORATE SERVICE LIMITED	Other		Non-mutual	
8	IE	510146	Specific code	FBD TRUSTEE COMPANY LTD	Institution for occupational retirement provision		Non-mutual	THE PENSIONS AUTHORITY

FBD HOLDINGS PLC

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Undertakings in the scope of the group

	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
2	100.00%	100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	100.00%	100.00%	100.00%		Dominant	100.00%	Not included in the scope (art. 214 b)		Method 1: Full consolidation
4	100.00%	100.00%	100.00%		Dominant	100.00%	Not included in the scope (art. 214 b)		Method 1: Full consolidation
5	100.00%	100.00%	100.00%		Dominant	100.00%	Not included in the scope (art. 214 b)		Method 1: Full consolidation
6	100.00%	100.00%	100.00%		Dominant	100.00%	Not included in the scope (art. 214 b)		Method 1: Full consolidation
7	100.00%	100.00%	100.00%		Dominant	100.00%	Not included in the scope (art. 214 b)		Method 1: Full consolidation
8	100.00%	100.00%	100.00%		Dominant	100.00%	Not included in the scope (art. 214 b)		Method 1: Full consolidation

FBD INSURANCE PLC

General information

Undertaking name	FBD Insurance Plc
Undertaking identification code	635400HQZXKIXB5YCS61
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2019
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business

S.05.02.01 - Premiums, claims and expenses by country

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

FBD INSURANCE PLC

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	26,860
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,061,986
R0080	*Property (other than for own use)*	22,013
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	812
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	812
R0130	*Bonds*	816,730
R0140	*Government Bonds*	306,864
R0150	*Corporate Bonds*	509,866
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	111,399
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	111,031
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	471
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	471
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	55,808
R0280	*Non-life and health similar to non-life*	55,808
R0290	*Non-life excluding health*	55,808
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	8,569
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	52,364
R0420	Any other assets, not elsewhere shown	8,563
R0500	**Total assets**	1,214,621

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	720,256
R0520	*Technical provisions - non-life (excluding health)*	714,924
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	677,074
R0550	*Risk margin*	37,850
R0560	*Technical provisions - health (similar to non-life)*	5,332
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	4,920
R0590	*Risk margin*	412
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	8,427
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	6,173
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	44,669
R0850	Subordinated liabilities	50,000
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	50,000
R0880	Any other liabilities, not elsewhere shown	5,448
R0900	**Total liabilities**	834,972
R1000	**Excess of assets over liabilities**	379,649

FBD INSURANCE PLC

S.05.01.02

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Total
	Non-life	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	
		C0020	C0040	C0050	C0060	C0070	C0080	C0200
	Premiums written							
R0110	Gross - Direct Business	5,366	124,238	58,348	22	107,399	74,690	370,063
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	407	14,787	0	3	10,873	5,767	31,836
R0200	Net	4,959	109,451	58,348	19	96,527	68,923	338,227
	Premiums earned							
R0210	Gross - Direct Business	5,488	123,024	57,877	24	109,221	73,759	369,394
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	407	14,787	0	7	10,873	5,767	31,841
R0300	Net	5,081	108,237	57,877	17	98,348	67,993	337,553
	Claims incurred							
R0310	Gross - Direct Business	3,007	40,434	23,981	-39	34,803	33,501	135,687
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	-2	-10,790	0	-47	564	-829	-11,104
R0400	Net	3,009	51,223	23,981	8	34,240	34,330	146,790
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	1,240	36,654	11,031	9	29,949	20,717	99,599
R1200	**Other expenses**							
R1300	**Total expenses**							99,599

FBD INSURANCE PLC

S.05.02.01

Premiums, claims and expenses by country

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010	**Non-life**							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	370,063						370,063
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	31,836						31,836
R0200	Net	338,227						338,227
	Premiums earned							
R0210	Gross - Direct Business	369,394						369,394
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	31,841						31,841
R0300	Net	337,553						337,553
	Claims incurred							
R0310	Gross - Direct Business	135,687						135,687
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	-11,104						-11,104
R0400	Net	146,790						146,790
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	99,599						99,599
R1200	**Other expenses**							
R1300	**Total expenses**							99,599

FBD INSURANCE PLC

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance						
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Total Non-Life obligation
		C0030	C0050	C0060	C0070	C0080	C0090	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole							0
	Technical provisions calculated as a sum of BE and RM							
	Best estimate							
	Premium provisions							
R0060	Gross	1,548	34,657	4,799	0	16,678	19,464	77,146
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	-342		0	-669	-1,882	-2,893
R0150	**Net Best Estimate of Premium Provisions**	1,548	34,999	4,799	0	17,347	21,345	80,039
	Claims provisions							
R0160	Gross	3,372	306,250	2,525	27	24,672	268,002	604,848
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	44,984		21	1,481	12,214	58,701
R0250	**Net Best Estimate of Claims Provisions**	3,372	261,265	2,525	7	23,191	255,788	546,147
R0260	**Total best estimate - gross**	4,920	340,907	7,324	27	41,350	287,466	681,994
R0270	**Total best estimate - net**	4,920	296,264	7,324	6	40,538	277,134	626,186
R0280	**Risk margin**	412	15,106	2,306	2	3,911	16,525	38,262

		Direct business and accepted proportional reinsurance						
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Total Non-Life obligation
		C0030	C0050	C0060	C0070	C0080	C0090	C0180
	Amount of the transitional on Technical Provisions							
R0290	Technical Provisions calculated as a whole							0
R0300	Best estimate							0
R0310	Risk margin							0
R0320	**Technical provisions - total**	5,332	356,013	9,630	29	45,261	303,991	720,256
R0330	**"Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total"**	0	44,643	0	21	812	10,332	55,808
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	5,332	311,370	9,630	8	44,449	293,659	664,448

FBD INSURANCE PLC

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 **Accident year/underwriting year** | **Accident Year**

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
	Year	**Development year**												**In Current year**	**Sum of years (cumulative)**
		0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**			
R0100	Prior											1,844		1,844	1,844
R0160	2010	107,859	89,338	25,488	23,896	16,878	14,575	6,801	5,791	2,269	1,607			1,607	294,503
R0170	2011	78,838	44,688	21,492	19,118	19,669	19,648	5,000	4,115	3,006				3,006	215,574
R0180	2012	75,441	42,780	20,112	19,920	22,111	16,361	9,146	5,000					5,000	210,873
R0190	2013	72,834	44,411	26,479	24,152	20,529	22,266	6,367						6,367	217,038
R0200	2014	108,443	53,116	34,142	35,163	19,641	15,148							15,148	265,653
R0210	2015	71,898	51,885	27,103	19,448	24,658								24,658	194,993
R0220	2016	64,393	34,644	19,270	15,660									15,660	133,967
R0230	2017	59,730	38,037	16,637										16,637	114,403
R0240	2018	67,654	35,742											35,742	103,397
R0250	2019	56,275												56,275	56,275
R0260													**Total**	181,945	1,808,519

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
	Year						**Development year**							**Year end (discounted data)**
		0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		
R0100	Prior											9,811		9,860
R0160	2010	0	0	0	0	0	0	20,717	14,366	13,783	12,718			12,787
R0170	2011	0	0	0	0	0	23,034	16,816	10,818	7,869				7,913
R0180	2012	0	0	0	0	51,116	33,179	21,145	15,782					15,869
R0190	2013	0	0	0	89,535	66,317	32,115	24,192						24,325
R0200	2014	0	0	139,635	96,299	67,427	46,108							46,365
R0210	2015	0	167,912	161,153	132,607	81,860								82,310
R0220	2016	163,399	122,928	90,673	63,039									63,386
R0230	2017	156,049	111,452	79,258										79,694
R0240	2018	164,638	117,130											117,772
R0250	2019	143,809												144,567
R0260													**Total**	604,848

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	74,187	74,187		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	635		0	635	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	269,865	269,865			
R0140	Subordinated liabilities	50,000		0	50,000	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	394,687	344,052	0	50,635	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	394,687	344,052	0	50,635	0
R0510	Total available own funds to meet the MCR	394,687	344,052	0	50,635	
R0540	Total eligible own funds to meet the SCR	394,687	344,052	0	50,635	0
R0550	Total eligible own funds to meet the MCR	362,088	344,052	0	18,036	
R0580	**SCR**	208,354				
R0600	**MCR**	90,179				
R0620	**Ratio of Eligible own funds to SCR**	189.43%				
R0640	**Ratio of Eligible own funds to MCR**	401.52%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	379,649
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	34,963
R0730	Other basic own fund items	74,822
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	269,865
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	16,511
R0790	**Total Expected profits included in future premiums (EPIFP)**	16,511

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	69,566		
R0020	Counterparty default risk	6,216		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	2,441		
R0050	Non-life underwriting risk	182,987		
R0060	Diversification	-46,316		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	214,894		

USP Key
For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None
For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None
For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

		C0100
	Calculation of Solvency Capital Requirement	
R0130	Operational risk	20,460
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-27,000
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	208,354
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	208,354
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

		Gross solvency capital requirement	USP	Simplifications
		C0109		
	Approach to tax rate			
R0590	Approach based on average tax rate	0		

		LAC DT
	Calculation of loss absorbing capacity of deferred taxes	C0130
R0640	LAC DT	0
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

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Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

		C0010
	Linear formula component for non-life insurance and reinsurance obligations	
R0010	MCR_{NL} Result	90,179

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	4,920	4,959
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	296,264	114,177
R0060	Other motor insurance and proportional reinsurance	7,324	53,622
R0070	Marine, aviation and transport insurance and proportional reinsurance	6	19
R0080	Fire and other damage to property insurance and proportional reinsurance	40,538	96,527
R0090	General liability insurance and proportional reinsurance	277,134	68,923
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

		C0040
	Linear formula component for life insurance and reinsurance obligations	
R0200	MCR_L Result	0

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

		C0070
	Overall MCR calculation	
R0300	Linear MCR	90,179
R0310	SCR	208,354
R0320	MCR cap	93,759
R0330	MCR floor	52,088
R0340	Combined MCR	90,179
R0350	Absolute floor of the MCR	2,500
R0400	**Minimum Capital Requirement**	90,179