IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

IMPORTANT: You must read the following before continuing. The following applies to the Prospectus attached to this electronic transmission (the "**Prospectus**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them.

RESTRICTIONS: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE NOTES IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY NOTES TO BE ISSUED HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION.

THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

PRIIPS REGULATION

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU ("**MIFID II**"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED, THE "**INSURANCE MEDIATION DIRECTIVE**"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC.

CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "**PRIIPS REGULATION**") FOR OFFERING OR SELLING THE

NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

The Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person. By accessing the Prospectus, you shall be deemed to have confirmed and represented that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have provided and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, (d) if you are a person in the United Kingdom, then you are a person who is within the definition of Investment Professionals (as defined in Article 19 of the Financial Services & Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**")), or a high net worth entity falling within Article 49(2)(a) to (d) of the Order, (e) you are a "qualified investor", as defined in Prospectus Directive 2003/71/EC (as amended), and (f) you are not a retail client (as defined in MiFID II) or a customer within the meaning of the Insurance Mediation Directive.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither FBD Insurance plc nor Goodbody Stockbrokers UC nor any person who controls nor any director, officer, employee, agent or affiliate of, any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from Goodbody Stockbrokers UC.

Nothing in this electronic transmission constitutes an offer of securities for sale to persons other than those described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described herein.

Neither Goodbody Stockbrokers UC nor any of its respective affiliates accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or the offer. Goodbody Stockbrokers UC and its respective affiliates accordingly disclaim all and any liability whether arising in tort, contract, or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty express or implied, is made by Goodbody Stockbrokers UC or its respective affiliates.

Goodbody Stockbrokers UC is acting exclusively for the Issuer and no one else in connection with the offer. Goodbody Stockbrokers UC will not regard any other person (whether or not a recipient of this document) as its client in relation to the offer and will not be responsible to anyone other than the

Issuer for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

The distribution of the Prospectus in certain jurisdictions may be restricted by law.
Persons into whose possession the attached Prospectus comes are required by FBD Insurance plc and Goodbody Stockbrokers UC to inform themselves about, and to observe, any such restrictions.

Prospectus dated 2 October 2018

FBD Insurance plc

(Incorporated with limited liability in Ireland with registered no. 25475)

€50,000,000 5 per cent. Callable Dated Deferrable Subordinated Notes due 2028

Issue price: 100 per cent.

The €50,000,000 5 per cent. Callable Dated Deferrable Subordinated Notes due 2028 (the "**Notes**") are to be issued by FBD Insurance plc (**"FBD"** or the "**Issuer**") and constituted by a trust deed to be dated on or about 9 October 2018 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and the Trustee (as defined in "*Terms and Conditions of the Notes*" (the "**Conditions**", and references herein to a numbered "**Condition**" shall be construed accordingly)).

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank of Ireland**"), as competent authority under Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and E.U. law pursuant to the Prospectus Directive. Such approval relates only to the securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") or other regulated markets for the purposes of Directive 2014/65/EU ("**MiFID II**") or which are to be offered to the public in any member state in the European Economic Area ("**EEA**"). Application has been made to Euronext Dublin for the Notes to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the Main Securities Market. The Main Securities Market is a regulated market for the purposes of MiFID II. This document constitutes the prospectus (the "**Prospectus**") and comprises a Prospectus for the purposes of the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "**Prospectus Regulations**") which implement the Prospectus Directive in Ireland.

The Notes will bear interest from 9 October 2018 (the "**Issue Date**") at the rate of 5 per cent. per annum, payable (subject to the following proviso) semi-annually in arrear on 9 April and 9 October in each year commencing on 9 April 2019 provided that the Issuer will be required to defer any payment of interest which is otherwise scheduled to be paid if (i) such payment cannot be made in compliance with the solvency condition described in Condition 2.2 (the "**Solvency Condition**") or (ii) a Regulatory Deficiency Interest Deferral Event (as defined herein) has occurred and is continuing, or would occur if such interest payment were made. Any interest so deferred shall, for so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest will not themselves bear interest, and will be payable as provided in Condition 5.2.

Unless previously redeemed or purchased and cancelled, the Notes will mature on 9 October 2028 (the "**Maturity Date**") and shall, subject to the satisfaction of the Solvency Condition and to no Regulatory Deficiency Redemption Deferral Event (as defined herein) having occurred, be redeemed on the Maturity Date. Prior to any notice of redemption before the Maturity Date or any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with relevant legal or regulatory requirements including as to notifications to, or consent or non-objection from, (in each case, if and to the extent required) the Relevant Regulator (as defined herein) and to be in continued compliance with Regulatory Capital Requirements (as defined herein) applicable to it. Subject to that, to the Relevant Rules (each as defined herein) implementing Solvency II, to satisfaction of the Solvency Condition and to no Regulatory Deficiency Redemption Deferral Event having occurred, all, but not some only, of the Notes may be redeemed at the option of the Issuer before the Maturity Date upon the occurrence of certain specified events relating to taxation, Change of Control of the Issuer or a Capital Disqualification Event (as defined herein) at their principal amount together with any accrued but unpaid interest to (but excluding) the date of redemption and any Arrears of Interest (as defined herein) and the Issuer will, in the case of specified events relating to taxation or a Capital Disqualification Event, also have the right to substitute the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Dated Tier 2 Securities (as defined herein), as described in *"Terms and Conditions of the Notes - Redemption, Substitution, Variation and Purchase"*.

The Notes will be direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and will, in the event of the winding-up of the Issuer (other than an Approved Winding-Up, as defined in the Conditions) or in the event of an administrator of the Issuer being appointed and giving notice that it intends to declare and distribute a dividend or an examiner of the Issuer agreeing to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in examinership, be subordinated to the claims of all Senior Creditors (as defined herein).

The Notes will be issued in registered form and represented upon issue by a registered global certificate which will be deposited with a depositary or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or any other relevant clearing system, on or about the Issue Date. Definitive Notes will be issued only in limited circumstances – see *"Summary of Provisions relating to the Notes while in Global Form"*. The denomination of the Notes shall be €100,000 and integral multiples of €1,000 in excess thereof.

An investment in the Notes involves certain risks. Prospective investors should have regard to the non-exhaustive list of factors described under the section headed "*Risk Factors*" in this Prospectus. The Notes will not be rated on issue.

This Prospectus, as approved by the Central Bank of Ireland, will be filed with the Companies Registration Office in accordance with Regulation 38(1)(b) of the Prospectus Regulations.

Sole Lead Manager

Goodbody Stockbrokers UC ("Goodbody")

Important Notices

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAWS. THE NOTES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). THE NOTES WILL ONLY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. THERE IS NO UNDERTAKING TO REGISTER THE NOTES UNDER STATE OR FEDERAL SECURITIES LAW. THE NOTES CANNOT BE SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive and to give information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference, see the section entitled "*Documents Incorporated by Reference*".

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Any information contained in this Prospectus which has been sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by any third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised to give any information or to make any representations other than those contained in or consistent with this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Sole Lead Manager or the Trustee. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof

or that any other information supplied in connection with the Notes is correct as of any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Sole Lead Manager and the Trustee have not separately verified the information contained in this Prospectus. Neither the Sole Lead Manager nor the Trustee make any representation, express or implied, nor accept any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus or any other information provided by the Issuer in connection with the distribution of the Notes. Neither the Sole Lead Manager nor the Trustee accept any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the distribution of the Notes. Neither this Prospectus nor any other information supplied in connection with the distribution of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Sole Lead Manager or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the distribution of the Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Sole Lead Manager nor the Trustee undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to their attention.

In the ordinary course of business, the Sole Lead Manager may have engaged and may in the future engage in normal banking or investment banking transactions with the Issuer and its affiliates or any of them.

Neither this Prospectus nor any other information provided by the Issuer in connection with the offering of the Notes constitutes an offer of, or an invitation by or on behalf of, the Issuer or the Sole Lead Manager or the Trustee or any of them to subscribe for, or purchase, any of the Notes (see *"Subscription and Sale"* below). This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Sole Lead Manager do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Trustee or the Sole Lead Manager or any of them which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in Ireland, the United States of America (the "**U.S.**") and the United Kingdom. Persons in receipt of this Prospectus are required by the Issuer, the Trustee and the Sole Lead Manager to inform themselves about and to observe any such restrictions. For a description of certain further restrictions

on the offer and sale of the Notes and on the distribution of this Prospectus, see "*Subscription and Sale*" below.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the U.S. or for the account or benefit of U.S. Persons as defined in Regulation S under the Securities Act ("**Regulation S**"). For a description of certain restrictions on the offer and sale of the Notes and on the distribution of this Prospectus, see "*Subscription and Sale*" below.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland.

MIFID II Product Governance

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer target market assessment) and determining appropriate distribution channels.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules. In this Prospectus, unless otherwise specified, all references to "**euro**", "**€**", "**c**" or "**cents**" are to the lawful currency of Ireland. In this Prospectus, the term "**Group**" shall have the meaning set out in the Conditions and all references to the "**FBD Group**" shall be to FBD Holdings plc and all of its subsidiaries (which includes the Issuer).

This Prospectus contains statements in the *"Business Description"* section (and, in particular, under the headings therein of "5. Competitive Strengths"; "6. Business Model and Strategy"; "7. The Issuer's Business"; "11. Claims Management"; "12. Reserving"; and "14. Risk Management") regarding the Issuer's industry and its relative competitive position in the industry that are not based on published statistical data or information obtained from independent third parties, but are based on the Issuer's experience and its own investigation of market conditions, including its own elaborations of such published statistical or third-party data.

Forward-Looking Statements

This Prospectus includes certain “forward-looking statements”. Statements that are not historical facts, including statements about the beliefs and expectations of the Issuer and its directors or management, are forward-looking statements. Words such as “believes”, “anticipates”, “estimates”, “expects”, “intends”, “plans”, “aims”, “potential”, “will”, “would”, “could”, “considered”, “likely”, “estimate” and variations of these words and similar future or conditional expressions, are intended to identify forward looking statements but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and depend upon future circumstances that may or may not occur, many of which are beyond the control of the Issuer and all of which are based on their current beliefs and expectations about future events. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Issuer and the environment in which the Issuer will operate in the future. These forward-looking statements speak only as at the date of this Prospectus.

Except as required by the Central Bank of Ireland, Euronext Dublin, the prospectus rules of the Central Bank of Ireland, the listing rules of Euronext Dublin, or any other applicable law or regulation, the Issuer expressly disclaims any obligations or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Supplemental Prospectus

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Regulation 51 of the Prospectus Regulations.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus prior to the Issue Date which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus.

Contents

Overview of the Principal Features of the Notes

The following overview refers to certain provisions of the terms and conditions of the Notes and the Trust Deed and is qualified by the more detailed information contained elsewhere in this Prospectus. Terms which are defined in "Terms and Conditions of the Notes" below have the same meaning when used in this overview, and references herein to a numbered "Condition" shall refer to the relevant Condition in "Terms and Conditions of the Notes".

Issue	€50,000,000 5 per cent. Callable Dated Deferrable Subordinated Notes due 2028.
Issuer	FBD Insurance plc.
Trustee	Deutsche Trustee Company Limited.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Registrar and Transfer Agent	Deutsche Bank Luxembourg S.A.
Status and Subordination	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The rights and claims of the Holders against the Issuer are subordinated in a winding-up of the Issuer in accordance with Condition 2.1 and the provisions of the Trust Deed.
Solvency Condition	Except in a winding-up, all payments in respect of the Notes (including, without limitation, payments of interest, Arrears of Interest and principal) will be conditional upon the Issuer satisfying the solvency condition described in Condition 2.2 (the "**Solvency Condition**"), and no amount will be payable in respect of the Notes until the same can be paid in compliance with the Solvency Condition.
Interest	The Notes will bear interest from (and including) the Issue Date at the rate of 5 per cent. per annum, payable (subject as provided under "*Deferral of Interest*" below) semi-annually in arrear on each Interest Payment Date.
Interest Payment Dates	9 April and 9 October of each year, commencing on 9 April 2019.
Deferral of Interest	The Issuer will be required to defer any payments of interest on the Notes which would otherwise be due on any Interest Payment Date if (i) such payment cannot be made in compliance with the Solvency Condition or (ii) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if such payment of interest was made on such Interest Payment Date. "**Regulatory Deficiency Interest Deferral Event**" means any event (including, without limitation, any event which causes any Solvency

	Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Group (which part includes the Issuer and at least one other member of the Group) or any insurance undertaking within the Group to be breached and such breach is an event) which under Solvency II and/or under the Relevant Rules means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under Solvency II and any other Relevant Rules). See Condition 5.1.
Arrears of Interest	Any interest in respect of the Notes not paid on an Interest Payment Date due to the occurrence of a Regulatory Deficiency Interest Deferral Event or due to the operation of the Solvency Condition will, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest may be payable, in whole or in part, at any time at the option of the Issuer (subject to regulatory consent (if then required) and to the Solvency Condition and provided that a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur upon payment of the same) upon notice to Holders, and in any event all Arrears of Interest will (subject, in the case of (i) and (iii) below, to regulatory consent (if then required) and to the Solvency Condition) become payable upon the earliest of the following dates: (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or (ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend or the date on which an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in examinership; or (iii) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6. No interest will accrue on Arrears of Interest. See Condition 5.2.
Redemption at Maturity	The Notes will, subject as provided under "*Deferral of Redemption*" below, be redeemed on 9 October 2028.
Deferral of Redemption	The Issuer will be required to defer any scheduled redemption of the Notes (whether at maturity or if it has given notice of early redemption in the circumstances described below under "*Early*

Redemption at the Option of the Issuer upon the occurrence of a Tax Event or a Capital Disqualification Event or a Change of Control") if (i) the Notes cannot be redeemed in compliance with the Solvency Condition, (ii) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed or (iii) (if then required) regulatory consent has not been obtained or redemption cannot be made in compliance with the Relevant Rules at such time.

In the event of any deferral of redemption of the Notes, the Notes will become due for redemption only in the circumstances described in Condition 6.1.

"**Regulatory Deficiency Redemption Deferral Event**" means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Group (which part includes the Issuer and at least one other member of the Group) or any insurance undertaking within the Group to be breached, and such breach is an event) which under Solvency II and/or under the Relevant Rules means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under Solvency II and any other Relevant Rules).

Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event, a Capital Disqualification Event or a Change of Control

The Issuer may, subject to certain conditions (as set out in Condition 6.2 below) and upon notice to Holders, at any time, elect to redeem the Notes, at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest to (but excluding) the date of redemption, if a Tax Event, Capital Disqualification Event or Change of Control has occurred and is continuing, subject to complying with the applicable Regulatory Conditions.

A "**Tax Event**" will occur if:

(i) as a result of a Tax Law Change (as defined in Condition 6.3(a)), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts (as defined in Condition 8) on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or

(ii) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date, (x) the Issuer would not be

entitled to claim a deduction in respect of computing its taxation liabilities, or such entitlement is materially reduced; or (y) the Issuer would not to any material extent be entitled to have such deduction set off against the profits of companies with which it is grouped for applicable Irish tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist), and in each such case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it.

A "**Capital Disqualification Event**" is deemed to have occurred if as a result of any change to (or change to the interpretation by any court or authority entitled to do so of) Solvency II or the Relevant Rules, the entire principal amount of the Notes is fully excluded from counting as Tier 2 Capital for the purposes of the Issuer or all or any part of the Group whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital. See Conditions 6.2, 6.3 and 6.4.

A "**Change of Control**" will occur if any person or group, acting in concert, gains

(i) any direct or indirect legal or beneficial ownership of, or any direct or indirect legal or beneficial entitlement to, in the aggregate, more than 50 per cent. of the ordinary shares of the Issuer and/or its parent, or the right to directly or indirectly appoint a majority of the directors, or any other ability to control the affairs of the Issuer and/or its parent, or

(ii) in the event of a tender offer for shares of the Issuer and/or its parent, circumstances where (A) the shares already in the control of the offeror and the shares with respect to which the offer has been accepted carry in aggregate more than 50 per cent. of the voting rights in the Issuer and/or its parent, and (B) at the same time the offer has become unconditional, or

(iii) the disposal or transfer by the Issuer and/or its parent of all or substantially all of its respective assets to another person or other persons.

Substitution and Variation

The Issuer may, subject to certain conditions and upon notice to Holders, at any time elect to substitute the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Dated Tier 2 Securities if, immediately prior to the giving

	of the relevant notice to Holders, a Tax Event or Capital Disqualification Event has occurred and is continuing.
Taxation	Payments on the Notes will be made without deduction or withholding for or on account of Irish tax, unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Issuer shall pay such additional amounts as shall be necessary in order that the amounts received by the Holders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction ("**Additional Amounts**"), subject to some exceptions, as described in Condition 8.
Events of Default and Enforcement	If default is made for 14 days or more in the payment of any interest (including, without limitation, Arrears of Interest) or principal due in respect of the Notes or any of them, the Trustee in its discretion may, and if so requested by Holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up, examinership or administration of the Issuer and/or claim in the liquidation of the Issuer, such claim being contemplated in Condition 10.2, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to Condition 10.1, nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend or an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in examinership, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or non-objection from, the Relevant Regulator which the Issuer shall confirm in writing to the Trustee.
Form and Denomination	The Notes will be issued in registered form and represented upon issue by a registered global certificate which will be deposited on or about the Issue Date with a common depositary for Clearstream Banking, *société anonyme ("***Clearstream, Luxembourg***")* and/or Euroclear Bank SA/NV ("**Euroclear**") and/or any other relevant clearing system. Save in limited circumstances, Notes in definitive form will not be issued in exchange for interests in the registered global certificate.

	The Notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.
Listing	Application has been made for the Notes to be admitted to the Official List of Euronext Dublin and for the Notes to be admitted to trading on Euronext Dublin's regulated market (the "**Main Securities Market**").
Ratings	The Notes will be unrated on issue and the Issuer does not currently intend to seek a rating in respect of the Notes.
Governing Law	The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection therewith, will be governed by and construed in accordance with Irish law.
Selling Restrictions	There are selling and other restrictions in relation to the offering and sale of Notes and the distribution of offering materials in certain jurisdictions. See "*Subscription and Sale*" below.

Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Any of these risk factors, individually or in the aggregate, could have an adverse effect on the Issuer and the impact each risk could have on the Issuer is set out below.

Factors which the Issuer believes may be material to assess the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including all documents incorporated by reference herein (see the section entitled "Documents Incorporated by Reference"), *and reach their own views prior to making any investment decision. Terms which are defined in the section entitled "Terms and Conditions of the Notes" below have the same meaning when used in this section entitled "Risk Factors", and references herein to a numbered "Condition" shall refer to the relevant Condition in "Terms and Conditions of the Notes".*

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS

MARKET RISKS

The Issuer invests in a range of different financial instruments and is therefore exposed to a number of market risks and these are outlined below. The detail of investments in the various financial instruments are set out in the 2018 Half Yearly Results (as defined below) which is incorporated by reference into this Prospectus.

The Issuer is subject to liquidity risk whereby it may be unable to meet liabilities to customers or other creditors as they fall due, or risk incurring excessive costs in selling assets or having to raise finance in a very short period.

The Issuer's liquidity risk arises from large, unplanned cash requirements and the principal source of liquidity risk is a major catastrophe resulting in a large cash requirement in advance of recovery from a reinsurance partner.

If the Issuer does not have sufficient liquid assets to pay claims as they fall due, this could have an adverse impact on the Issuer's results and financial position through the potential need to sell down illiquid assets at below market prices.

The Issuer is subject to interest rate risk which arises primarily from the Issuer's investment in quoted debt securities held for trading.

Fluctuations in interest rates affect returns on and the market values of the Issuer's fixed income investments. Interest rates are typically subject to factors beyond the Issuer's control. Generally, investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are redeemed prior to their maturity date, mature or are sold and the proceeds reinvested at lower rates. Low interest rates prevailing over the last number of years have made it more difficult for insurance companies, such as the Issuer, to maintain investment returns and the persistence of the low interest rate environment will continue to reduce the Issuer's investment returns. In addition, interest rates, and their relationship with inflation, influences the view of the courts on the discount rate applicable to the valuation of the future loss element of bodily injury claims.

The Issuer is subject to equity price risk due to daily changes in the market values of its holdings of shares.

The Issuer is exposed to the risk of fall in the value of its equity investments which could have an adverse impact on the Issuer's results and financial position.

The Issuer holds investment assets in foreign currencies and is therefore exposed to exchange rate fluctuations. The Issuer is primarily exposed to emerging market currencies within its Risk Asset portfolio.

The Issuer is exposed to exchange rate fluctuations, in particular to fluctuations in the value of emerging market currencies. A fall in the value of assets arising from exchange rate fluctuations could have an adverse impact on the Issuer's results and financial position.

The Issuer is subject to credit risk whereby the value of financial assets may be reduced due to counterparties failing to meet all or part of their obligations.

Financial assets are invested in instruments which are graded according to credit ratings issued by credit rating agencies. Investment grade financial assets are classified within the range of AAA to BBB ratings which provide an indication of the strength of the asset and the probability of the asset defaulting. Financial assets that fall outside the range above are classified as speculative grade. The Issuer is exposed to the risk that the credit rating of an asset is downgraded or the asset itself defaults. In addition, a credit rating may not reflect the potential impact of all risks related to an asset.

Reinsurance may not be available, affordable or adequate to protect the Issuer against losses, and reinsurers may dispute or default on their reinsurance obligations.

As part of its overall risk mitigation and capital management strategy, the Issuer purchases reinsurance to limit its exposure to single large claims and the aggregation of claims from catastrophic events. The Issuer's purchase of reinsurance reflects the insurance industry practice of using reinsurance to seek to manage risk exposure. Market conditions, some of which are beyond the Issuer's control, determine the availability and cost of appropriate reinsurance and the receipt of future reinsurance recoveries as well as the financial strength of reinsurers. Like insurance, reinsurance has been and may continue to be cyclical and exposed to substantial market losses, which may adversely

affect reinsurance pricing and availability, or its terms and conditions. Similarly, risk appetite among reinsurers may change, resulting in changes in price or willingness to reinsure certain risks in the future. Future changes in risk appetite and pricing by reinsurers may be particularly acute within motor reinsurance. For example, an increase in PPOs (see "*Periodic Payment Orders ("PPOs")*" below) to settle bodily injury claims in the U.K. has led to increases in the price of reinsurance. If PPOs and the liabilities attached to such orders increase, this may lead to considerable uncertainty around the price and availability of motor reinsurance and the scope and coverage of specific risks within reinsurance treaties may change over time. Any of these occurrences and/or significant changes in reinsurance pricing may result in the Issuer being forced to obtain reinsurance on less favourable terms or not being able to or choosing not to obtain reinsurance thereby exposing the Issuer to increased risk retention.

The Issuer is exposed to counterparty risk in relation to reinsurers.

The Issuer places reinsurance with companies that it believes to be strong financially and operationally robust. A minimum A- rating from Standard & Poor's or A.M. Best rating agencies is required prior to negotiating reinsurance contracts. However there remains a risk that the reinsurer may default on its obligations. A default by a reinsurer to which the Issuer has material exposure or disputes as to reinsurance policy coverage could expose the Issuer to significant losses and therefore have a material adverse effect on its business, prospects, results of operations and financial position.

While reinsurance makes the assuming reinsurer liable to the Issuer to the extent the risk ceded, it does not discharge the Issuer from its primary obligation to pay under an insurance policy for losses incurred. The Issuer is therefore subject to credit risk with respect to its current and future reinsurers, as the ceding of risk to reinsurers does not relieve the Issuer of liability to its customers regarding the portion of the risk that has been reinsured, if the reinsurers fail to meet their payment obligations for any reason. The insolvency of any reinsurers or their inability or refusal to pay claims under the terms of any of their agreements with the Issuer could therefore have a material adverse effect on the Issuer. Collectability of reinsurance is largely a function of the solvency of reinsurers. While the Issuer carefully reviews the financial condition of the reinsurers it selects, a reinsurer's insolvency or inability or unwillingness to make payments under the terms of a reinsurance arrangement could have a material adverse effect on the Issuer's results of operations, financial condition and prospects. The Issuer has a €50m exposure limit to any one reinsurer using modelled scenarios and a €25m limit on casualty reserves to any one reinsurer.

The Issuer is subject to concentration risk whereby overdependence on a single entity or category of business may result in a loss to the Issuer.

Concentration risk can arise from uneven distribution of individual investment exposures or an uneven distribution of investments in particular sectors, regions, industries or products. The risk relates to a fall in the value of assets due to overexposure to a particular asset or sector which could have an adverse impact on the Issuer's results and financial position.

The Issuer is exposed to the risk regarding its defined benefit pension scheme that the assets are inadequate or fail to generate returns that are sufficient to meet the scheme's liabilities.

The Issuer sponsors a legacy defined benefit pension scheme for a number of past and current employees. This scheme was closed to new members in 2005 and closed to future accruals in 2015.

The assets that fund the Issuer's defined benefit pension scheme may be inadequate or fail to generate returns that are sufficient to meet the schemes' liabilities. This could arise from a number of areas, namely:

- The performance of assets is lower than expected. The assets of the pension scheme would be exposed to the same market risks as those of the Issuer.
- A mismatch between the assets and liabilities of the scheme. This relates to the risk of volatile movements in pension scheme surplus or deficit as a result of a mismatched investment strategy.
- Inflation greater than expected: The risk that liabilities are higher than expected due to increasing inflation.
- Longevity: The risk that members of the pension scheme live longer than expected and therefore benefits are paid for a longer period of time.

Should any of the above risks materialise this could have an adverse impact on the Issuer's financial results.

During 2015 and 2016 a review was completed of the defined benefit pension scheme which reduced the then deficit in the scheme and its inherent volatility. The outcome of this review was as follows:

- The defined benefit pension scheme ceased for future accrual of benefits.
- The link to future salary increases was replaced with deferred pension increases.
- FBD will no longer fund for future discretionary pension increases.
- Current employees in the scheme were offered membership in a new defined contribution arrangement for the future.
- Current employees and deferred members (ex-employees) within the scheme were provided with the option to take an enhanced transfer value (ETV) of their past benefits into the new defined contribution scheme. A significant majority took up this option.
- The investments in the scheme were significantly de-risked to reduce the volatility in the scheme and the future IAS 19 balance sheet position.

CAPITAL ADEQUACY RISK

The Issuer is required to comply with regulatory capital adequacy requirements, failure to do so could have a material adverse effect on the Issuer's business.

The Issuer is required to maintain a minimum level of regulatory capital in excess of the value of its insurance-related and other liabilities to comply with certain regulatory requirements. Currently, the Issuer must hold sufficient qualifying capital to meet the regulatory requirements.

Changes in legislation, regulation, regulatory requirements or market conditions may result in the Issuer being unable to meet its Regulatory Capital Requirements in the future. This could lead to the

Central Bank of Ireland limiting or revoking the permissions which the Issuer requires to carry out insurance business, which could materially impact the Issuer's results and financial position.

The capital requirement of the Issuer and the Parent is determined by the Irish Solvency II Regulations (as defined in the Conditions) and is calculated in accordance with the Standard Formula (a prescribed methodology used to calculate solvency capital requirements). The tables below set out – for each of the Issuer and the Parent - the Solvency Capital Requirement ("**SCR**") and Minimum Capital Requirement ("**MCR**") and the Available Capital to meet both as at 31 December 2016 and 31 December 2017. The Issuer's risk appetite is to maintain a SCR ratio within a range of 120% to 140%. For more information on the Issuer's Available Capital as at 30 June 2018, see section entitled "*Recent Developments*" under the section entitled "*Business Description*".

The Issuer: FBD Insurance plc

	2017 €000	2016 €000
Solvency Capital Requirement (SCR)	**222,665**	239,815
Minimum Capital Requirement (MCR)	**95,807**	99,091
Available Capital	**366,191**	303,483
SCR Ratio	**164%**	127%
MCR Ratio	**328%**	250%

The Parent: FBD Holdings plc

	2017 €000	2016 €000
Solvency Capital Requirement (SCR)	**223,160**	241,716
Minimum Capital Requirement (MCR)	**95,807**	99,096
Available Capital	**366,243**	303,500
SCR Ratio	**164%**	126%
MCR Ratio	**326%**	247%

Following the payment of a final dividend in respect of the 2017 financial year on 11 May 2018 the SCR ratio for FBD Holdings plc was 160 per cent.

While the Issuer currently uses the Standard Formula to calculate solvency capital requirements under Solvency II, it has applied to use undertaking specific parameters ("**USPs**"), which the Issuer believes more appropriately reflects the risk profile of the business. If approved, the USPs would

reduce the Solvency Capital Requirement and increase the SCR ratio. The Issuer may also apply in future for permission to use an approved internal model ("**Internal Model**") which may further improve risk-based decision-making and capital efficiency, and simplify internal operations and reporting. There is no certainty that any application (Internal Model or USP) will be approved by the Central Bank of Ireland.

Insurance companies such as the Issuer are required to maintain a minimum level of assets in excess of the value of their liabilities to comply with a number of regulatory requirements relating to the Issuer's solvency and reporting bases. The Issuer's Regulatory Capital Requirements have in the past both increased and decreased, and may from time to time in the future increase and decrease for a number of reasons. The Issuer's capital position may also be assessed by its regulators and may change as a result of evolving regulatory views on capital adequacy. This may result in an increased capital requirement.

Any inability to meet Regulatory Capital Requirements in the future would be likely to lead to intervention by the Issuer's regulator. In these circumstances, the regulator, in the interests of policyholder security, could be expected to require the Issuer to take steps to restore regulatory capital to acceptable levels, for example by requiring the Issuer to cease to write or reduce writing new business. The Issuer may also need to increase premiums, increase its reinsurance coverage or divest additional parts of its business and investment portfolio, any of which may be difficult or costly or result in a significant loss, particularly in cases where such measures need to be undertaken in a short time frame.

Failure of the Issuer to maintain adequate levels of capital could have a material adverse effect on the Issuer's business, prospects, financial condition and results of operations and the ability of the Issuer to make payments under the Notes. See "*Payments of interest on, and redemption of, the Notes must in certain circumstances be deferred by the Issuer*" below.

The Issuer's capital position can be adversely impacted by a number of factors, in particular factors that erode the Issuer's capital resources and could impact the quantum of risk to which the Issuer is exposed.

Such factors include lower than expected earnings and accumulated negative market impacts (such as pension surplus/deficit movements and asset valuation). In addition, any event that erodes current profitability and/or is expected to reduce future profitability or make profitability more volatile could impact the Issuer's capital position.

If so, failure to achieve and maintain adequate capital buffers to cover such factors could have an adverse impact on growth prospects for the Issuer.

RISKS RELATED TO THE INDUSTRY AND JURISDICTION OF THE ISSUER

The primary business of the Issuer is in the insurance sector. If an insured event occurs, this could lead to uncertainty as to the amount of resulting claims.

By the nature of insurance contracts, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Issuer faces under existing insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because of the frequency or severity of claims, or if benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

The Issuer's business is concentrated in the Republic of Ireland.

All of the Issuer's underwriting business is conducted, and the Issuer generates nearly all of its income, in the Republic of Ireland (with a significant focus on the agriculture sector) and is therefore particularly exposed to the economic, market, fiscal, regulatory, legislative, political and social conditions in the Republic of Ireland (in particular, in the agriculture sector). In addition, the Issuer is exposed to the incidence and severity of catastrophic events in the Republic of Ireland, whether natural or man-made, and weather events, even if not rising to the level of catastrophes, can lead to volatility in the Issuer's results of operations due to concentration of its insurance business in the Republic of Ireland. There is a risk that deterioration in economic conditions globally and particularly in Ireland may lead to a reduction in premiums and profits.

The Issuer's business is affected by general financial, economic and external events beyond its control.

The Issuer's business is subject to inherent risks relating to general economic conditions. These conditions include changing economic cycles that affect demand for insurance and financial products and services. These cycles are also influenced by global political events as well as market specific events, such as shifts in consumer confidence and consumer spending, rates of unemployment, industrial output, labour or social unrest and political uncertainty. Each of these can change the level of demand for, and supply of, the Issuer's products and services, and could have a material adverse effect on its business, financial condition and results of operations.

Unfavourable economic and external conditions may impact negatively on the Issuer's operations. In particular, demand for its products and services would decrease significantly as a result of such unfavourable conditions.

Any deterioration in economic conditions in Ireland (including deterioration caused by uncertainties arising in relation to Brexit, the euro and the Eurozone) could result in a downturn in new business and sales volumes of the Issuer's products and a decrease of its investment return. Any such development could have a material adverse effect on the Issuer's results, operations and/or financial condition. An economic downturn could also result in an increase in internal and/or external fraud.

The Issuer could be materially adversely affected by the U.K.'s withdrawal from the E.U.

The precise manner of the U.K.'s withdrawal from the E.U. and the terms of the successor arrangements between the U.K. and the E.U. are currently unknown. There is considerable uncertainty surrounding the impact of the U.K'.s withdrawal from the E.U. on general economic

conditions in Ireland, the E.U. and globally, and on the financial services industry and the legal and regulatory environment. This could in turn affect pricing, partner appetite, customer confidence and demand, and, consequently the Issuer's financial performance. Withdrawal could, among other outcomes, disrupt the free movement of goods, services, capital and people between the U.K. and the E.U. (including Ireland), and, undermine bilateral cooperation in key policy areas as well as significantly disrupt trade. Moreover, Ireland would not be able to negotiate bilateral trade agreements with the U.K. under current E.U. rules. The harmonisation of standards between Ireland and the U.K. could also be impacted.

The U.K.'s withdrawal from the E.U. could also have an adverse effect on the value of Sterling and a significant change to the currency exchange rate between euro and sterling. Any significant devaluation in Sterling may adversely impact Ireland's exports to the U.K. which in turn could lead to an increase in unemployment.

There is a high risk that the U.K. departing the E.U. will have an adverse effect on business and business confidence in Ireland, particularly in the short and medium term.

A "hard Brexit" would introduce business and trading uncertainty for all indigenous Irish businesses, including the Issuer and its core customers in farming and other small businesses. As the Issuer generates greater than 50 per cent of its income from agriculture-related revenue streams, the withdrawal of the U.K. from the E.U. could have a material adverse effect on the Issuer's customers which in turn could lead to a deterioration in the Issuer's financial condition.

The Issuer's brands, reputation and goodwill may be affected by factors including litigation, employee misconduct, operational failures, regulatory investigations, negative publicity, poor performance and changes to its commercial relationships.

The Issuer's brand and reputation underpin its customer and market perception. The Issuer operates in an industry where integrity, trust and confidence are paramount and is consequently exposed to risks including: products not performing as expected, litigation, failure or default by counterparties or recommended suppliers, employee misconduct, operational failures, adverse regulatory investigations, negative publicity or press speculation (including widespread adverse social media commentary), disclosure of confidential information and inadequate services, among other factors. Such eventualities could impact the Issuer's brands or reputation causing loss of consumer confidence and customers which could in turn have a material adverse effect on the Issuer's results and financial position.

The Issuer is exposed to changes in the behaviour of its customers and changes in the markets in which it operates.

The Issuer is exposed to changes in the behaviour of its customers and the markets in which it sells its insurance products and its success is dependent to a large extent on management's ability to anticipate react to and take advantage of such changes.

Changes in technology could also give rise to new types of entrants into the insurance and/or insurance sales markets, for example, pay-as-you-go motor insurance, or the development of new

distribution channels, such as through social media, may require further adaptation of the Issuer's business and operations. Failure to invest in frequent updates to product offering, risk and pricing models, modifying and renewing operating and IT systems and retraining and hiring new personnel could have a material adverse effect on the Issuer's results. Changes to customer behaviour could also result in higher customer turnover. This could have a material adverse effect on the Issuer's results, financial position and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

Growing sophistication in fraud techniques and/or any failure by the Issuer to identify and prevent fraud could affect the profits of the Issuer if, as a result of such fraud, claims incidence and average payouts increase or policy sales decrease.

The Issuer is exposed to actual and attempted financial crime activity. Insurance fraud may rise at different points in a country's economic cycle. It is an important consideration for the Issuer's industry. The Issuer is at risk both from customers who misrepresent or fail to provide full disclosure in relation to the risk against which they are seeking cover before such cover is purchased, and from customers who fabricate claims and/or inflate the value of their claims.

The Issuer is also at risk from members of its staff who undertake, or fail to follow procedures designed to prevent, fraudulent activities. If the Issuer does not provide effective training to employees working within its claims department, the ability of the Issuer to combat fraud could be adversely affected. In addition, there can be no guarantee that the Issuer's proactive anti-fraud measures will be successful in the prevention or detection of fraud. A failure to combat the risks of fraud effectively could adversely affect the profits of the Issuer as claims incidence and average payout awards could increase. Further, such costs may have to be passed on to customers in the form of higher premium levels, which could result in a decrease in policy sales.

The Issuer's business is exposed to the effects of changing weather patterns, climatic conditions and catastrophes. The unpredictability of these factors may result in differences between actual experience and the Issuer's assumptions on pricing and risk, leading to unexpected increases in the frequency and severity of claims incurred by the Issuer.

The frequency and severity of claims incurred by the Issuer is affected by the incidence of adverse weather events and catastrophes. Severe weather events including rainstorms, windstorms, snowstorms, hailstorms and freeze events represent a material risk to the Issuer and may cause significant damage to vehicles and homes, particularly in heavily populated areas where there is a commensurate concentration of risk.

Weather-related events cannot be predicted with accuracy and conditions in recent years have created additional unpredictability and uncertainty about risk exposure and future trends. As a result of the uncertainty and unpredictability of weather patterns and climatic conditions, the Issuer's assumptions regarding weather-related events may turn out to be incorrect in the future. Since the Issuer's assumptions on weather-related events and climatic conditions are a factor in the pricing of policy premiums and in its reserving policies and reinsurance arrangements, an increased incidence of such events in any one year or over a number of years could have a material adverse effect on the Issuer's business and on the Issuer's results and financial position.

Apart from covering adverse weather events, certain of the Issuer's insurance products also provide cover for losses from catastrophes, including acts of terrorism and civil disorder. While the Issuer seeks to reduce its exposure to such events through reinsurance, the incidence and severity of catastrophes are inherently unpredictable, and a single catastrophe or multiple severe catastrophes in any one period could have a material adverse effect on the Issuer's results, financial position and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

Cyclical market patterns (including in relation to the economy, weather, competition and underwriting capacity in the insurance and reinsurance industries), some of which are unpredictable, may lead to cyclical fluctuations and volatility in the Issuer's results and financial position.

Historically, the general insurance industry has been subject to cyclical patterns, some of which are unpredictable. In the past, this has caused significant cyclical fluctuations and volatility in the results of operations of general insurers. Many of the factors contributing to these cyclical patterns are beyond the control of any insurer, such as changes in the economic environment (including an economic downturn), the timing, location or severity of weather-related and catastrophic events, increases or decreases in the levels of insurance and reinsurance underwriting capacity in the industry, increases or decreases in levels of competition and increases or decreases in bodily injury awards in court. The Issuer is exposed to the cyclical effects of such developments, including the need to increase or decrease policy prices to remain profitable and/or competitive, which could have a material adverse effect on the Issuer's business and the Issuer's results and financial position. Cyclicality may be made more acute if such developments coincide with each other. The Issuer is also exposed to amendments relating to retrospective changes in legislation.

Although an individual company's financial performance is dependent on its own specific business characteristics, the profitability of most insurance companies tends to follow this cyclical market pattern, with profitability generally increasing in hard markets and decreasing in soft markets. If the insurance industry softens significantly over the short to medium term, the Issuer's profitability may be materially adversely affected. Over the longer term, the unpredictability and competitive nature of the insurance industry may lead to significant period-to-period and year-to-year volatility in the Issuer's results, financial position and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

The use of inaccurate assumptions in pricing and reserving for insurance business and/or inadequate underwriting procedures may have an adverse effect on the Issuer's business profitability.

Claims inflation can arise from a higher frequency of claims or a higher average cost of claims settlement or a combination of both.

Variances in frequency may arise from risks such as:

- Higher economic activity levels than that assumed when setting premium rates. This could lead to higher claims frequency in the form of more accidents happening as a result of

increased traffic volumes on the roads or higher volumes of liability arising from greater levels of business activity or deterioration in training or work practices;

- Reduced enforcement of road traffic laws or reduced levels of health and safety procedures in businesses;
- Increased incidence of fraud leading to higher claims; and
- Greater incidence of weather claims than predicted.

Future claims settlement cost levels are exposed to risks such as:

- Higher levels of general inflation leading to increased costs (i.e. loss of earnings or cost of car parts or rebuilding/repair costs);
- Higher levels of court awards arising from structural changes such as the Personal Injuries Assessment Board's ("**PIAB**") new 'Book of Quantum', changes in the court jurisdiction levels or introduction of the new court of appeal (see "*Court Jurisdictions*" below);
- Claims specific changes which could lead to inflation such as the potential introduction of periodic payment orders or reductions in the discount rate used in assessing claims awards;
- Delay to the enactment of Personal Injuries Assessment Board (Amendment) Bill 2018, which aims to strengthen the power to tackle non-cooperation (see *"Personal Injuries Assessment Board (Amendment) Bill 2018 ("PIABA")"* below), and not implementing pre-action protocols, appeals powers for rejected cases and a more efficient process to litigation.
- The failure to implement recommendations of the Irish Government's Cost of Insurance Working Group ("**CIWG**"), which was established to identify immediate and longer term measures which can address increasing costs, while bearing in mind the need to maintain a stable insurance sector.
- The Personal Injuries Commission, which was established to on the recommendation of the CIWG to further investigate some of the findings of the CIWG, not tackling issues such as standardising the approach to whiplash claims in Ireland. The Issuer favours the implementation of international bench-marking and the consideration of other international systems that deliver "care not cash" and the use of accredited medical advisors to assess injuries.
- Improved data sharing actions not being implemented. These actions would include implementation of full Automatic Number Plate Recognition (ANPR), establishing an integrated fraud database populated by insurers, setting-up a dedicated insurance fraud investigation within the Irish National Police Service (An Garda Síochána), regular reports on key aggregated metrics on claims costs and trends in the insurance market from the data gathered.

The future cost of settling claims may vary depending on the level of claims inflation between the dates the premiums are set and the date of paying the claims. The Issuer's profit may be adversely impacted if such inflation turns out to be higher than that assumed when pricing the risk at the point of underwriting, which may adversely impact the Issuer's profit.

When setting outstanding claims provisions the Issuer is also required to make assumptions around future claims frequency and future claims inflation.

Furthermore, outstanding claims provisions are based on the best estimate of the ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with related claims handling costs. This includes provisions for incurred but not reported claims.

A range of methods, including stochastic projections, may be used to determine these provisions. Underlying these methods are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement pattern of claims.

If the assumptions underlying the reserving basis were to prove incorrect, the Issuer might have to increase the amount of the general insurance provisions, which would adversely impact its financial condition or impact results from operations.

Adverse litigation outcomes could result in higher costs of claims for the Issuer.

The Issuer, in common with the insurance industry in general, has been involved in, and expects to continue to be involved in, legal proceedings that may be costly irrespective of the outcome and that could divert management's attention from running the Issuer's business. In the ordinary course of its insurance activities, the Issuer is routinely involved in legal, mediation and arbitration proceedings with respect to liabilities which are the subject of policy claims.

To the extent that legal decisions increase court awards, the impact of which may be applied prospectively or retrospectively, the provisions the Issuer makes for claims may prove insufficient to cover actual claims, claim adjustment expenses or future policy benefits. As a result, the Issuer may have to increase its claims provisions and incur a charge to its earnings. This could have a material adverse effect on the Issuer's results and financial position.

The following is a list of certain legislative and other legal developments of the areas in relation to litigation to which the Issuer's industry sector is currently exposed and which could have a material impact on the Issuer's financial position:

- *Consumer Insurance Contracts Bill 2017 ("CICB")*

If enacted in its current form, there is a risk that the CICB will increase underwriting risk as it will reduce the customer's duty of disclosure from a general requirement to disclose any factor which could increase risk to that of truthfully answering specific questions. In addition, if enacted, the CICB would introduce the principle of proportionate remedies to claims settlements where a consumer's information involves misrepresentation, depending on whether such representation was innocent, negligent or fraudulent. In its current form the CICB would necessitate changes to the Issuer's product structures and documentation to demonstrate adherence. The CICB is currently before Dáil Eireann Third Stage; however, the timeline for its implementation is not known by the Issuer.

- *Personal Injuries Assessment Board (Amendment) Bill 2018 ("PIABA")*

The PIABA was published on 4 July 2018. One of its key provisions is intended to address the issue of claimants not co-operating with the PIAB, which is the independent state body in Ireland that assesses personal injury compensation, in relation to attending medical examinations or supplying

details of special damages. The PIABA would do this by prohibiting a claimant from introducing evidence in any subsequent proceedings that was available but not submitted to the PIAB. If implemented in its current form, PIABA would also give powers to the courts not to award costs in these circumstances. However, the PIABA currently provides that these sanctions would be subject to the discretion of the court and it remains to be seen therefore whether these sanctions would be enforced consistently and effectively. If introduced, the PIABA would also provide for staged charges to be made at different stages in the PIAB process, which will result in additional cost for insurers, as no charges are presently incurred where a claim is settled by the insurance company prior to the consent to an assessment made by the PIAB in respect of such claim. The PIABA is currently before Dáil Eireann First Stage; however, the timeline for its implementation is not known by the Issuer. This Bill is a Private Members' Bill and therefore may not progress especially given the subsequent publication of the Personal Injuries Assessment Board (Amendment) (No. 2) Bill 2018.

- *Personal Injuries Assessment Board (Amendment) (No. 2) Bill 2018 ("PIABA No. 2")*

The PIABA No.2 was published on 8 August 2018 with a view to encouraging further engagement with the PIAB process. The CIWG Report on the Cost of Motor Insurance and the Personal Injuries Commission have published a number of reports suggesting changes to the industry which may result in new processes, new employees, new technologies and new systems being implemented.

The PIABA No. 2 addresses the recommendations in the CIWG Motor Report relating to cases of non-cooperation, such as non-attendance at medicals and failure to provide details of special damages or loss of earnings. The PIABA No. 2 seeks to facilitate the greater use of technology by PIAB as it would allow for different levels of fees to be levied by PIAB on claimants and respondents for submission of electronic and paper formats of documents. There is a risk that this would result in additional costs for the Issuer.

The PIABA No. 2 would also provide that the Book of Quantum be reviewed every three years.

The PIABA No. 2 is currently before Dáil Eireann First Stage; however, the timeline for its implementation is not known by the Issuer.

- *Civil Liability and Courts (Amendment) Bill 2018*

The Civil Liability and Courts (Amendment) Bill 2018 provides that where a court dismisses a case on the basis that it is a fraudulent action, the court must refer the matter to the Director of Public Prosecutions (DPP).

This is a Private Members' Bill that may not progress further.

- *Recovery Benefit Assistance Scheme ("RBA")*

With effect from the 1 August 2014 a compensator (insurer) who intends making a compensation payment to a person as a consequence of a non-fatal personal injury is obliged to pay an amount equal to the illness related social welfare payments that have also been paid as a consequence of

that personal injury. Benefits are recoverable for a period of 5 years from the date the injured person first becomes entitled to a specified benefit thus making this legislation retrospective.

The Department of Social Protection (DSP) has challenged insurers in relation to the manner in which the legislation governing the RBA has been interpreted. Specifically, they have argued that the relevant part of the legislation that allows for the amount payable under RBA to be reduced or eliminated on foot of an order of the court has no application unless the court makes that order following a full hearing of the case.

Since the introduction of the RBA, insurers have continued to settle cases outside of court where liability is in issue or where there is no claim for loss of earnings and seek a court order afterwards to support a reduced/nil RBA return. The DSP are of the opinion that in many cases the court orders do not reflect an accurate position of the settlement negotiated between the parties and that orders are also being obtained to deliberately avoid an RBA liability. According to the DSP, they have received orders on approximately 1,300 cases to date and believe they have a shortfall of €20m in RBA payments as a result. It is difficult to estimate the Issuer's potential retrospective exposure (without doing a manual review of all relevant closed files) but, based on a sampling exercise conducted, the figure could be as high as €2m since the scheme was introduced in August 2014. This would be an ongoing liability if the DSP interpretation is correct.

As of June 2018, the DSP have taken no further action in pursuing outstanding RBA payments since they advised Insurance Ireland in June 2017 that they were in discussion with their legal advisors.

- *Discount Rate – impact on claims costs and reinsurance rates*

The discount rate is the percentage rate of return on investment income (after inflation) used by actuaries in the calculation of a lump sum for compensation for future losses in a personal injury action.

The Irish Supreme Court in Russell v The Health Service Executive (Unreported, Supreme Court Determination, 1 February 2017) [2017] IESCDET 10 has refused to hear an appeal on the discount rate being lowered to 1 per cent from 3 per cent stating that the issue is not one that in the interests of justice needs to be further reviewed by the Supreme Court and there is no issue of substantive law which would constitutionally merit a review by the court. Russell was a catastrophic injury case where the HSE sought to challenge the Court of Appeal's decision in relation to the estimated interest rate used in calculating the appropriate multiplier so as to arrive at the lump sum figure for the plaintiff's future pecuniary needs: this interest return is known as the Real Rate of Return ("the RRR", or "the Discount Rate"). Given the Supreme Court's refusal to hear this appeal the discount rate now stands at 1 per cent.

With the Irish discount rate at 1 per cent there is a risk of an increase in claims costs in Ireland.

The discount rate in the U.K. was reduced in February 2017 from 2.5 per cent to -0.75 per cent by the Lord Chancellor Elizabeth Truss. The ruling had a significant effect on claims costs in the U.K. The change also had a detrimental effect on Motor & Liability Reinsurer appetite.

The effect on appetite and rates for Irish business remains unknown, but there is a risk of contagion as the introduction of Periodic Payment Orders (see below) may result in the Irish and U.K. markets being viewed as similar.

The U.K. government introduced a Civil Liability Bill to the House of Lords in March 2018 and it has entered the House of Commons in June 2018. The Bill intends to set the discount rate with reference to an investment strategy with a higher expected return than assumed under the current framework. The rate would be reviewed every 5 years with consultation from an expert panel on issues to consider when setting the rate. This should reduce the amount of lump sum compensation for future losses – which would be positive – however, the developments around this ruling will continue to be monitored.

- *Periodic Payment Orders ("PPOs")*

The present method of awarding damages for future losses is based on a one off single lump sum award. The Civil Liability (Amendment) Act 2017 was signed into law on 22 November 2017 to facilitate the introduction of Periodic Payment Orders (PPO), which creates a risk of increased costs of compensating for settlements in relation to future care, medical treatment and medical aids. There is a risk of a significant inflationary impact on catastrophic injury claims where PPOs are imposed by the courts. Reinsurers may seek capitalisation clauses in future treaties to limit impact or maintain premium levels. The 2018 reinsurance arrangements do not contain capitalisation clauses.

There has yet to be any commencement order issued by the Government to bring this legislation into effect. It is to be noted that a number of the judiciary are in effect operating some form of PPO in relevant cases. The difficulty with these types of orders is that the case remains open indefinitely with a requirement to maintain the file and the related fees.

- *"Vnuk Judgment"*

The 2014 European Court of Justice ("**ECJ**") case of *Damijan Vnuk v Zavarovalnica Triglav C-162/13* (the "**Vnuk Judgment**") broadens the scope of the compulsory motor insurance obligation to any place where the vehicle is being used according to its normal function. As a result we understand the Irish Government is likely to act by amending Irish Road Traffic Acts legislation (RTA). In May 2018, the European Commission announced its proposals to amend Directive 2009/103/EC on motor insurance (the "**Motor Insurance Directive**"). The European Commission is proposing to clarify the definition of "use of a vehicle" as follows: *"use of a vehicle means any use of such vehicle, intended normally to serve as a means of transport, that is consistent with the normal function of that vehicle, irrespective of the vehicle's characteristics and irrespective of the terrain on which the motor vehicle is used and of whether it is stationary or in motion".* The European Commission has indicated that the proposal clarifies the concept of "use of a vehicle" drawing on the rulings of the ECJ and where compulsory insurance therefore applies. There is a risk of significant ramifications for insurers in terms of the types of vehicles to be compulsorily insured and the need for road traffic accident cover for accidents which are currently regarded as taking place on private lands. Any such changes to the RTA present heightened risks for the Issuer given its significant share of the market for insurance

cover for tractors and work vehicles. The Government is still to publish any legislation to implement these amendments.

- *Central Bank (National Claims Information Database) Bill 2018*

This Bill is intended to provide the legislative basis to underpin the establishment of the National Claims Information Database, which was recommended by the CIWG to facilitate a more in-depth analysis of annual claims' trends of motor insurance claims. This was seen as key to developing an understanding of how claims costs are impacting premiums, in particular understanding the relationship between the price paid by a customer for motor insurance and the cost to insurance undertakings. The projected costs of creating this database and the provision of this information in a manner that complies with data protection legislation will be a cost that may impact on the Issuer in the coming years.

- *Insurance (Amendment) Act 2018*

The IAA will increase the liability of the Insurance Compensation Fund ("**ICF**") in relation to third party motor claims. The ICF is primarily designed to facilitate payments to policyholders in relation to risks in the State where an Irish authorised non-life insurer or a non-life insurer authorised in another E.U. member state goes into liquidation and the approval of the High Court has been obtained for such payments. The IAA is intended to be aligned with the Supreme Court ruling in the case of Setanta Insurance Company Limited ("**Setanta**"), which found that the ICF is liable for third party claims arising from a motor insurer insolvency. Currently, the ICF, with approval from the High Court, will pay up to 65 per cent of the claim or €825,000 (whichever is the lesser amount). Under the IAA the law is amended to increase the level of coverage available under the ICF to 100 per cent for third party motor claims for personal injuries and to €1,220,000 per claim in respect of the property. For all other claims, the maximum amount recoverable by a claimant under the ICF will remain at 65 per cent of the claim or €825,000. The proposed increase to 100 per cent of the claim value will bring the rules into line with compensation levels paid out by the Motor Insurer's Bureau of Ireland (MIBI), whose purpose is to compensate victims of road traffic accidents in Ireland caused by uninsured or unidentified vehicles. This additional coverage will be financed by the motor insurance industry through the establishment of a new Motor Insurers Insolvency Compensation Fund (MIICF), which will be funded by a levy on motor insurers such as the Issuer, and reimburse the ICF for payments over and above the current level of cover for third party claims (i.e. the lower of 65 per cent or €825,000). This MIICF will be held and managed by the MIBI. There is a risk that the foregoing could result in the Issuer having increased liabilities (i.e. levies to fund the MIICF) which could affect the Issuer's financial position and a risk that a similar model of compensation could be required if another insurer becomes insolvent. The legislation was enacted on 24 July 2018 and commenced on enactment. It is to be noted that section 16, which relates to the MIICF is yet to be enacted. The Government has not given a timeline for enactment of this section.

- *Courts System Changes*

A group chaired by the President of the High Court, Mr. Justice Peter Kelly, has been established to review the administration of civil justice in the State. The group requests submissions from interested

persons or parties in relation to its work. The broad areas to be pursued by the group will, in an overall context of improving access to justice and reducing costs of litigation, be

- Improving procedures and practices and removal of obsolete, unnecessary or over-complex rules of procedure;
- Reviewing the law of discovery;
- Encouraging alternative methods of dispute resolution;
- Reviewing the use of electronic communications including e-litigation and possibilities for making court documents (including submissions and proceedings) available or accessible on the internet;
- Achieving more effective and less costly outcomes for court users, particularly vulnerable court users.

There is a risk that these changes and new systems may result in an increase in costs for the Issuer in the course of litigation and/or an increase in costs at the outset to bring their systems and procedures in line with the changes being proposed.

RISKS RELATING TO THE STRUCTURE OF THE NOTES

The Issuer may redeem the Notes at par before maturity in certain circumstances.

The Notes may, subject as provided in Condition 6, be redeemed before the maturity date at the sole discretion of the Issuer in the event of certain specified events relating to taxation, or if the Notes or (in certain circumstances) any part thereof cease to qualify as Tier 2 Capital of the Issuer, or if the Issuer and/or its parent company are subject to a Change of Control at their principal amount together with interest accrued but unpaid to (but excluding) the date of redemption and any Arrears of Interest.

It is the Issuer's intention that the Notes will, qualify (subject to any applicable limitations on the amount of such capital) as Tier 2 Capital.

There can be no assurance that the measures set out in Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) as amended (the "**Level 2 Regulations**") or other Relevant Rules will continue to be adhered to.

The Notes are unsecured and subordinated obligations of the Issuer. On a winding-up of the Issuer, investors in the Notes may lose their entire investment in the Notes.

The Issuer's payment obligations under the Notes will be unsecured and will be subordinated (i) on a winding-up of the Issuer, (ii) if an administrator is appointed to the Issuer and gives notice that it intends to declare and distribute a dividend, or (iii) an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in examinership, and, in each case, will rank junior to the claims of all policyholders and other unsubordinated creditors of the Issuer and to claims in respect of any

subordinated indebtedness of the Issuer other than indebtedness which ranks, or is expressed to rank, *pari passu* with or junior to the Notes. Accordingly, the assets of the Issuer would be applied first in satisfying all senior-ranking claims in full, and payments would be made to holders of the Notes, *pro rata* and proportionately with payments made to holders of any other *pari passu* instruments (if any), only if and to the extent that there are any assets remaining after satisfaction in full of all such senior-ranking claims. If the Issuer's assets are insufficient to meet all its obligations to senior-ranking and *pari passu* creditors, the Holders of the Notes will lose all or some of their investment in the Notes.

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Notes and, accordingly, the Issuer may at any time incur further obligations (including by issue of further debt securities) which rank senior to, or *pari passu* with, the Notes. Consequently, there can be no assurance that the current level of senior or *pari passu* debt of the Issuer will not change. The issue of any such securities may reduce the amount (if any) recoverable by Holders on a winding-up of the Issuer.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or enter into administration or examinership, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes, whether or not the Issuer is wound up or enters into administration or examinership.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a material risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.

Payments of interest on, and redemption of, the Notes must in certain circumstances be deferred by the Issuer.

The payment obligations of the Issuer under the Notes are conditional upon (i) there being no breach of the Solvency Condition (as described in Condition 2.2) at the time of such payment and no such breach occurring as a result of such payment, (ii) in the case of the payment of interest, there being no Regulatory Deficiency Interest Deferral Event at the time of such payment and no such event occurring as a result of such payment, (iii) in the case of the redemption of the Notes, there being no Regulatory Deficiency Redemption Deferral Event at the time of such payment and no such event occurring as a result of such payment and (if then required) regulatory consent having been obtained and such redemption being made in compliance with the Relevant Rules at such time, and (iv) in the case of the redemption of the Notes, notification to, or consent or non-objection from, the Relevant Regulator (to the extent then required by the Relevant Regulator or the Relevant Rules). Any amounts of principal, interest, arrears of interest and any other amounts in respect of the Notes which cannot be paid on the scheduled payment date by virtue of such provisions must be deferred by the Issuer, and non-payment of the amounts so deferred shall not constitute a default under the Notes or the Trust Deed for any purpose, including enforcement action against the Issuer.

Any interest in respect of the Notes so deferred will, so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest. The Holders of the Notes have no right to require payment of Arrears of Interest, and Arrears of Interest will become payable only at the discretion of the Issuer or upon the earliest of the dates set out in Condition 5.2 (a) to (c).

If redemption of the Notes is deferred, the Notes will only become due for redemption in the circumstances described in Condition 6.1(c) and (d).

The circumstances in which a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event may occur are dependent upon the solvency position of the Issuer under the other requirements of Solvency II and/or the Relevant Rules. Events which constitute a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event could include, without limitation:

(a) the winding-up, administration or examinership of the Issuer where the claims of the policyholders of such insurance undertaking may or will not be met; and

(b) any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Group (which part includes the Issuer and at least one other member of the Group) or any insurance undertaking within the Group to be breached and such breach is an event) which under Solvency II and/or under the Relevant Rules means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under Solvency II and any other Relevant Rules).

Any actual or anticipated deferral of interest or redemption can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other securities or instruments that do not require deferral of interest or principal, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Holders in certain circumstances, subject to certain restrictions.

In the event of certain specified events relating to taxation or if the Notes cease to qualify as Tier 2 Capital of the Issuer, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Dated Tier 2 Securities, without the consent of the Holders.

Qualifying Dated Tier 2 Securities must, among other things, have terms not materially less favourable to Holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank of international standing. However, there can be no

assurance that, due to the particular circumstances of a Holder of Notes, such Qualifying Dated Tier 2 Securities will be as favourable to a particular investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Dated Tier 2 Securities are not materially less favourable to Holders than the Terms of the Notes.

The terms of the Notes may be modified with the consent of specified majorities of the Holders at a duly convened meeting, and the Trustee may consent to certain modifications to the Notes, or substitution of the Issuer, without the consent of the Holders.

The Trust Deed constituting the Notes contains provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. The Trust Deed constituting the Notes also provides that, subject to the prior consent of the Relevant Regulator being obtained (to the extent that such consent is required), the Trustee may (except as set out in the Trust Deed), without the consent of Holders, agree to certain modifications of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or to the substitution of another company as principal debtor under the Notes in place of the Issuer in the circumstances described in Condition 11.

Restricted remedy for non-payment when due.

The right of the Trustee to institute winding-up proceedings is limited to circumstances of non-payment. A deferral of payments as described above shall not constitute a default under the Notes or the Trust Deed for any purpose, including enforcement action against the Issuer.

Integral multiples of less than €100,000.

The denomination of the Notes is €100,000 and integral multiples of €1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in the Clearing Systems in amounts in excess of €100,000 that are not integral multiples of €100,000. Should definitive Notes be required to be issued, they will be issued in principal amounts of €100,000 and higher integral multiples of €1,000 but will in no circumstances be issued to Holders who hold Notes in the relevant clearing system in amounts that are less than €100,000. If definitive Notes are issued, Holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

No restriction on dividends.

The Terms and Conditions of the Notes do not contain any restriction on the ability of the Issuer to pay dividends on or repurchase its ordinary shares. This could decrease the profits that are available for distribution and therefore increase the likelihood of a deferral of payments of interest.

The Notes are not rated by any rating agency.

The Notes are not rated by any credit rating agency. As a result, no external credit monitoring will occur with respect to the Notes and no ongoing monitoring of the creditworthiness of the Notes will occur.

MARKET RISKS RELATED TO THE NOTES

The Notes have no established trading market when issued, and one may never develop. If a market does develop it may not be liquid.

Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and/or which are rated. Illiquidity may have a severely adverse effect on the market value of the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or enter into administration or examinership, or if at any time there is any actual or anticipated deferral of interest or redemption in accordance with the Conditions, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price that may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes.

The Issuer will pay principal and interest on Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than euro.

These risks include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risk that investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer.

The Notes will be represented by a Global Certificate (as defined in the Trust Deed). The Global Certificate will be deposited with a common depositary for, and registered in the name of the common nominee of, Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive registered notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate.

While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge

its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of Euroclear or Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

TAXATION RISK

Any changes in taxation laws or taxation rates, or misinterpretation of taxation laws, in the jurisdictions of the Issuer could impact the Issuer's financial condition. This could result in increased charges, financial losses (including penalties) and reputational damage for the Issuer. Changes in taxation laws or taxation rates, misinterpretation of taxation laws or any failure to adequately manage its tax risk, could have a material adverse impact on the Issuer's operating results, financial condition and prospects.

Potential investors of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

Risks relating to Foreign Account Tax Compliance Act ("FATCA").

FATCA imposes a reporting regime and, potentially, a 30 per cent withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with the reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution.

Whilst the Notes are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the Clearing Systems (see the section entitled "*Taxation of Noteholders*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the Principal Paying Agent and the Principal Paying Agent has paid the Clearing Systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing

Systems and custodians or intermediaries. In no circumstances will the Issuer be required to gross-up any payments in respect of any FATCA withholding.

The proposed financial transactions tax ("FTT") may negatively affect Holders of Notes or the Issuer.

On 14 February 2013, the European Commission published a proposal (the "Commission's proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate. The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances. Despite considerable progress on the broad outline and core features of the tax however, no overall agreement has yet been reached and a number of issues remain unresolved. It is hoped that common ground can be found among participating Member States on remaining aspects of the tax design with the aim of a revised draft legal text being agreed. Under the Commission's proposal, FTT (in its current form) could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it could apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax remains uncertain. Additional E.U. Member States may decide to participate. Any revised Directive requires the unanimous agreement of participating Member States, after consultation with the European Parliament.

Prospective Holders of the Notes are advised to seek their own professional advice in relation to the potential implications of FTT.

RISKS AS A RESULT OF A BREACH OF AND/OR CHANGES TO REGULATORY REQUIREMENTS

The Issuer is subject to extensive regulatory supervision and may, from time to time, be subject to enquiries or investigations that could divert management time and resources and result in fines, sanctions, variation or revocation of permissions and authorisations, reputational damage and/or loss of goodwill.

The conduct of the Issuer's business is subject on an ongoing basis to significant regulatory supervision. Insurance underwriting and insurance intermediary services are activities that are highly regulated in Ireland and such regulation is largely based on requirements contained in relevant E.U. directives. To carry out such activities, the Issuer is required to hold and maintain certain licences, permissions and authorisations and to comply on an ongoing basis with applicable rules and regulations.

The Central Bank of Ireland has wide powers to supervise and intervene in the affairs of insurance companies and have broad supervisory powers dealing with all aspects of the business activities of such entities including, among other things, the authority to grant and, in specific circumstances, to vary or cancel permissions and authorisations.

Regulatory supervision is a feature of the insurance industry landscape. The Central Bank of Ireland may from time to time make enquiries of the Issuer regarding its compliance with particular regulations governing the operation of its Business. The Issuer endeavours to respond to regulatory enquiries in an appropriate way and to take corrective action when warranted.

Further, as the regulatory approach of the Central Bank of Ireland evolves after the entry into effect of Solvency II, there may be further changes to the nature of, or policies for, prudential regulation and conduct of business supervision which differ from the approach previously taken by the Central Bank of Ireland and this could lead to a period of uncertainty for the Issuer.

This could have a material adverse effect on the Issuer's results, financial position and prospects and therefore on the ability of the Issuer to fulfil its obligations under the Notes.

Failure by the Issuer to comply with applicable law and/or regulation could lead to investigation of the Issuer by, and/or onerous requests for information from, Relevant Regulators and national and supranational governmental bodies (including, for example, the E.U. supervisory bodies), disciplinary action, prosecution, the imposition of fines, or the variation or revocation of the licences, permissions or authorisations the Issuer requires to conduct the Issuer's business. This could have a material adverse effect on the Issuer's business and the Issuer's results and financial position and could also harm its reputation. See "*Regulatory Overview*".

Laws, regulations, policies, accounting rules and practices currently affecting the Issuer may change at any time, including as a result of investigation and regulatory activity by one or more governmental, supervisory and/or enforcement authorities, in ways which may have a material adverse effect on the Issuer's business and the Issuer's results and financial position and could lead to litigation.

Risks relating to the application and changes to the Solvency II regime.

The Notes are issued for capital adequacy regulatory purposes with the intention that all the proceeds of the Notes be eligible, (x) for the purpose of the determination of its solvency margin or capital adequacy levels under the Irish Solvency II Regulations or (y) as at least tier two own funds regulatory capital for the purposes of the determination of its regulatory capital under the Irish Solvency II Regulations, except, in each case, as a result of the application of the limits on inclusion (on a solo or group-level basis) of such securities in, respectively, its solvency margin or own funds regulatory capital, as the case may be.

The Issuer's expectation is based on its review of available information relating to the implementation of Solvency II Directive in Ireland by the Irish Solvency II Regulations and other Implementing Measures. There is uncertainty as to how regulators, including the Central Bank of Ireland, will interpret the Solvency II Directive as implemented in Ireland and the Implementing Measures and

apply them to the Issuer. Moreover, there can be no assurance that, following their initial publication, the "level two" implementation measures and "level three" guidance will not be amended or that the Central Bank of Ireland will not change the way it interprets and applies these requirements to the Irish insurance industry.

Any such changes that may occur in the application of Solvency II in Ireland subsequent to the date of this Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Issuer's Solvency Capital Requirement and render the Issuer's Regulatory Capital Requirements more onerous and thus increase the risk of a deferral of interest payments on the Notes, the occurrence of a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event and subsequent redemption of the Notes by the Issuer, as a result of which a Noteholder could lose all or part of the value of their investment in the Notes.

Risks relating to Data Protection legislation.

The General Data Protection Regulation (GDPR) (Regulation (EU) 2016/6749) ("**GDPR**"), and the related domestic Irish legislation the Data Protection Act 2018, has increased the obligations on the Issuer in relation to how it manages, stores, processes and utilises personal data. The GDPR enhances the current data protection law and regulation to ensure that companies and organisations process personal data while having adequate measures in place to protect an individual's rights in respect of that data. It creates challenges for all industries and significantly increases the cost of compliance as well as the cost of non-compliance, both in terms of potential financial penalties and broader reputational damage.

In addition, the Issuer is exposed to the risk that the personal data it controls could be wrongfully accessed or used, whether by employees or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If the Issuer or any of the third party service providers on which it relies fail to process, store or protect such personal data in a secure manner or if any such theft or loss of personal data were otherwise to occur, the Issuer could face liability under data protection laws. This could also result in damage to the Issuer's brands and reputation as well as the loss of new or repeat business, any of which could have a material adverse effect on the Issuer's business, prospects, results of operations and financial position.

RISKS AS A RESULT OF LEGAL REQUIREMENTS

In addition to the extensive regulatory supervision described above, the Issuer is also subject to wide-ranging legal requirements, changes which may result in additional compliance costs and diversion of management time and resources. Failure to comply with such requirements may result in investigations, prosecution, disciplinary action, fines, reputational damage and/or the revocation of the Issuer's licences, permissions or authorisations.

The conduct of the Issuer's business is subject to significant legal requirements and their interpretation, enforcement and development could adversely affect the Issuer's business and the Issuer's results and financial position.

Among other things, insurance laws and regulations applicable to the Issuer:

- affect the licensing of insurers and intermediaries (and their management);
- regulate the rating methodology and pricing of insurance policies;
- regulate the sale, marketing and content of insurance policies;
- regulate the management of various distribution channels;
- limit the right to cancel or refuse to renew policies;
- limit the types and amounts of investments made by the Issuer;
- require reinsurance, underwriting, or involuntary assignments of high-risk policies;
- regulate the right to withdraw from markets or terminate involvement with intermediaries;
- restrict the payment of dividends or other distributions; and
- require the disclosure of financial and other information to regulators and/or the general public.

CHANGE OF LAW

The Conditions are based on Irish law and regulations in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Irish law, regulation or administrative practice after the date of issue of the Notes.

CHANGE OF CONTROL

A change in control may lead to adverse consequences for the Issuer.

The Issuer is a party to contracts, arrangements and other agreements which may contain Change of Control provisions that may be triggered in the event of a direct or indirect Change of Control of the Issuer and/or its parent company, for example, as a result of an investor obtaining a majority stake in the Issuer and/or its parent company. Agreements with Change of Control provisions typically provide for, or permit, the termination of the agreement upon the occurrence of a Change of Control of one of the parties or if the new controlling party does not satisfy certain criteria. The crystallisation of Change of Control provisions could result in the loss of contractual rights and benefits for the Issuer and/or its parent, as well as the termination of such agreements. On a Change of Control of the Issuer and/or its parent, the exercise of such rights or the decision by a counterparty not to waive or vary its rights on a Change of Control could have a material adverse effect on the Issuer's business, results of operations, financial conditions and prospects. Condition 6.5 of the terms and conditions of the Notes gives the Issuer the right to redeem the Notes upon a Change of Control.

MISCELLANEOUS RISKS

There is a risk that the Issuer may be unable to retain personnel who are key to the business.

The Issuer relies, to a considerable extent, on the quality of its management. The success of the Issuers' operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel. Competition for key personnel is intense. The Issuer's ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers and sales

executives, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. As a part of the governmental response in Europe and the United States to the financial crisis in 2008, there have been various legislative initiatives that have sought to restrict the remuneration of personnel, in particular senior management, with a focus on performance-related remuneration and limiting severance payments. These restrictions, alone or in combination with the other factors described above, could adversely affect the Issuer's ability to hire and retain suitably qualified and experienced employees.

Changes to IFRS generally or specifically for insurance companies may adversely affect the Group's financial results.

Changes to the International Financial Reporting Standards ("**IFRS**") for insurance companies have been proposed in recent years and further changes may be proposed in the future. The International Accounting Standards Board has published IFRS 16 that would introduce significant changes to the statutory reporting of leases. The accounting proposals, which will be effective from 1 January 2019, will change the recognition of assets and liabilities related to operating leases and the timing of leases related expenses. A new insurance contract standard, IFRS 17, was published on 18 May 2017 with an effective date of 1 January 2021. Replacing IFRS 4, IFRS 17 will change the presentation of insurance contracts in the financial statements and the recognition and measurement criteria thereof. These and any other changes to IFRS that may be proposed in the future, whether or not specifically targeted at insurance companies, could adversely affect the FBD Group's business, prospects, results of operations and financial position.

Risks relating to the strategy adopted by the Board.

There is a risk that the strategy adopted by the Board of the Issuer is incorrect or may not be implemented appropriately resulting in sub-optimal performance.

Unfavourable publicity could damage the Issuer's brand and its ability to retain and generate business.

Reputational risk is the risk of damage to the Issuer's image through negative publicity. Adverse publicity in respect of the Issuer's operations and financial capacity could adversely affect its ability to retain and generate business, and could therefore impact its financial position and business operations.

Any failure in the Issuer's websites, computer and data processing systems, whether as a result of actions taken by third parties, failure to develop or adopt necessary technology, malicious attacks or inadequate business continuity planning, could affect the Issuer's reputation, results and financial position.

The business is dependent upon the successful functioning of the Issuer's websites as well as the computer and data processing systems underlying its websites and other operations, most of which are supported by third party providers. There can be no assurance that third parties will be willing and able to perform their obligations in accordance with the terms and conditions of their contracts and

arrangements with the Issuer. In particular, the Issuer has outsourced the operation and maintenance of a significant part of its IT infrastructure to British Telecom ("**BT**"). If this agreement is not performed in accordance with its terms, the processing and storage of data and the day-to-day management of the Issuer's business may be affected. While the Issuer has disaster recovery and business continuity contingency plans, no assurance can be given that these would work as intended.

If the agreement with BT is terminated, there would be no significant difficulty in selecting a replacement provider of IT operation and maintenance services. However, exit arrangements provided for under the BT agreement may not be adequate or sufficient to prevent disruption to the Issuer's business during the potentially lengthy transitional period while alternative arrangements are put in place. Any such disruption could have a material adverse effect on the Issuer's results and financial position.

The Issuer relies on its computer and data processing systems for critical elements of its business process, including entry and retrieval of individual risk details, pricing and reserving, premium and claims processing, monitoring aggregate exposures and financial and regulatory reporting. No assurance can be given that the Issuer will be able to continue to design, develop, implement or utilise, in a cost-effective manner, information systems that provide the capabilities necessary for the Issuer to compete effectively. Any failure to adapt to technological developments could mean that the Issuer fails to increase or maintain its share of the online insurance market and this may have an adverse effect on the Issuer's business and future prospects.

Attacks on, or the failure or substantial degradation of, the Issuer's websites or its computer and data processing systems could interrupt the Issuer's operations or materially impact its ability to conduct business or otherwise adversely affect its reputation. Material flaws or damage to the websites or the system, if sustained or repeated, could result in the loss of existing or potential business relationships, compromise the Issuer's ability to pay claims in a timely manner or give rise to regulatory implications, which could result in a material adverse effect on the Issuer's business and the Issuer's results and financial position.

The Issuer collects, retains and processes confidential information in its systems regarding its business dealings, including personal data of its customers, third-party claimants, business contacts and employees, as part of the operation of its business. The Issuer must therefore comply with data protection and privacy laws and industry standards in Ireland. Those laws and standards impose certain requirements on the Issuer in respect of the collection, use, processing and storage of such personal information. If data collected by the Issuer is not processed accurately and in accordance with notifications made to, or obligations imposed by, data subjects, regulators, other counterparties or applicable law, the Issuer faces the risk of regulatory censure, fines, reputational damage and financial costs. A security breach of the Issuer's computer or other systems could damage its reputation or result in liability or regulatory action. The Issuer might be required to spend significant capital and other resources to protect against such breaches or to alleviate problems caused by such breaches. Any publicised compromise of security could deter transactions involving the transmission of confidential information, including personal data.

Further, the Issuer's insurance coverage might not adequately compensate it for material losses that could occur due to disruptions to its service as a result of failure of its websites or systems, which

could result in a material adverse effect on the Issuer's business and the Issuer's results and financial position.

Documents Incorporated by Reference

This Prospectus should be read and construed in conjunction with:

(a) the consolidated annual financial statements of FBD Holdings plc for the financial year ended 31 December 2016, audited by PricewaterhouseCoopers and prepared in accordance with International Financial Reporting Standards adopted by the European Union and complying with Article 4 of the E.U. IAS Regulation, together with the audit report thereon (which appear at pages 49 to 128 (inclusive) of FBD Holdings plc's Annual Report 2016) (the "**2016 Annual Group Statements**");

(b) the annual financial statements of the Issuer for the financial year ended 31 December 2016, audited by PricewaterhouseCoopers and prepared in accordance with under the historic cost convention, modified to include certain items at fair value and in accordance with Financial Reporting Standards 102 & 103 (FRS 102 & 103) issued by the Financial Reporting Council, together with the audit report thereon (which appear at pages 14 to 58 (inclusive) of the Issuer's Annual Report 2016) (the "**2016 Annual Statements**");

(c) the consolidated annual financial statements of FBD Holdings plc for the financial year ended 31 December 2017, audited by PricewaterhouseCoopers and prepared in accordance with International Financial Reporting Standards adopted by the European Union and complying with Article 4 of the E.U. IAS Regulation, together with the audit report thereon (which appear at pages 48 to 129 (inclusive) of FBD Holding's Annual Report 2017) (the "**2017 Annual Group Statements**"));

(d) the annual financial statements of the Issuer for the financial year ended 31 December 2017, audited by PricewaterhouseCoopers and prepared under the historic cost convention, modified to include certain items at fair value and in accordance with Financial Reporting Standards 102 & 103 (FRS 102 & 103) issued by the Financial Reporting Council with the audit report thereon (which appear at pages 14 to 64 (inclusive) of the Issuer's Annual Report 2017) (the "**2017 Annual Statements**");

(e) the half yearly unaudited consolidated results of FBD Holdings plc for the six months ended 30 June 2018, prepared in accordance with International Financial Reporting Standards adopted by the European Union and complying with Article 4 of the E.U. IAS Regulation which appear at pages 7 to 26 (inclusive) of FBD Holdings plc's half yearly report for the six months ended 30 June 2018 ("**2018 Half Yearly Results**"); and

(f) the 2017 Solvency and Financial Condition Report of the Issuer ("**2017 SFCR**"),

which have been previously published or are published simultaneously with this Prospectus and which have been filed with the Central Bank of Ireland and with Euronext Dublin. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded

shall not, except as so modified or superseded, constitute a part of this Prospectus. Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) in the "Investors" section of the FBD Group website and may be viewed at the following links:

- **2016 Annual Group Statements:**

  https://www.fbdgroup.com/media/FBDGroup/files/2016-Annual-Report-FBD-Holdings-plc.pdf

- **2016 Annual Statements:**

  https://www.fbdgroup.com/media/FBDGroup/files/FBD%20Insurance%20plc%20Annual%20Report%202016.pdf

- **2017 Annual Group Statements:**

  https://www.fbdgroup.com/media/FBDGroup/files/2017-Annual-Report-FBD-Holdings-plc.pdf

- **2017 Annual Statements:**

  https://www.fbdgroup.com/media/FBDGroup/files/FBD%20Insurance%20plc%20Annual%20Report%202017.pdf

- **2018 Half Yearly Results:**

  https://www.fbdgroup.com/media/fbdgroup/responsive/files/HalfYearlyReport2018.pdf

- **2017 SFCR:**

  https://www.fbdgroup.com/media/fbdgroup/responsive/files/FBD%202017%20Solvency%20and%20Financial%20Condition%20Report.pdf

Alternative Performance Measures

In addition to the financial information prepared in accordance with IFRS (in the case of the consolidated annual financial statements of the FBD Group) and Irish GAAP (in the case of the Issuer), for a better understanding of its financial performance, the Parent uses the following alternative performance measures ("**APMs**") - as defined in the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415) - which have not been audited:

- *Loss ratio;*
- *Expense ratio;*
- *Combined operating ratio;*

- *Investment return;*
- *Net asset value per share;*
- *Return on equity; and*
- *Gross Written Premium.*

The ESMA guidelines define an APM as a financial measure of historical or future performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The ESMA guidelines note that they do not apply to APMs "disclosed in accordance with applicable legislation, other than the applicable financial reporting framework, that sets out specific measures governing the determination of such measures". The ESMA guidelines also state that "the guidelines should not be applicable to prudential measures".

To the extent that the above measures used by the Parent are referred to in this Prospectus and are considered to be APMs, this Prospectus incorporates by reference the following disclosures, which – inter alia - define the relevant APMs used by the Parent, explain the reason for their usage and indicate the basis and data (corresponding to figures presented in the financial statements) used in their calculation:

(a) the disclosures regarding alternative performance measures on page 130 of the 2017 Annual Group Statements;
(b) the disclosures regarding alternative performance measures on page 129 of the 2016 Annual Group Statements; and
(c) the disclosures regarding alternative performance measures on pages 27 and 28 of the 2018 Half Yearly Results.

These measures are considered additional disclosures and in no case replace the financial information prepared under IFRS. Moreover, the way the Parent defines and calculates these measures may differ from the way similar measures are calculated by other companies. Accordingly, they may not be comparable. Nevertheless, the Issuer believes that this information enhances investors' overall understanding of the FBD Group's financial performance and how it compares to the performance of its competitors. In addition, because the FBD Group has historically reported certain APMs to investors, the Issuer believes that the incorporation by reference of these disclosures into this Prospectus, as permitted by paragraph 45 of the ESMA guidelines, provides consistency in the financial information presented in respect of the FBD Group and thus improves investors' ability to assess the FBD Group's trends and performance over multiple periods.

APMs should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS.

Terms and Conditions of the Notes

The following are the Terms and Conditions of the Notes, substantially as they will appear on the Notes in definitive form (if issued).

The issue of the €50,000,000 5 per cent. Callable Dated Deferrable Subordinated Notes due 2028 (the "**Notes**", which expression shall, unless the context otherwise requires, include any further notes issued pursuant to Condition 15 and forming a single series with the Notes) of FBD Insurance plc (the "**Issuer**") was authorised by a resolution of the Board of Directors of the Issuer passed on 28 September, 2018. The Notes are constituted by a trust deed (the "**Trust Deed**") dated 9 October, 2018 between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Holders (as defined below) of the Notes. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. An Agency Agreement (the "**Agency Agreement**") dated 9 October, 2018 has been entered into in relation to the Notes between the Issuer, Deutsche Bank Luxembourg S.A. as the initial registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), the Trustee, Deutsche Bank AG, London Branch, as the initial principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the initial transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes). Copies of the Trust Deed and the Agency Agreement are available for inspection and collection during usual business hours at the principal office for the time being of the Trustee (currently at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom) and at the specified offices of each of the Principal Paying Agent, the Registrar and each of the Transfer Agents.

The Holders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. Form and Denomination

The Notes are issued in registered form, in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

2. Status

2.1 Ranking

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer (other than an Approved Winding-up) or the appointment of an administrator of the Issuer where the administrator has given notice that it intends to declare and distribute a dividend or an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in

examinership, the payment obligations of the Issuer under or arising from or in connection with the Notes and the Trust Deed, including any Arrears of Interest and any damages awarded for breach of any obligations in respect of the Notes, shall be subordinated in the manner provided in this Condition 2.1 and in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank at least *pari passu* with all other subordinated obligations of the Issuer which constitute or would, but for any applicable limitation on the amount of such capital, constitute Tier 2 Capital or, if issued prior to Solvency II Implementation, subordinated obligations that would under any Relevant Rules be classified as Tier 2 Capital ("***Pari Passu* Securities**") and shall rank in priority to the claims of holders of: (i) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank or are expressed to rank *pari passu* therewith (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); and (ii) all classes of share capital of the Issuer (together, the "**Junior Securities**").

2.2 Solvency Condition

Without prejudice to Condition 2.1 above, all payments under or arising from or in connection with the Notes (including, for the avoidance of doubt, any Arrears of Interest and any damages awarded for breach of any obligations under these Conditions or the Trust Deed) and the Trust Deed (other than payments made to the Trustee for its own account under the Trust Deed or after the Trustee has given notice under Condition 10.2) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from or in connection with the Notes and the Trust Deed unless and until the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**"). Any payment which is not paid due to the operation of the Solvency Condition will be deferred as further provided in Condition 5.2 or Condition 6.1, as the case may be.

For the purposes of this Condition 2.2, the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors and *Pari Passu* Creditors as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Directors or, if there is a winding-up or administration, by two directors or authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer shall be treated and accepted by the Trustee (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders and all other interested parties) as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

The Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Holders in accordance with Condition 16 not later than 5 days before a Record Date or as soon as reasonably practicable after it has determined that any payment (in whole or in part) will be deferred due to the operation of the Solvency Condition (provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such payment becoming due on the scheduled payment date).

2.3 Set-off, etc.

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount (including any Arrears of Interest and any damages awarded for breach of any obligations under these Conditions or the Trust Deed) owed to it by the Issuer arising under or in connection with the Notes or the Trust Deed and each Holder shall, by virtue of being the holder of any Note, be deemed, to the extent permitted under applicable law, to have waived all such rights of set-off, compensation and retention. Notwithstanding the preceding sentence, if any of the amounts (including any Arrears of Interest and any damages awarded for breach of any obligations under these Conditions or the Trust Deed) owing to any Holder by the Issuer in respect of, or arising under, or in connection with, the Notes, is discharged by set-off, such Holder shall, unless such payment is prohibited by applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer and, until such payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place.

3. Register, Title and Transfers

3.1 Register

The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a "**Note Certificate**") will be issued to each Holder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

3.2 Title

The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

3.3 Transfers

Subject to Conditions 3.6 and 3.7 below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

3.4 Registration and delivery of Note Certificates

Within five business days of the surrender of a Note Certificate in accordance with Condition 3.3 above, the Registrar will register the transfer in question and deliver a new Note Certificate of like principal amount to the Notes transferred to each relevant Holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its specified office.

3.5 No charge

The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

3.6 Closed periods

Holders may not require transfers to be registered (i) during the period of 15 Business Days ending on the due date for any payment of principal in respect of the Notes, (ii) during the period of seven Business Days ending on (and including) any Record Date, or (iii) during the period following delivery of a notice of a voluntary payment of Arrears of Interest in accordance with Condition 5.2 and Condition 16 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

3.7 Regulations concerning transfers and registration

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

4. Interest

4.1 Interest Rate and Interest Payment Dates

Each Note bears interest on its outstanding principal amount from (and including) the Issue Date at the rate of 5 per cent. per annum. Interest shall, subject to Condition 2.2 and Condition 5, be payable semi-annually in arrears on 9 April and 9 October of each year in equal instalments, the first payment to be made on 9 April, 2019 (each an "**Interest Payment Date**").

4.2 Interest Accrual

Each Note will cease to bear interest from (and including) its due date for redemption pursuant to Conditions 6.1, 6.3, 6.4 or 6.5 or its date of substitution pursuant to Condition 6.3 or 6.4 unless, upon due surrender of the relevant Note Certificate, payment of the principal in respect of the Note is improperly withheld or refused, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall, subject to Conditions 2.2 and 5, be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

4.3 Calculation of Interest

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a complete Interest Period, such interest shall be calculated on the basis of the actual number of days in the relevant period from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due divided by two times the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

Interest shall be calculated per €1,000 in principal amount of the Notes (the "**Calculation Amount**") by applying the rate of interest referred to in Condition 4.1 to such Calculation Amount and multiplying the resulting figure by, in the case of a full semi-annual Interest Period, half and, in any other case, the day count fraction described in the immediately preceding paragraph and rounding the resultant figure to two decimal places (with 0.005 being rounded up). The amount of interest payable in respect of a Note shall be calculated by multiplying the amount of interest per Calculation Amount determined as aforesaid by the specified denomination of such Note and dividing the resulting figure by €1,000.

5. Deferral of Payments

5.1 Mandatory Deferral of Interest

Payment of interest on the Notes will be mandatorily and automatically deferred on each Mandatory Interest Deferral Date. The Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Holders in accordance with Condition 16 no later than 10 Business Days prior to an Interest Payment Date (or as soon as reasonably practicable if a Regulatory Deficiency Interest Deferral Event occurs less than 10 Business Days prior to an Interest Payment Date) if a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or if a Regulatory Deficiency Interest Deferral Event would occur on the Interest Payment Date if payment of interest were made (provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date).

A certificate signed by two Directors confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, may be treated and accepted by the Trustee (and, if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders and all

other interested parties) as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest on a Mandatory Interest Deferral Date in accordance with this Condition 5.1 or in accordance with the Solvency Condition will not constitute a default by the Issuer and will not give Holders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.

5.2 Arrears of Interest

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the obligation on the Issuer to defer pursuant to Condition 5.1 or due to the operation of the Solvency Condition, together with any other interest in respect of the Notes not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest may (subject to the Solvency Condition and to any Regulatory Conditions) be paid in whole or in part at any time at the election of the Issuer (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee, the Registrar and the Principal Paying Agent in writing and to the Holders in accordance with Condition 16, and in any event will become due and payable (subject, in the case of (a) and (c) below, to the Solvency Condition and to any Regulatory Conditions in whole (and not in part) upon the earliest of the following dates:

(a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or

(b) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend or the date on which an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in examinership; or

(c) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6 (subject to the deferral of such redemption pursuant to the Solvency Condition or Condition 6.1).

6. Redemption, Substitution, Variation and Purchase

6.1 Redemption

(a) Subject to the Solvency Condition, Condition 6.1(b) below and to compliance by the Issuer with applicable Relevant Rules, including any Regulatory Conditions, and provided that such redemption is permitted under applicable Relevant Rules (on the

basis that the Notes are intended to qualify as Tier 2 Capital under Solvency II and the Relevant Rules), unless previously redeemed or purchased and cancelled or substituted, in each case as provided below, each Note shall be redeemed on the Maturity Date at its principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

(b) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6.1(a) or prior to the Maturity Date pursuant to Condition 6.3, Condition 6.4 or Condition 6.5 if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption were made on, if Condition 6.1(a) applies, the Maturity Date or, if Condition 6.3, Condition 6.4 or Condition 6.5 applies, any date specified for redemption in accordance with such Conditions.

(c) If the Notes are not to be redeemed on the Maturity Date pursuant to Condition 6.1(a) or on any scheduled redemption date pursuant to Condition 6.3, Condition 6.4 or Condition 6.5 as a result of circumstances where:

(i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date;

(ii) the Solvency Condition is not or would not be satisfied on such date and immediately after the redemption; or

(iii) the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Holders in accordance with Condition 15 no later than 10 Business Days prior to the Maturity Date or the date specified for redemption in accordance with Condition 6.3, Condition 6.4 or Condition 6.5, as applicable, (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than 10 Business Days prior to the relevant redemption date).

(d) If redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6.3, Condition 6.4 or Condition 6.5 as a result of Condition 6.1(b) above or the Relevant Regulator does not consent to the redemption (to the extent that consent is then required by the Relevant Regulator or the Relevant Rules) or the Relevant Regulator objects to the redemption or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, subject (in the case of (i) and (ii) below only) to the Solvency Condition and any Regulatory Conditions, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption, upon the earliest of:

(i) (in the case of a failure to redeem due to the operation of Condition 6.1(b) only) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Condition 6.1(b), Condition 6.1(c) and this Condition 6.1(d) shall apply *mutatis mutandis* to determine the due date for redemption); or

(ii) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes; or

(iii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend or the date on which an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in examinership.

(e) If Condition 6.1(b) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6.3, Condition 6.4 or Condition 6.5 as a result of the Solvency Condition not being satisfied at such time and immediately after such payment, subject to any Regulatory Conditions, such Notes shall be redeemed at their principal amount together with accrued interest and any Arrears of Interest on the tenth Business Day immediately following the day that (i) the Solvency Condition is satisfied and (ii) redemption of the Notes would not result in the Solvency Condition ceasing to be satisfied, provided that if on such tenth Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, or if the Solvency Condition would not be satisfied on such date and immediately after the redemption, then the Notes shall not be redeemed on such date and Conditions 6.1(b), (c), (d) (if such further deferral is due to a Regulatory Deficiency Redemption Deferral Event) or Condition 2.2 and this Condition 6.1(e) (if such further deferral is due to the operation of the Solvency Condition) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.

(f) A certificate signed by two Directors confirming that (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (ii) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (iii) that any of the circumstances described in Condition 6.1(c)(ii) or (iii) apply, may be treated and accepted by the Trustee (and, if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders and all other interested parties) as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person.

(g) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with the Solvency Condition or this Condition 6.1 will not constitute a default by the Issuer and will not give Holders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.

(h) In circumstances where redemption of the Notes has been deferred, the Issuer will notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Holders in accordance with Condition 15 as soon as reasonably practicable after it has determined the relevant deferred date for redemption, and (if applicable) of any subsequent redemption deferrals and corresponding deferred dates for redemption.

6.2 Conditions to Redemption, Substitution, Variation or Purchase

Any redemption, substitution, variation or purchase of the Notes is subject to:

(i) the Issuer having complied with applicable Regulatory Conditions and being in continued compliance with the Regulatory Capital Requirements applicable to it at the relevant time;

(ii) in the case of a redemption or purchase that is within five years of the Issue Date of the Notes, to such redemption or purchase being funded (to the extent then required by the Relevant Regulator or the Relevant Rules) out of the proceeds of a new basic own-fund item of at least the same quality as the Notes and being otherwise permitted under the Relevant Rules; and

(iii) in the case of any redemption prior to the fifth anniversary of the Issue Date, to the Issuer delivering to the Trustee a certificate signed by two Directors stating that it would have been reasonable for the Issuer to conclude, judged at the time of the issue of the Notes, that the circumstance entitling the Issuer to exercise the right of redemption was unlikely to occur.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Relevant Rules permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6.2, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

6.3 Redemption, Substitution or Variation Due to Taxation

If immediately prior to the giving of the notice referred to below:

a) as a result of a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of Ireland or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which Ireland is a party, or any change in the application or official interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant

tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Issue Date of the Notes (each a "**Tax Law Change**"), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or

b) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date, (i) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in Ireland, or such entitlement is materially reduced; or (ii) the Issuer would not to any material extent be entitled to have such deduction set against the profits of companies with which it is grouped for applicable Irish tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist) and, in each such case, the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it,

then the Issuer may:

(x) subject to the Solvency Condition, Condition 6.1(b) and Condition 6.2 and having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall, subject as aforesaid, be irrevocable and shall specify the date for redemption), redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions; provided that, in the case of a Tax Law Change which is a proposed amendment or a proposed change only, no such notice of redemption shall be given earlier than 90 days prior to: (i) the earliest date on which the Issuer would be required to pay such Additional Amounts (in the case of a redemption pursuant to Condition 6.3(a)); or (ii) the first Interest Payment Date on which the eventuality set out in Condition 6.3(b)(i) or Condition 6.3(b)(ii), as applicable, would materialise (in the case of a redemption pursuant to Condition 6.3(b)), as applicable; or

(y) subject to Condition 6.2 (without any requirement for the consent or approval of the Holders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall, subject as aforesaid, be irrevocable and shall specify the date for substitution or, as the case may be, variation), substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Dated Tier 2 Securities, and

the Trustee shall, subject as provided below and to the receipt by it of the certificates of the Directors referred to in Condition 6.2, this Condition 6.3 and in the definition of Qualifying Dated Tier 2 Securities, agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 6.3, as the case may be. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution of the Notes so that they remain, or as appropriate, become Qualifying Dated Tier 2 Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Dated Tier 2 Securities or the participation in or assistance with such substitution would impose, in the Trustee's opinion, more onerous obligations upon it.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 6.3, the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that the relevant requirement or circumstance referred to in Condition 6.3(a) or Condition 6.3(b) applies. Such certificate and those certificates referred to above in this Condition 6.3 may be treated, accepted and relied upon by the Trustee without any further enquiry or liability to any person as to correct, conclusive and sufficient evidence of the matters to which they relate and, if so treated and accepted, shall be treated and accepted by the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof without liability to any person. Upon expiry of such notice the Issuer shall (subject to Condition 6.2 and, in the case of a redemption, to the Solvency Condition, Condition 6.1(b), Condition 6.1(c) and Condition 6.1(d)) either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6.3, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

6.4 Redemption, Substitution or Variation at the Option of the Issuer due to Capital Disqualification Event

If immediately prior to the giving of the notice referred to below a Capital Disqualification Event has occurred and is continuing, then:

a) the Issuer may, subject to the Solvency Condition, Condition 6.1(b) and Condition 6.2 and having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall, subject as aforesaid, be irrevocable and shall specify the date for redemption), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions; or

b) the Issuer may, subject to Condition 6.2 (without any requirement for the consent or approval of the Holders) and having given not less than 30 nor more than 60 days' notice

to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall, subject as aforesaid, be irrevocable and shall specify the date for substitution or, as the case may be, variation), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Dated Tier 2 Securities, and the Trustee shall subject as provided below and to the receipt by it of the certificates of the Directors referred to in Condition 6.2, this Condition 6.4 and in the definition of Qualifying Dated Tier 2 Securities, agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall either vary the terms of or substitute the Notes in accordance with this Condition 6.4, as the case may be. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution of the Notes so that they remain, or as appropriate, become Qualifying Dated Tier 2 Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Dated Tier 2 Securities or the participation in or assistance with such substitution would impose, in the Trustee's opinion, more onerous obligations upon it.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 6.4, the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate. Such certificate and those certificates referred to above in this Condition 6.4 may be treated, accepted and relied upon by the Trustee without any further enquiry or liability to any person as to correct, conclusive and sufficient evidence of the matters to which they relate and, if so treated and accepted, shall be treated and accepted by the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof without liability to any person. Upon expiry of such notice the Issuer shall (subject to Condition 6.2 and, in the case of a redemption, to the Solvency Condition, Condition 6.1(b), Condition 6.1(c) and Condition 6.1(d)) either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6.4, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

6.5 Redemption at the Option of the Issuer due to Change of Control

If immediately prior to the giving of the notice referred to below a Change of Control has occurred and is continuing, then the Issuer may, subject to the Solvency Condition, Condition 6.1(b) and Condition 6.2 and having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Holders (which notice shall, subject as aforesaid, be irrevocable and shall specify the date for redemption), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 6.5, the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that a Change of Control has occurred and is continuing as at the date of the certificate. Such certificate and those certificates referred to above in this Condition 6.5 may be treated, accepted and relied upon by the Trustee without any further enquiry or liability to any person as to correct, conclusive and sufficient evidence of the matters to which they relate and, if so treated and accepted, shall be treated and accepted by the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof without liability to any person. Upon expiry of such notice the Issuer shall (subject to the Solvency Condition, Condition 6.1(b), Condition 6.1(c), Condition 6.1(d) and Condition 6.2) redeem the Notes.

6.6 Purchases

The Issuer may, subject to the Solvency Condition and Condition 6.2, at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 11.

6.7 Cancellation

All Notes purchased by or on behalf of the Issuer may (at the option of the Issuer) be held, reissued, resold or surrendered for cancellation. All Notes surrendered for cancellation, together with all Notes redeemed or substituted by the Issuer, shall be cancelled forthwith. Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6.8 Trustee Not Obliged to Monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or may happen or exists or may exist within this Condition 6 and will not be responsible or liable to Holders for any loss or liability arising from any failure or delay by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists or may exist.

7. Payments

7.1 Method of Payment

(a) **Principal**: Payments of principal shall be made by transfer to the registered account of the Holder or by euro cheque drawn on a bank that processes payments in euro mailed to the registered Holder if it does not have a registered account. Payments of principal will only be made against surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the specified office of the Principal Paying Agent.

(b) **Interest**: Payments of interest shall be made by transfer to the registered account of the Holder or by euro cheque drawn on a bank that processes payments in euro mailed to the registered Holder if it does not have a registered account. Payments of interest due otherwise than on an Interest Payment Date will only be made against surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the specified office of the Principal Paying Agent.

7.2 Payments subject to Laws

All payments will be subject in all cases to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

7.3 Record date

Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's specified office on the Business Day before the due date of such payment (the "**Record Date**").

7.4 Appointment of Agents

The Principal Paying Agent, the Registrar and the Transfer Agents initially appointed by the Issuer and their specified offices are listed below. Subject as provided in the Agency Agreement, the Principal Paying Agent, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed) to vary or terminate the appointment of the Principal Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (a) a Principal Paying Agent, (b) a Transfer Agent having a specified office in a major city in a European Union Member State other than Ireland that will not be obliged to withhold or deduct tax whether pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such directive which is approved by the Trustee. Notice of any such change or any change of any specified office shall promptly be given to the Holders in accordance with Condition 16.

7.5 Non-Business Days

If any date for payment in respect of any Note is not a Business Day, the Holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In these Conditions, "**Business Day**" means a day (other

than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and which is a TARGET Business Day.

8. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Irish Revenue Commissioners or any authority in Ireland having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Holders of such amounts as would have been received by them had no such withholding or deduction been required by law to be made ("**Additional Amounts**"), except that no such Additional Amounts shall be payable with respect to any Note:

a) *Other connection*: presented for payment by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of any present or former connection of the Holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Holder if such Holder is an estate, a trust, a partnership, or a corporation) with Ireland (including without limitation, such Holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having had a permanent establishment therein) otherwise than by reason only of the holding of the Note or receiving principal or interest in respect thereof; or

b) *Lawful avoidance of withholding*: presented for payment by or on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that the Holder or any person who is associated or connected with the Holder for the purposes of any tax complies with any statutory requirements or by making or procuring that the Holder or any such person makes a declaration of non-residence or other similar claim for exemption from such deduction or withholding to any tax authority in the place where the relevant Note is presented for payment; or

c) *Presentation more than 30 days after the Relevant Date*: presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day; or

d) *Directive on Administrative Cooperation (DAC):* where such withholding or deduction is required to be made pursuant to Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (as amended from time to time) or any law implementing or complying with, or introduced to conform to, such directive (as amended

from time to time) or any agreement between the European Union and any jurisdiction providing for equivalent measures; or

e) *Payment by another Paying Agent*: presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union (provided that there is such a Paying Agent appointed at the relevant time); or

f) where such withholding or deduction is required to be made pursuant to or in connection with FATCA, any intergovernmental agreement with the United States to implement FATCA ("**IGA**") or The Standard for Automatic Exchange of Financial Account Information in Tax Matters approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development; or

g) where such withholding or deduction is imposed due to any combination of the preceding clauses (a) through (f) inclusive.

As used in these Conditions, "**Relevant Date**" means:

(i) in respect of any payment other than a sum to be paid by the Issuer in a winding-up, administration or examinership of the Issuer, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Note Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender; and

(ii) in respect of a sum to be paid by the Issuer in a winding-up, administration or examinership of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed or, in the case of an examinership, one day prior to the date on which an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer.

References in these Conditions to principal and/or interest shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest including, without limitation, Arrears of Interest) from the appropriate Relevant Date in respect of them.

10. Events of Default and Enforcement

10.1 Rights to institute and/or prove in a winding-up

Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings is limited to circumstances where payment has become due and is not duly paid. Pursuant to Condition 2.2, no principal, interest or any other amount (including any Arrears of Interest and any damages awarded for breach of any obligations under these Conditions or the Trust Deed) will be due on the relevant payment date if the Solvency Condition is not satisfied, at the time of and immediately after any such payment. In addition, in the case of any payment of interest in respect of the Notes and of any Arrears of Interest and of any damages awarded for breach of any obligations under these Conditions or the Trust Deed, such payment will be deferred and will not be due if Condition 5.1 applies and in the case of payment of principal, such payment will be deferred and will not be due if Condition 6.1(b) applies or the relevant Regulatory Conditions are not satisfied or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

If default is made for a period of 14 days or more in the payment of any interest (including, without limitation, Arrears of Interest) or principal due in respect of the Notes or any of them, the Trustee in its discretion may, and if so requested by Holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its having been indemnified and/or secured and/or prefunded to its satisfaction), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up, examinership or administration of the Issuer and/or claim in the liquidation of the Issuer, such claim being as contemplated in Condition 10.2, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to this Condition 10.1, nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend or an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in examinership, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or non-objection from, the Relevant Regulator, which the Issuer shall confirm in writing to the Trustee.

10.2 Amount payable on winding-up, administration or examinership

If an order is made by the competent court or resolution passed for the winding-up of the Issuer (other than an Approved Winding-up) or an administrator of the Issuer gives notice that it intends to declare and distribute a dividend or an examiner of the Issuer agrees to make a payment in settlement of a claim as part of any scheme of arrangement of the Issuer following the Issuer being placed in examinership, the Trustee at its discretion may, and if so requested by Holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to its being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer (or, as applicable,

the administrator, liquidator or examiner) that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at the amount equal to their principal amount together with Arrears of Interest, if any, and any other accrued and unpaid interest, and the claim in respect thereof will be subject to the subordination provided for in Condition 2.1.

In addition, any other amounts in respect of the Notes (including any Arrears of Interest and any damages awarded for breach of any obligations under these Conditions or the Trust Deed) in respect of which the Solvency Condition was not satisfied on the date upon which the same would otherwise have become due and payable will be payable by the Issuer in a winding-up or administration, and the claim in respect thereof will be subject to the subordination provided for in Condition 2.1.

10.3 Enforcement

Without prejudice to Condition 10.1 or Condition 10.2 above, the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any obligation, term, condition or provision binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for breach of any obligations) but in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it. Nothing in this Condition 10.3 shall, subject to Condition 10.1 and Condition 10.2 above, prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding up of the Issuer and/or claiming in any liquidation, administration or examinership of the Issuer in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for any breach of any obligations under the Notes or the Trust Deed).

10.4 Entitlement of the Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 10.1, Condition 10.2 or Condition 10.3 above to enforce the obligations of the Issuer under the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Holders or so requested in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

10.5 Right of Holders

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation, administration or examinership of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such winding-up, fails to do so within a reasonable

period and such failure shall be continuing, in which case the Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

10.6 Extent of Holders' remedy

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

11. Meetings of Holders, Modification, Waiver and Substitution

11.1 Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee or Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding Notes or representing Holders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia* (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Arrears of Interest on the Notes, (b) to reduce or cancel the principal amount of the Notes, (c) to reduce the rate of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Notes, (d) to vary the currency or currencies of payment or denomination of the Notes, (e) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (f) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass an Extraordinary Resolution, or (g) to modify Condition 2, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed made in the circumstances described in Condition 6.3 or Condition 6.4 in connection with the substitution or variation of the Notes so that they remain or become Qualifying Dated Tier 2 Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 6.3 or Condition 6.4, as the case may be. Any Extraordinary Resolution duly passed shall be binding on Holders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the Holders of not less than 90 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

11.2 Modification of the Trust Deed or the Agency Agreement

The Trustee may agree, without the consent of the Holders, to (a) any modification of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Holders.

Any such modification, authorisation or waiver shall be binding on the Holders and such modification shall be notified to the Holders as soon as practicable thereafter.

11.3 Satisfaction of Regulatory Conditions

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless any relevant Regulatory Conditions are satisfied.

11.4 Substitution

The Trustee may agree with the Issuer, without the consent of the Holders, to the substitution on a subordinated basis equivalent to that referred to in Condition 2 of any person or persons incorporated in any country in the world (the "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes provided that:

(i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and on the Notes, as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);

(ii) (unless the successor in business of the Issuer is the Substitute Obligor) the obligations of the Substitute Obligor under the Trust Deed and the Notes are guaranteed by the Issuer (or the successor in business of the Issuer) on a subordinated basis equivalent to that referred to in Condition 2 and in the Trust Deed and in a form and manner satisfactory to the Trustee, and provided further that the obligations of such guarantor shall be subject to a solvency condition equivalent to that set out in Condition 2.2, such guarantor shall not exercise rights of subrogation or contribution against the Substitute

Obligor without the consent of the Trustee and the only event of default applying to such guarantor shall be an event of default equivalent to that set out in Condition 10.1;

(iii) the directors of the Substitute Obligor or other officers acceptable to the Trustee certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected (and the Trustee may rely absolutely on such certification without further enquiry and without liability to any person and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer);

(iv) (without prejudice to the rights of reliance of the Trustee under Condition 11.4(iii) above) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Holders;

(v) (without prejudice to the generality of paragraph (i) above) the Trustee may in the event of such substitution agree, without the consent of the Holders, to a change in the law governing the Trust Deed and/or the Notes, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders;

(vi) if the Substitute Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the "**Substituted Territory**") other than the territory or any such authority to the taxing jurisdiction of which the Issuer is subject generally (the "**Issuer's Territory**"), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 8 with the substitution for the references in that Condition and in Condition 6.3 to the Issuer's Territory of references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly; and

(vii) the Issuer and the Substitute Obligor comply with such other requirements in the interests of the Holders as the Trustee may direct.

Any substitution pursuant to this Condition 11 shall be subject to satisfaction of any Regulatory Conditions.

12. Entitlement of the Trustee

In connection with any exercise of its functions (including but not limited to those referred to in Condition 11), the Trustee shall have regard to the interests of the Holders as a class and the Trustee shall not have regard to the consequences of such exercise for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise as aforesaid, no Holder shall be entitled to claim, whether from the Issuer, the Substitute Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Holders except to the extent already provided in Condition 8 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

13. Rights of the Trustee

The Trust Deed contains provisions for the provision of indemnification, security and prefunding to the Trustee and for its relief from responsibility, including provisions relieving it from taking any steps or action, including instituting any proceedings, unless indemnified and/or secured and/or prefunded to its satisfaction.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Condition 2 applies only to amounts payable in respect of the Notes and nothing in Conditions 2 or 10 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

14. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may, from time to time, without the consent of the Holders, create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of securities of other series where the Trustee so decides.

16. Notices

All notices to the Holders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

17. Definitions

As used herein:

"**Additional Amounts**" has the meaning given to it in Condition 8;

"**Approved Winding-up**" means a solvent winding-up of the Issuer solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable;

"**Arrears of Interest**" has the meaning given to it in Condition 5.2;

"**Assets**" means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events, all in such manner as the Directors may determine;

"**Business Day**" has the meaning given to it in Condition 7.5;

"**Calculation Amount**" has the meaning given to it in Condition 4.3;

"**Capital Disqualification Event**" is deemed to have occurred if as a result of any change to (or change to the interpretation by any court or authority entitled to do so of) Solvency II or the Relevant Rules, the entire principal amount of the Notes is fully excluded from counting as Tier 2 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

"**Change of Control**" occurs if any person or group, acting in concert, gains Control of the Issuer and/or the Parent;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**Control**" means (i) any direct or indirect legal or beneficial ownership of, or any direct or indirect legal or beneficial entitlement to, in the aggregate, more than 50 per cent. of the ordinary shares of a company, the right to directly or indirectly appoint a majority of the directors, or any other ability to control the affairs of a company, or (ii) in the event of a tender

offer for shares of a company, circumstances where (A) the shares already in the control of the offeror and the shares with respect to which the offer has been accepted carry in aggregate more than 50 per cent. of the voting rights in the company, and (B) at the same time the offer has become unconditional, or (iii) the disposal or transfer by the company of all or substantially all of its assets to another person or other persons;

"**Directors**" means the directors of the Issuer;

"**EEA**" means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

"**EEA Regulated Market**" means a regulated market as defined by Article 4(1)(21) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May, 2014 on markets in financial instruments, as amended;

"**EIOPA Guidelines**" means the European Insurance and Occupational Pensions Authority Guidelines on classification of own funds (EIOPA – BoS – 14/168 EN);

"**euro**", "**€**" or "**cents**" means the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities, as amended;

"**Euronext Dublin**" means the Irish Stock Exchange plc (trading as Euronext Dublin);

"**Extraordinary Resolution**" has the meaning given in the Trust Deed;

"**FATCA**" means an agreement described in Section 1471(b) of the Code, Section 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement);

"**Group**" means, at any time, the Issuer and its subsidiaries (if any) at such time;

"**Group Supervisor**" means the supervisory authority responsible for group supervision over the Group, determined in accordance with the Irish Solvency II Regulations;

"**Holder**" has the meaning given to it in Condition 3.1;

"**Implementing Measures**" means all implementing regulations and other implementing and delegated acts adopted by the European Commission in accordance with its powers pursuant to the Solvency II Directive, each as amended;

"**insurance holding company**" has the meaning given to it in the Irish Solvency II Regulations;

"**insurance undertaking**" has the meaning given to it in the Irish Solvency II Regulations;

"**Interest Payment Date**" has the meaning given to it in Condition 4.1;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Irish Solvency II Regulations**" means the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485 of 2015) of Ireland (as amended);

"**Issue Date**" means 9 October, 2018;

"**Issuer's Territory**" has the meaning given to it in Condition 11.4(vi);

"**Junior Securities**" has the meaning given to it in Condition 2.1;

"**Level 2 Regulations**" means Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events, all in such manner as the Directors may determine;

"**Mandatory Interest Deferral Date**" means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date;

"**Market**" means Euronext Dublin's EEA Regulated Market;

"**Maturity Date**" means 9 October, 2028;

"**Minimum Capital Requirement**" means the Minimum Capital Requirement or other minimum capital requirements (as applicable) referred to in the Irish Solvency II Regulations or the Relevant Rules;

"**Note Certificate**" has the meaning given to it in Condition 3.1;

"**Official List**" means the official list of the Euronext Dublin;

"**Parent**" means FBD Holdings plc, a company incorporated in Ireland with registered number 135882 and registered office at FBD House, Bluebell, Dublin 12;

"***Pari Passu* Creditors**" means creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with the claims of the Holders, including (without limitation) holders of *Pari Passu* Securities;

"***Pari Passu* Securities**" has the meaning given to it in Condition 2.1;

"**Qualifying Dated Tier 2 Securities**" means securities issued directly by the Issuer or indirectly and guaranteed by the Issuer (such guarantee to rank on a subordinated basis equivalent to that referred to in Condition 2 and in the Trust Deed) that:

(i) have terms not materially less favourable to a Holder than the terms of the Notes, as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect (including as to such consultation) of two Directors shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current requirements of the Relevant Rules in relation to Tier 2 Capital or, if issued prior to Solvency II Implementation, by virtue of the operation of any grandfathering provisions under any Relevant Rules are eligible to be classified as Tier 2 Capital; (2) include terms which provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes; (3) rank senior to, or pari passu with, the ranking of the Notes; (4) preserve any existing rights under these Conditions to any accrued interest, Arrears of Interest and any or other amounts which have not been paid; (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (6) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares and (7) contain terms providing for mandatory deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor than the mandatory deferral provisions contained in the terms of the Notes; and

(ii) are (i) listed on the Official List and admitted to trading on the Market or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed;

"**Recognised Stock Exchange**" means a recognised stock exchange for the purposes of the exemption from withholding on interest payments under section 64 of the Taxes Consolidation Act, 1997;

"**Record Date**" has the meaning given to it in Condition 7.3;

"**Register**" has the meaning given to it in Condition 3.1;

"**Regulatory Capital Requirements**" means any applicable capital resources requirement or applicable overall financial adequacy rule (or equivalent) required by the Relevant Regulator pursuant to the Relevant Rules, as any such requirement or rule is in force from time to time;

"**Regulatory Conditions**" means, in relation to any action at any time, any notifications to, or consent or non-objection (or, as appropriate, waiver) from, the Relevant Regulator for such action to be undertaken which are required at such time by the Relevant Regulator pursuant to the Relevant Rules;

"**Regulatory Deficiency Interest Deferral Event**" means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Group (which part includes the Issuer and at least one other member of the Group) or any insurance undertaking within the Group to be breached and such breach is an event) which under Solvency II and/or under the Relevant Rules means that the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under Solvency II and any other Relevant Rules);

"**Regulatory Deficiency Redemption Deferral Event**" means any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, all or part of the Group (which part includes the Issuer and at least one other member of the Group) or any insurance undertaking within the Group to be breached and such breach is an event) which under Solvency II and/or under the Relevant Rules means that the Issuer must defer or suspend repayment or redemption of the Notes (in order that the Notes qualify, and/or on the basis that the Notes are intended to qualify, as Tier 2 Capital under Solvency II and any other Relevant Rules);

"**Relevant Date**" has the meaning given to it in Condition 8;

"**Relevant Regulator**" means the Central Bank of Ireland or, if the Central Bank of Ireland at any time ceases to be the Group Supervisor, such other regulator as becomes the Group Supervisor or such other regulator having primary supervisory authority with respect to prudential matters in relation to the Group, determined in accordance with the Irish Solvency II Regulations or Relevant Rules;

"**Relevant Rules**" means the Solvency II Directive, the Level 2 Regulations, the Implementing Measures, the legislation, rules or regulations (whether having the force of law or otherwise) implementing the Solvency II Directive in the jurisdiction of the Relevant Regulator (which in Ireland are the Irish Solvency II Regulations), the EIOPA Guidelines and any relevant prudential rules for insurers applied by the Relevant Regulator and any amendment, supplement or replacement of either thereof from time to time relating to the characteristics, features or criteria of own funds or capital resources;

"**Senior Creditors**" means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer including all policyholders of the Issuer (for the avoidance of doubt, the claims of

policyholders shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have) and (b) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of instruments or obligations which constitute, or would but for any applicable limitation on the amount of any such capital constitute, (i) Tier 1 Capital or (ii) Tier 2 Capital, or whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders);

"**Solvency II**" means the Solvency II Directive, the Level 2 Regulations, the Implementing Measures and the Irish Solvency II Regulations;

"**Solvency II Directive**" means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (recast), as amended;

"**Solvency II Implementation**" means the date from which Solvency II or the legislation, rules or other measures implementing Solvency II in Ireland became applicable to the Issuer, which date was 1st January 2016;

"**Solvency Capital Requirement**" means the Solvency Capital Requirement or the Group Solvency Capital Requirement (as applicable) referred to in, or any other capital requirement howsoever described in the Relevant Rules;

"**Solvency Condition**" has the meaning given to it in Condition 2.2;

"**Substitute Obligor**" has the meaning given to it in Condition 11.4;

"**Substituted Territory**" has the meaning given to it in Condition 11.4(vi);

"**successor in business**" means, with respect to the Issuer, any body corporate which, as the result of any amalgamation, merger, reconstruction, acquisition or transfer:

(a) owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Issuer or a successor in business of the Issuer prior thereto; or

(b) carries on, as successor of the Issuer or a successor in business of the Issuer, the whole or substantially the whole of the business carried on by the Issuer or a successor in business of the Issuer prior thereto;

"**TARGET Business Day**" means a day on which the TARGET System is operating;

"**TARGET System**" means the Trans European Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November, 2007 or any successor thereto;

"**Tax Event**" means an event of the type described in Condition 6.3(a) or 6.3(b);

"**Tax Law Change**" has the meaning given to it in Condition 6.3(a);

"**Tier 1 Capital**" has the meaning given to instruments that comprise tier 1 own fund items for the purposes of the Relevant Rules;

"**Tier 2 Capital**" has the meaning given to instruments that comprise tier 2 own fund items for the purposes of the Relevant Rules.

18. Governing Law

(a) Governing Law

The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of Ireland.

(b) Jurisdiction

The courts of Ireland are to have exclusive jurisdiction to hear, settle and/or decide any disputes or claims that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may only be brought in such courts. The Issuer and the Trustee have in the Trust Deed each irrevocably submitted to the exclusive jurisdiction of the courts of Ireland in respect of any such Proceedings.

(c) Service of Process

The Trustee has in the Trust Deed irrevocably appointed Goodbody Secretarial Limited of 25-28 North Wall Quay, IFSC, Dublin 1 as its agent in Ireland to receive, for it and on its behalf, service of process in any Proceedings in Ireland.

Summary of the provisions relating to the Notes while in Global Form

1. Initial Issue of Certificates

The Global Certificate (as defined in the Trust Deed) will be registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") and may be delivered on or prior to the Issue Date.

2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") as the holder of a Note represented by the Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer (as the case may be) to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the registered holder of the Global Certificate in respect of each amount so paid.

3. Exchange

Interests in the Global Certificate will be exchangeable (free of charge to the holder), in whole but not in part, for definitive Notes only if:

(a) an Event of Default (as set out in the Trust Deed) has occurred; or

(b) Euroclear and Clearstream, Luxembourg are both closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or both announce an intention permanently to cease business or do in fact do so and no Alternative Clearing System is available.

In the event of the occurrence of (a) or (b) above, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Any reference herein to Euroclear and/or Clearstream, Luxembourg, shall, wherever the context so permits, be deemed to include a reference to any Alternative Clearing System.

4. Amendments to Conditions

The Global Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions.

4.1 Payments

All payments in respect of Notes represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment where Clearing System Business Day means Monday to Friday (inclusive) except 25 December and 1 January.

4.2 Meetings

For the purposes of any meeting of Holders, the holder of the Notes represented by the Global Certificate shall be treated as one person for the purposes of any quorum requirements of a meeting of Holders and as being entitled to one vote in respect of each integral currency unit of the currency of the Notes.

5. Trustee's Powers

In considering the interests of Holders while the Global Certificate is held on behalf of, or registered in the name of any nominee for, a Clearing System, the Trustee may have regard to any information provided to it by such Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by the Global Certificate.

6. Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer will be effected by reduction in the aggregate principal amount of the Notes in the register of Holders and the annotation upon the schedule to the Global Certificate.

7. Notices

So long as all the Notes are represented by the Global Certificate and it is held on behalf of a Clearing System, notices to Holders will be given by delivery of the relevant notice to that Clearing System for communication by it to the relevant accountholders in substitution for notification as required by the Conditions. A notice will be deemed to have been given to accountholders on the first Business Day on which such notice is sent to the relevant Clearing System for delivery to entitled accountholders, provided that, so long as the Notes are admitted to listing or trading on any stock exchange, the requirements of such stock exchange have been complied with.

8. Electronic Consent and Written Resolution

While the Global Certificate is registered in the name of any nominee for the Clearing Systems, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the Holders of not less than 90 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum, as defined in the Trust Deed, was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Holders duly convened and held, and shall be binding on all Holders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, to determine whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the Clearing System with entitlements to such Global Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is beneficially held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "relevant clearing system") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant Clearing System (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Business Description

1. Information on the Issuer

The Issuer was incorporated on 15 September 1967 and is registered in Ireland as a public limited company with a registration number of 25475 under the laws of Ireland. The principal office of the Issuer is at FBD House, Bluebell, Dublin 12, (Tel: +353 1 409 3208). The Issuer operates under, and the Notes are to be issued in accordance with, the Irish Companies Act 2014 (as amended).

2. History

The Issuer was founded in 1967 under the name Farmer Business Developments Limited. The Issuer was promoted by the main farming organisation in Ireland who encouraged individual farmers to subscribe the necessary share capital. The Issuer's main purpose was to provide support services to Irish farmers. The concept followed the model and received financial and other support from Assurances du Boerenbond Belge ("**ABB**"), in Belgium, since renamed as KBC Group. ABB had very similar origins and traditions to Farmer Business Developments Limited. In addition to the 3,000 individual farmers and co-operatives who together subscribed 75 per cent of the Issuer's share capital, ABB subscribed the remaining 25 per cent.

For half a century, the Issuer has been one of Ireland's largest property and casualty insurers looking after the needs of farmers, business owners and private individuals. Some key milestones in the Issuer's development were as follows:

1970 Following a decision by the Board to enter the general insurance market, the Issuer changed its name to FBD Insurance Company Limited and commenced trading in that year following receipt of a licence to underwrite general insurance from the Irish Department of Industry and Commerce.

1988 By the end of 1988 the Issuer was distributing farm, motor and commercial insurance through a nationwide network that today operates out of 34 branches and 6 sub-offices strategically located throughout Ireland.

1989 FBD Holdings plc ("**FBD**" or "**Parent**") was incorporated with a view to becoming the main holding company for the Issuer and other related separate entities and to facilitate a public offering of its shares.

1988 Shares in the Issuer's parent, FBD, commenced trading on the Unlisted Securities Market of the Irish and London Stock Exchanges.

1999 The Issuer established a dedicated team, based at its Dublin head office, to underwrite commercial small and medium enterprise ("**SME**") businesses in the greater Dublin area.

2013 This marked the low point for the Irish general insurance market in the aftermath of the economic collapse of 2008. The overall Irish general insurance market for this year was €2.6 billion[1] representing a peak to trough decline from 2004 of 38 per cent[2]. with gross written premiums of €351 million, the Issuer's market share in this year was 13.6 per cent[3].

2014 The Issuer reached no.1 in the Irish general Insurance market and sustained heavy underwriting losses[4].

2015 As part of its plan for the implementation of Solvency II, on 23 September 2015, the Issuer issued €70,000,000 of non-convertible subordinated tier 2 notes carrying an interest rate of 11.66 per cent.. On 30 December 2015, following FBD shareholder approval, these non-convertible notes were amended and restated to become convertible notes carrying an interest rate of 7 per cent and convertible into equity of FBD at a conversion price of €8.50 per share. In addition to other specific events that may trigger conversion these convertible notes are convertible at any time between 23 September 2018 and 23 September 2025 at the option of the holder.

2017 New brand launched and with a new branch opened on main artery route into Dublin in highly visible location.

2018 FBD paid a dividend of 24 cent per share in respect of 2017 profits and celebrated 50 years in business with a rich heritage as a uniquely Irish indigenous insurer supporting and protecting farm, business and consumer customers. Second Dublin branch opened on the south-side of Dublin on a main artery route in a highly visible location.

3. Organisational Structure

The Issuer is a wholly owned subsidiary of FBD, which is the holding company of the FBD Group and is an Irish registered company whose ordinary shares of €0.60 each are listed on Euronext Dublin and the Official List of the U.K. Listing Authority and are traded on Euronext Dublin and the London Stock Exchange, details as follows:

Listing	Euronext Dublin	U.K. Listing Authority
Listing Category	Premium	Premium (Equity)
Trading Venue	Euronext Dublin	London Stock Exchange
Market	Main Securities Market	Main Market
ISIN	IE0003290289	IE0003290289
Ticker	FBD ID	FBH LN

The Issuer has no subsidiaries of its own. Aside from the Issuer, which is the principal subsidiary of FBD, the FBD Group also has financial services operations including a successful life and pensions brokerage, FBD Financial Solutions.

[1] Source: Insurance Ireland's Factfile 2013, Non-life, gross written premium
[2] Source: Insurance Ireland's Factfile 2004, Non-life, gross written premium
[3] Source: Insurance Ireland's FBD Group's 2013 Annual Report; Source: Insurance Ireland's Factfile 2013
[4] Source: Insurance Ireland's Factfile 2014, Non-life Members' Gross Written Premium

4. Overview of the Issuer's markets

The Issuer utilises a multi-product and multi-distribution channel business model to cover most customer segments for consumer, commercial and agricultural lines in the Irish general insurance market.

According to Insurance Ireland's Fact-file 2016 the Irish general insurance market is approximately €3.3 billion in size in respect of annual premiums. All main multinational insurers and FBD underwrite in the Irish market. The general insurance market has been increasing since 2014 (14% increase from 2014 to 2016)[5]. The general (i.e. non-life) insurance market suffered underwriting losses in 2016 of €94m[6]. The Issuer recorded an underwriting profit of €2.7m for 2016 and of €44.9m for 2017[7].

Motor insurance - with premiums of €1.7 billion - is the largest segment of the non-life insurance market, of which 74 per cent is private motor business with the remaining 26 per cent being commercial motor business. The motor net underwriting loss was €75 million for the year ended 31 December 2016. The property insurance class is the second largest sector with premiums of €843 million for the year ended 31 December 2016. The property insurance market is split between household (55 per cent) and commercial property (45 per cent). The property insurance market recorded a net underwriting profit of €84 million[8] for the year ended 31 December 2016. Liability premiums amounted to €577 million in 2016. Liability insurers made a net underwriting loss of €112 million in 2016.

The Issuer's market share based on gross written premium ("**GWP**") basis, as at 31 December 2016, was estimated at 11.1 per cent (Motor 10 per cent, Property 14 per cent, Liability 12 per cent and other 7 per cent)[9]. While 2017 industry statistics are not yet available, it is expected that the Irish insurance market will have returned to profitability after a number of years of underwriting losses. Pricing in the insurance market has hardened since 2015 particularly in the motor and commercial lines with very significant increases in rates which are driven by sustained market losses, low investment returns and claims inflation. The Issuer has a proven track record of growing market share steadily, profitably and outperforming the market, having grown its market share in 9 of the last 14 years. Since 2015 the Issuer has remediated its book of business after the significant underwriting losses suffered in the 2012 to 2014 period. This has included the re-underwriting, repricing or exiting of unprofitable risks and segments as well as a significant reduction in exposure to the broker market. The FBD Group returned to profitability in 2016 and reported a full-year profit before tax in 2017 of €50 million. A €19 million underwriting profit (€18 million before tax) has been reported (unaudited for the FBD Group) for H1 2018. The Issuer is now well positioned to carefully grow business within its established risk appetite against the backdrop of a growing Irish economy. The Issuer has significant scope for growth and has higher market penetration levels in rural areas, agricultural related businesses

[5] Source: Insurance Ireland Factfile 2016
[6] Source: Insurance Ireland Factfile 2016
[7] Source: 2016 Annual Statements and 2017 Annual Statements (see "*Documents Incorporated by Reference*").
[8] Source: Insurance Ireland Factfile 2016
[9] Source: Insurance Ireland Factfile 2016

(including the core farming base) as well as SME type businesses. Low penetration in urban areas (which make up 63 percent of the population[10] and associated insurable risks) is considered a significant growth opportunity. The Issuer has also recently announced a partnership with Post Insurance (through the post office network). It is expected to begin writing private motor and consumer motor business in this channel in Q4 2018.

5. Competitive Strengths

The Issuer has a number of core strengths that underpin the Issuer's core underwriting business, these include:

The Issuer's Personnel

In recent years, the Issuer has invested in strengthening its people management expertise and capabilities, recognising that it is these capabilities that underpin the Issuer's success.

Fiona Muldoon, CEO of the FBD Group, joined FBD in January 2015 as Finance Director and was appointed as an executive Director and member of the board of the Issuer (the "**Board**"). In October 2015, Ms. Muldoon was appointed as Chief Executive of the FBD Group. A Chartered Accountant, Ms. Muldoon was Director of Credit Institutions and Insurance Supervision at the Central Bank of Ireland from August 2011 until May 2014. Prior to this she worked with XL Group for seventeen years and held a number of senior roles with this NYSE listed Property & Casualty Insurance firm in Ireland, the United Kingdom and Bermuda, including two years as General Manager of its Irish operation from 2001 to 2003 and two years as group Treasurer from 2008 to 2010.

She is complemented by a strong and experienced board and management team. See Section entitled "*Management*" below.

The Issuer's Franchise and Brand

The Issuer has established a leading franchise strong in a growing economy. The Issuer has a strong brand identity in its core customer group, with a market leading position within Irish farming, agricultural and small business sectors and it is a highly recognised and trusted brand nationally. The Issuer has high customer satisfaction levels and has achieved high brand awareness levels in market surveys. The Issuer's proven track record of delivering superior customer service for its customers is evidenced by its net promoter score ("**NPS**") in 2017 of 36 (Kantar Millward Brown), with an exceptionally strong endorsement from its core farming customer of 50.

The Issuer is uniquely positioned within the Irish market to leverage its unique agricultural heritage and leverage its direct customer relationship model in the Irish insurance market.

The Issuer's Customers

[10] Source: Central Statistics Office Ireland- National Population Census 2016

The Issuer's success is built on strong and very deep relationships with its loyal customer base. The Issuer's closeness to its customers has allowed the Issuer to evolve with its customer's needs, attracting more customers from its target market and increasing the customer policy penetration and longevity of relationship with the Issuer.

The Issuer's Distribution Model

The Issuer has an overwhelming focus on a direct-channel distribution business model through phone, online and an office network. This has and continues to evolve since the Issuer was established more than 50 years ago. In 2017 5%[11] of the Issuer's business was routed through the broker channel. This model allows the Issuer to distribute its products and services to a number of distinct customer segments and allow customers to transact in the way that best suits them. FBD has a network of 34 offices and 900 staff nationwide with a direct relationship to its core customers.

Strong Performance

The Issuer has a proven track record for out-performing the market in terms of profitability. The Issuer aims to deliver low double digit Return on Equity (RoE) through the cycle with a focus on disciplined underwriting.

Operational efficiency and expense control / base

The Issuer has a distinct cost advantage relative to its competitors operating in the Irish market, operating a net expense ratio including commission of 25.3 per cent for H1 2018 (unaudited results).

Solely focused on the Irish general insurance market

The Issuer's sole geographic focus is the Republic of Ireland. This focus enables the Issuer to have superior knowledge and understanding of the Irish general insurance customer and to concentrate its efforts solely on this market.

6. Business Model and Strategy

The Issuer's Business Model is focused on delivering a superior customer service experience

Customers are firmly at the centre of the Issuer's business model and the Issuer's focus is to protect and evolve with our customers through superior service and advice. The Issuer's distribution model has evolved with changing customer needs over 50 years to offer the most convenient ways for the Issuer's customers and potential customers to interact and transact with the Issuer. The Issuer's has direct customer relationships and its multi-product and multi-

[11] Source: FBD Holdings plc Full Year 2017 Investor Presentation.

channel offering is unique in the Irish market with policies now offered online, via the Issuer's branch network, over the phone and via small broker network.

Key strategic initiatives for the Issuer include:

1. Focusing on profitable underwriting in the Irish general insurance market.

2. Selecting profitable products and channels where the Issuer's service capabilities deliver a unique marketing and underwriting advantage. This includes developing the Issuer's business presence in urban communities.

    a. Protecting, evolving and growing its market leading position within the agricultural and small business community.

    b. The Issuer is a small player in the consumer (car and home) market but with a proven track record selling motor and home business to Farm/Business customers. The Issuer is well positioned to grow this market with increasing pricing and underwriting sophistication, new motor product offering, digital enhancements improving customer experience, improving customer retention strategies and further alignment of marketing spend to improve cost per acquisition.

    c. Developing relationships with intermediaries for mutual benefit.

3. Driving better customer experiences for direct customers particularly in the digital channel and leveraging technology to support its business and evolving customer requirements, including the continuing implementation of a new policy administration system.

4. Retaining its cost advantage through cost control and efficiency.

5. Strengthening capabilities and enhance its effectiveness in claims settlements. A range of new initiatives have been implemented including increased fraud detection and the targeting of faster settlement times. This has resulted in more proactive claims management.

Underpinning the Issuer's strategy are the Issuer's corporate values and guiding principles. The Issuer's risk appetite is driven by an overarching desire to protect the solvency of the company and to meet Solvency II requirements. The Issuer seek to maintain a resilient balance sheet that is well reserved (see section entitled "*Reserving"* below) with a low-risk investment portfolio.

7. The Issuer's Business

The Issuer's principal business is underwriting general insurance in the Irish market. The Issuer takes a traditionally conservative approach to insurance underwriting while targeting customers with risk profiles aligned to the Issuer's established underwriting risk appetite. The Issuer's

multi-product and multi-distribution channel business model has developed over fifty years to evolve with these customers' needs and to provide a proposition that meets the needs of most customer segments for personal, commercial and agricultural lines. The Issuer has increased new business volumes by 21% in the half year 2018[12].

The Issuer's business is presented in line with its customer segmentation strategy.

FBD was originally formed by farmers for farmers and has built on those roots in agriculture to become a leading general insurer servicing the needs of agricultural, small business and commercial customers throughout Ireland.

Agriculture

At 55 per cent of GWP[13], agriculture is the dominant segment of the business and remains central to the Issuer's business model. This business is distributed directly through the Issuer's branch network in combination with a centrally located Sales Support Centre, utilising service executives who visit client premises periodically to assess risk. The majority of this segment consists of farm insurances and personal insurances for farm families. The products that the Issuer offers within the "Agriculture" segment include property, public liability employer liability and motor risks. The proximity to service and support characterised by the Issuer's business model has developed positive customer loyalty with strong retention levels and consequential promotion opportunities, which has underlined the growth of this segment and continues to provide growth through cross-selling activities.

Commercial

Commercial insurance accounts for 24 per cent of GWP[14]. The commercial customer account is characterised as a small/micro business account predominantly insuring family owner-managed businesses distributed directly through local branches in combination with a limited offering through broker intermediaries with strong customer retention. The products that the Issuer offers to small business comprising the "Commercial" segment include property, property public liability and employer liability risks. The commercial customer accounts are diversified across light manufacturing and food businesses and the services sector, where the Issuer holds strong market presence in the insurance of retail, public houses and other small/medium enterprises, particularly in rural Ireland.

Consumer Personal Lines Business

Consumer Personal Lines Business accounts for 21 per cent of GWP[15]. This segment refers to private motor and home insurance sold to customers who do not have other business or agri-related insurances with the Issuer. The business consists of private motor insurance and home insurance and is sold directly online and also through a centralised telephone service.

[12] Source: FBD Holdings plc Half Yearly Results 2018 Investor Presentation
[13] Source: FBD Holdings plc Full Year 2017 Investor Presentation
[14] Source: FBD Holdings plc Full Year 2017 Investor Presentation
[15] Source: FBD Holdings plc Full Year 2017 Investor Presentation

Consumer customers are supported through the Issuer's contact centre in Mullingar, Co. Westmeath and online channels. The Issuer has made a significant ongoing investment in developing its underwriting risk selection and pricing capabilities. Achievements to date include the utilisation of advanced analytical techniques to better predict future claims costs and improving confidence in risk selection by validating risk attributes using independent external data. A new product, CarProtect, was successfully launched built on pricing and underwriting sophistication. As a primarily direct, rather than intermediated (broker/tied agent), distributor the Issuer enjoys a closer relationship with the majority of its customer as well as a greater level of flexibility in its approach to underwriting and pricing.

Non-Underwritten Complementary Services

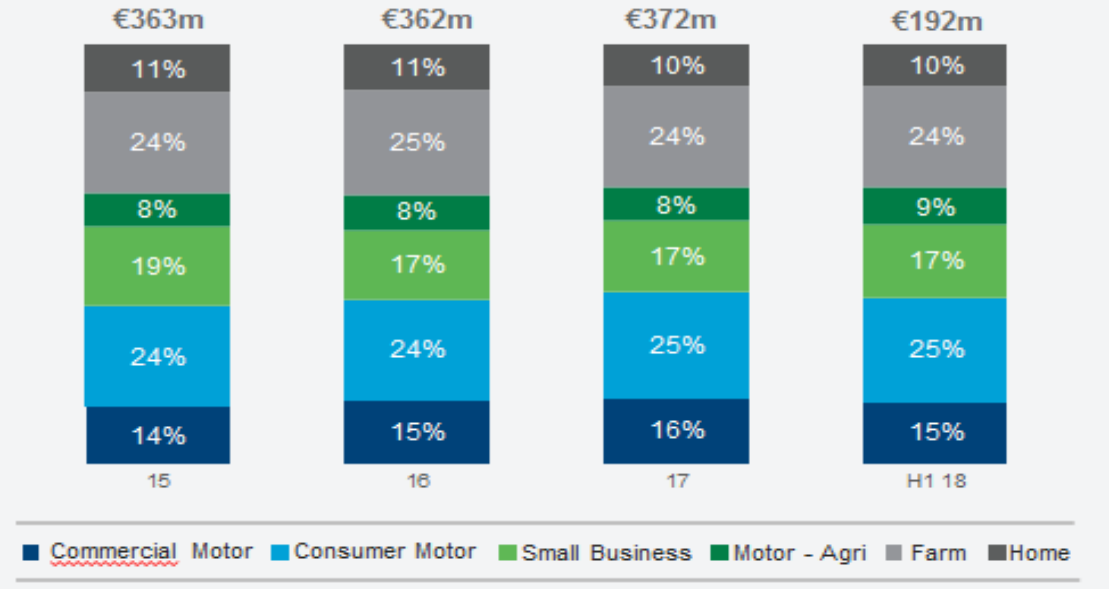
The Issuer facilitates the generation of risk-free commission income from the sale of non-underwritten insurance products through its sister company FBD Insurance Group Limited. These products are provided to complement its product suite, to evolve with and deliver upon its customer's needs and to further deepen relationships with its core customer base. These additional offerings include income protection, life and serious illness cover, mortgage protection, pensions, travel insurance and directors/officers and professional indemnity insurance.

The Issuer also generates income from interest received from customers who choose to pay for their policies in monthly instalments rather than through a single premium payment.

Gross Written Premium by Product

An analysis of the Issuer's gross written premium by product is in the following table[16]. Farm includes property, public liability, employer liability and motor risks. Small business includes property, public liability and employer liability risks in shops, pubs, guesthouses, retail outlets and other small/medium enterprises.

[16] Source: FBD Holdings plc Half Yearly Results 2018 Investor Presentation



8. Most Recent Financial Information

The latest summary financial information is contained in the 2018 Half Yearly Results which is incorporated by reference into this Prospectus (also see the section entitled "*Recent Developments*" below).

9. Recent Developments

Optimising the Capital Position of the Issuer

The capital requirement of the Issuer is determined by the Irish Solvency II Regulations and is currently calculated in accordance with the Standard Formula (a prescribed methodology used to calculate solvency capital requirements). The Issuer has made an application to the Central Bank of Ireland for the use of undertaking specific parameters ("**USPs**") in the calculation of its Solvency Capital Requirement ("**SCR**"). These USPs are in respect of the calculation of the reserve risk charge for certain classes of business. The Issuer believes that the Standard Formula parameters currently used in the SCR calculation overstates the volatility inherent in the Issuer's business. The Central Bank of Ireland is currently considering this application.

Proposed Purchase and Cancellation of Existing Notes

Background

On 23 September 2015, the Issuer issued the €70,000,000 11.66 per cent. Callable Dated Deferrable Subordinated Notes due 2025 (the "**Existing Notes**"), which were subscribed by Fairfax Financial Holdings Limited and certain of its subsidiaries (collectively "**Fairfax**"). On 30 December 2015, following FBD shareholder approval, and with the agreement of Fairfax, the Existing Notes were amended and restated to become convertible notes that are convertible into registered ordinary shares of FBD ("**Parent Shares**") and are now referred to as

€70,000,000 7 per cent. Convertible Dated Deferrable Subordinated Notes due 2025 of the Issuer. At the time the Existing Notes were used to strengthen the Issuer's capital position ahead of the implementation of Solvency II and to position the Issuer for future growth.

The Existing Notes carry a 7 per cent interest rate and are convertible into Parent Shares at a conversion price (subject to adjustment in specified circumstances in accordance with the terms and conditions of the Existing Notes (the "**Existing Conditions**") of €8.50 per share at any time between 23 September 2018 and 23 September 2025 at the option of the holder of the Existing Notes. A mandatory conversion into Parent Shares occurs if the 30-day volume weighted average price of the Parent Shares exceeds €8.50 per share for 180 days from 23 September 2018. On conversion, approximately 8.2m new Parent Shares would be issued to the holders of the Existing Notes. Existing Notes that are not converted will become repayable on 23 September 2025.

Proposed Transaction and its rationale

Equity dilution for existing shareholders in FBD Holdings plc will be avoided if the Existing Notes are purchased by the Issuer and cancelled.

As such, as noted under the heading "General Information" below, the Issuer proposes to use the net proceeds of the issue of Notes towards the purchase of the Existing Notes, in accordance with the Existing Conditions, pursuant to Conditions 6.8 and 6.9 of the Existing Conditions. Any additional funds required to fund the purchase of the Existing Notes will be paid from existing cash resources of the Issuer.

The Central Bank of Ireland has confirmed in writing to the Issuer that it has no objection to the treatment of the Notes as Tier 2 basic own funds available to meet the Issuer's Solvency Capital Requirement.

As outlined in under the heading "*Capital Adequacy Risk*" in the "*Risk Factors*" section above, the Issuer's risk appetite is to maintain a SCR ratio within a range of 120% to 140%. Following completion of the proposed transaction the Issuer's SCR remains in a very healthy position and above the target range of 120% to 140%.

The Issuer entered into a purchase and sale deed with Fairfax on 1 October 2018 (the "**Purchase and Sale Deed**") pursuant to which Fairfax agreed to sell and the Issuer agreed to purchase the Existing Notes on or around 10 October 2018 or, if the pre-conditions to completion of the sale and purchase as detailed in the Purchase and Sale Deed are not satisfied or fulfilled on that date, the date thereafter which is two Business Days following service by the Issuer of notice of fulfilment of such pre-conditions in accordance with the terms of the Purchase and Sale Deed, subject to a long stop date of 31 October 2018. The total amount payable by the Issuer to Fairfax, pursuant to the Purchase and Sale Deed, in consideration for the Existing Notes shall be an aggregate amount equal to the sum of: (i) €86,058,822; and (ii) the aggregate amount of interest accrued but unpaid on the Existing Notes as of the date upon which completion of the sale and purchase of the Existing Notes takes place.

The unaudited pro forma balance sheet of FBD Holdings plc as at 30 June 2018 is contained in the section entitled "*Unaudited Pro Forma Financial Information".* The unaudited pro forma balance sheet for the Issuer at 31 December 2017 is also supplied.

10. Pricing & Underwriting

Pricing & Underwriting within the Issuer is governed by the Issuer's delegated authority framework. This framework contains four tiers, as follows:

Tier 1: Pricing & Underwriting Committee. The Board signs off on overall underwriting policy and business strategy and delegates authority for associated pricing and underwriting strategy setting through the CEO to the Chief Underwriting Officer (CUO). The Pricing and Underwriting Committee (PUC), a committee of the Executive Management team which is chaired by the CUO, approves the annual underwriting and pricing strategy with any material amendments to it through the year. The PUC also monitors performance against strategy on a quarterly basis using relevant inputs across a number quantitative and qualitative areas including financial performance, mix of business, governance and controls.

Tier 2: Pricing & Underwriting Forums, are cross functional groups with representatives from Underwriting, Sales, Pricing, Finance, Claims and Reserving, who meet on a monthly basis. There are three Pricing and Underwriting Forums – one each for Agri, Commercial and Personal Lines respectively. Each forum is chaired by the relevant underwriting segment manager, and is responsible for deciding on and implementing necessary granular underwriting and pricing changes aligned with the segment strategy, monitoring the impact of previously implemented changes and understanding portfolio performance across a number quantitative and qualitative areas including financial performance, mix of business and governance and controls. Each forum is overseen by the CUO, and attended by the Chief Commercial Officer, who are both members of each forum.

Tier 3: Case Underwritten Business. The CUO delegates authority to individual underwriters to exercise judgement to underwrite, price and bind risks at a level that is commensurate with their individual experience and expertise. Underwriting decisions are made within guidelines and portfolio level strategy. This approach applies mainly to large and/or complex and non-standard risk types.

Tier 4: Rules Underwritten Business. The CUO delegates authority to underwriting managers to set price and risk acceptance rules to which sales staff (including intermediaries) must adhere and which are applicable for high volume/fast flow business such as Personal Motor, Household and Small business. Front line staff have no authority beyond what is prescribed in rules.

The framework is established to ensure the following goals are met:

1. Responsibilities are clearly defined;
2. A robust governance and quality assurance framework is in place which promotes consistency and confidence in underwriting processes;

3. Premium rates and underwriting risk appetite are set to ensure that the Issuer meets the objectives of achieving its strategic goals and operates within the risk appetite of the Issuer.
4. Key decision makers have access to all the necessary information in order to make appropriate pricing and underwriting decisions;
5. Appropriate structures are in place to ensure that high level directional rate decisions are made at least once per year or more often when required;
6. Appropriate structures to ensure periodic analysis of underwriting risk appetite and price positioning and a proactive approach to product development;
7. The design principles for any changes to systems architecture for product, rules and rating include an ability to make such changes in the most efficient manner which allows an appropriate balance of sophistication in approach with speed to market.
8. Robust processes and controls are in place to ensure that for all rate changes, underwriting rule and product changes:
    - An appropriate documented cost/benefit analysis exists and is prioritised appropriately.
    - The risks attaching to product, rule and rate changes are understood and communicated.
    - The rationale for any product, rule or rate change is documented and has evidence of sign off with the appropriate authority.
    - A post-implementation review of the change is carried out to monitor effectiveness, and to detect and address any unforeseen issues; and
9. Compliance with all legal and regulatory requirements.

The effective use of data is critical to the Issuer's underwriting processes. For example, to manage flood risk, the Issuer uses a combination of geocoding and third party flood maps to assess the flood risk associated with individual properties at point of quote.

Technical pricing is core to the Issuer's risk pricing discipline. Technical pricing involves using data analytics to estimate the future costs associated with risks and portfolios, and is used to guide pricing decisions at an individual risk and overall portfolio level. The Issuer uses a variety of analytical techniques in this area, including predictive modelling and data enrichment. Continued evolution of the technical pricing approach, through advanced analytical techniques and improved deployment of technical pricing insights to market are an ongoing investment for the Issuer.

11. Claims Management

The Issuer's claims mission statement is "to achieve early and cost effective settlements whilst providing our customers with a professional claims service that can realise a competitive advantage through more competitive premiums". The mission statement is inculcated throughout all aspects of the Claims Department by means of an optimum structure and operating philosophy that ensures claims are routed and managed based on value and complexity, utilising a mix of internal and external dedicated skillsets to minimise settlements and maximise customer experience.

The Claims Department is resourced by staff with key core competencies that ensure simple cases are processed quickly in a fast flow environment (operations) and complex claims are allocated to the most skilled and experienced handlers (technical). The different skillsets apply specific handling processes and make key decisions at appropriate stages during the lifecycle of a claim that are designed to minimise leakage and avoid claim cost escalation. The handling processes are supported and controlled by an advanced claims workflow and imaging management system that drives the proactive handling philosophy and maximises productivity. It also facilitates data gathering at different stages in the lifecycle of a claim and is therefore a key source of management information for monitoring, managing and controlling the claims process.

Household and Commercial Property Claims

Household and commercial property claims with a value less than €50,000 are outsourced to four experienced firms of loss adjusters on a delegated authority handling basis. The first notification of loss (FNOL) process for all property claims is handled by one of these adjusting firms who is responsible for the allocation of claims. Cases valued at less than €3,000 are fast-tracked by means of a desk top operation in the same loss adjusting firm whilst claims above this level are allocated to the four adjusting firms for external inspection and adjustment of the damage/loss. Oversight and control of the delegated authority claims handling process is provided by means of an in-house dedicated service provider management unit who are responsible for monitoring/measuring service levels and key performance indicators. They also conduct on-going quality assurance audits of outsourced provider claim files. Property claims with a value above €50,000 are managed in-house by the serious property team.

Personal Injury Claims

The Issuer's approach in relation to the management of personal injury claims is to focus on settling claims at the most optimum economic stage in their lifecycle. The structure is designed to support a direct settlement strategy, which aims to settle legitimate claims early and on the most economic terms to minimise legal costs backed by a litigation strategy which aims to achieve superior outcomes from cases that involve legal proceedings.

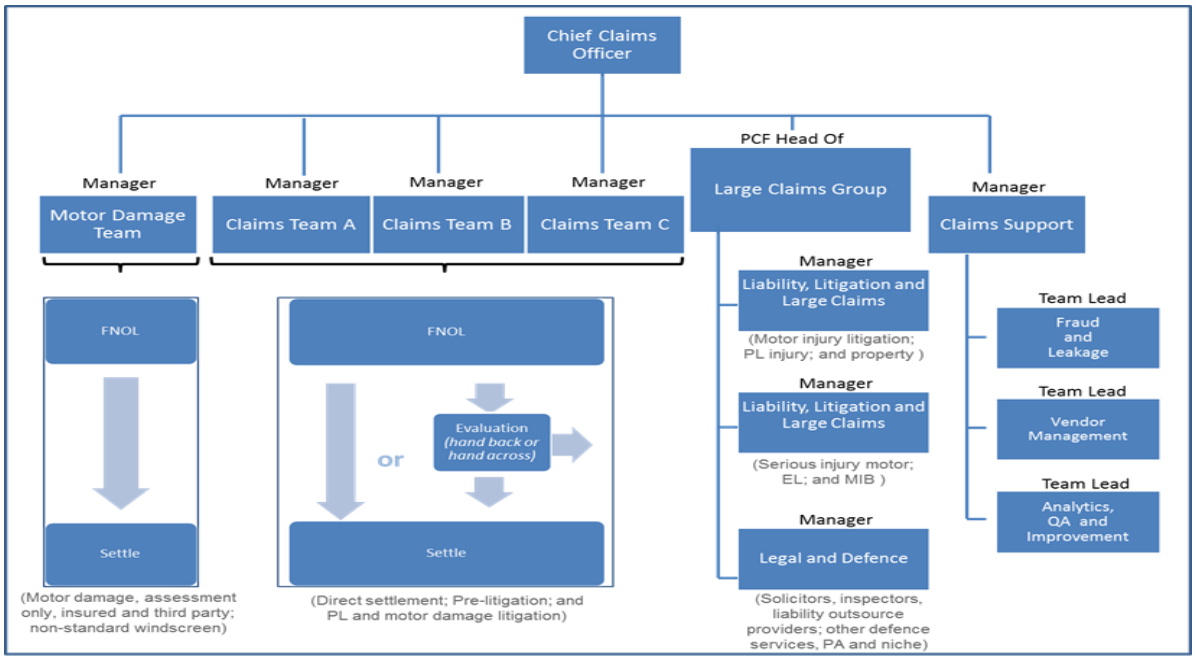
Claims Department – Organisational Structure

In 2017, a new organisational structure was implemented within the Claims Department. The new structure is a key enabler in delivering the necessary improvements that will, speed up processing, improve decision making and reduce overall claim costs.

The key features of the new structure (set out below) are:

- A flatter structure, providing more direct reporting to the Chief Claims Officer
- Move from many specialised teams to four direct settlement teams: one handling motor damage and three multi-skilled teams handling various claims, of differing complexity, from notification through to settlement (Claims Teams A, B and C in the chart)

- A Large Claims Group handling: serious injury, serious property, all PL injury, EL and the majority of cases in litigation (but not direct and pre-litigation motor injury claims and not PL and motor damage litigation claims up to defined financial limits, which will be handled by Claims Teams A, B, C).
- A new Claims Support group providing service to people handling all claim types, comprising: fraud and leakage team; vendor management team; and analytics, QA & improvement team.



The individual case by case reserves are set by the Claims Department. These provisions are made by claim handlers on a prudent basis (in accordance with the "Claims Reserving Procedures" manual) and reflect the anticipated ultimate cost of the claim. There are key controls in place to mitigate against the risk of under-reserving and include handler reserving limits, supervisory approval for reserve increases above handler limits, annual audits of all outstanding personal injury claims, system generated triggers every 90 days where there have been no reserve developments, management reporting of claims with large movements in reserves (prior year> €150,000 and current year >€250,000) and monthly meeting of senior claims management on high value serious injury claims.

The detection of fraudulent and exaggerated claims without impacting on legitimate claims is an overarching objective for the Claims Department. A risk assessment process based on handler intuition and known fraud indicators combined with i2 system-generated alerts are utilised to identify fraudulent activity and suspicious claims. Every section has an appointed team fraud champion whose role is to screen handler referrals and provide guidance on next steps. This structure is complimented by a dedicated Claims Investigation Unit ("**CIU**") which screen high risk referrals and undertake intensive investigations in order to provide the necessary evidential proofs required to defend fraudulent and exaggerated claims. The CIU team includes a data

mining analyst who is responsible for programming the i2 system alerts and providing key management information on fraud trends and patterns.

The claims function has a centralised quality assurance team. This team is responsible for implementing a strong oversight and reporting control framework that not only ensures that senior claims management have effective oversight of all aspects of the claims function but also ensures that claim handlers receive timely feedback on performance or necessary corrective action to be taken. The team also assist in the identification of any training or education gaps**.**

12. Reserving

When selling insurance the Issuer accepts the liability to make payments on the occurrence of one or more specified events (insurance claims) over a specific time period. The occurrence of the specified events and the amount of the payment are both unknown at the time of sale. There are delays between the selling of the policy and the ultimate settlement of any claims arising for the following reasons:

- Reporting delay: Time gap between the claims occurring and the claims being reported to the insurance company; and

- Settlement delay: Time required to evaluate the entire claim nature and size and to reach agreement on the settlement cost. The settlement delay can take a period of years to conclude in liability insurance.

The Issuer holds claims reserves to cover the future cost of settling claims on policies that have been sold on or before the balance sheet date. The reserves held reflect the claims delays outlined above and are separated into the following main categories:

1. Outstanding claims reserves: These are the reserves set aside to cover claims that have occurred on or before the accounting date. There are three sub-sets of outstanding claims reserves:

    a) The outstanding costs reported to date in respect of claims events that have been reported to the Issuer on or before the accounting date. This figure is calculated on a case by case basis by the Claims Department.

    b) Claims that have been reported to the Issuer at the accounting date but whose ultimate final cost will differ to the cost on the claims file at the accounting date. This is calculated using actuarial models, historic claims developments and assumptions regarding future claims experience.

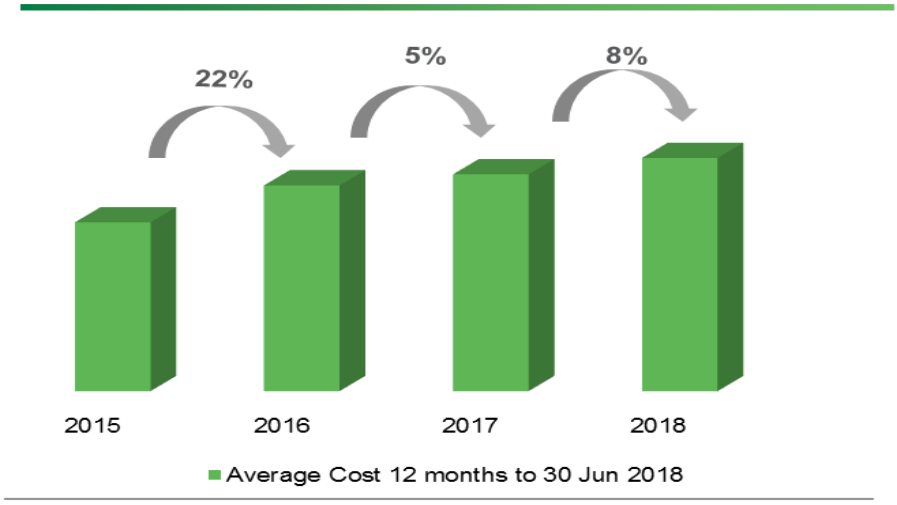
    c) Claims arising in respect of events that have occurred on or before the accounting date but have yet to be reported to the Issuer. These are referred to as “Incurred But Not Reported Claims”.

2. Claims handling reserves: These are reserves to cover the business expenses required to administer the outstanding claims reserves.

3. Unearned premium reserves: These are the reserves set aside to cover premiums that the Issuer has written (i.e. premiums received or receivable) before the accounting date for insurance cover that will take place after the accounting date.

The ultimate settlement cost of claims for which these reserves are held is subject to a number of material uncertainties. The Issuer looks to maintain a prudent reserving philosophy. The Issuer set its reserves at a prudent level in excess of a best estimate level determined through standard actuarial techniques. The Issuer's reserves are assessed by an internal actuarial function and, every second year, independently reviewed by an external actuarial firm. A Reserving Committee has been established, with independent non-executive directors as members, which reviews the adequacy of reserves on a quarterly basis.

As shown in the following diagram[17], there is strong evidence that injury claims inflation is being experienced in the Irish market albeit at more moderated levels than seen in recent years. The methodologies and assumptions used in estimating the expected value of reserves allows for the expected inflation that the Issuer expects to see in its claims costs as the claims incurred to date settle in the future. In addition to the actuarial best estimate reserves, the Issuer holds a margin for uncertainty set aside in excess of the best estimate reserves. This allows for additional prudence in case the claims environment deteriorates more than assumed in the Issuer's current best estimate assessment.



13. Reinsurance

The overall objective of the Issuer's reinsurance program is to restrict loss from claims so they will not endanger the solvency of the Issuer. In addition to protecting solvency, the programme also assists the Issuer in reducing fluctuations in financial results. The reinsurance program is utilised to protect against claims volatility and increasing underwriting capacity. This is enabled

[17] Source: FBD Holdings plc Half Yearly Results 2018 Investor Presentation

by transferring risk for much of the large but infrequent loss events and enables efficient management of capital use of capital.

The Issuer's reinsurance arrangements are completely bespoke to local market conditions and the risk characteristics of its insurance portfolio.

The main elements of the programme are:

1. **Property Risk Protection**
   Reinsurance is arranged on each property insurance policy via an excess of loss treaty.

2. **Property Event Protection (Catastrophe Programme)**
   Our property event protection cover is established on an excess of loss basis. In addition aggregate weather claims protection is in place to cover poor weather claims experience not covered under the Catastrophe Programme.

3. **Casualty Protection**
   The Issuer uses an excess of loss structure to protect against losses in general liability, motor and personal accident accounts. This provides protection structured through layers.

4. **Bonds & Guarantee / Livestock & Bloodstock**
   The Issuer's reinsurance for these two categories is arranged on a quota share basis whereby all risks are shared between the Issuer and reinsurers.

The Board has ultimate responsibility for all risk-taking activity.

The Board-approved reinsurance policy sets out the programme objectives, the governance responsibilities to a number of committees or key officers and controls.

The Chief Underwriting Officer (CUO) has the authority to negotiate the terms of reinsurance cover subject to material changes being agreed with Reinsurance Steering Committee and the CEO. The CUO provides an update to the Board prior to each renewal. Also involved in the renewal process is the Head of Actuarial Function who provides an assessment to the Issuer on the overall programme adequacy and prepares an annual Reinsurance Opinion, and the Risk Function who review and express an opinion to the Board Risk Committee on all proposed changes to the reinsurance programme.

The structure and levels of protection are reviewed on an annual basis in a cross-functional Reinsurance Steering Committee including representation from the Underwriting, Finance and Risk departments. Periodically elements of the programme are subjected to a "Deep Dive" review, to ensure that levels of protection and structures are still optimal given changes to market conditions and account profiles.

The Issuer utilises the services of a reinsurance broker to assist and advise on the placement of the programme. In selecting reinsurers the Issuer considers criteria including counterparty

security, pricing, record of trading with the Issuer and service. The Issuer's reinsurance policy requirements specify controls to limit security risk including concentration limits for individual reinsurers and minimum credit ratings with one of the recognised rating agencies.

14. Risk Management

Risk taking is inherent in the provision of financial services and the Issuer assumes a variety of risks in undertaking its business activities. The Issuer defines risk as any event that could: (i) impact the core earnings capacity of the Issuer; (ii) increase earnings or cash-flow volatility; (iii) reduce capital; (iv) threaten business reputation or viability; and/or (v) breach regulatory or legal obligations.

The Issuer has adopted an Enterprise Risk Management approach to identifying, assessing and managing risks. This approach is incorporated into a risk management framework ("**Risk Management Framework**"), which is approved by the Board and subject to annual update and review. Key components of the Risk Management Framework include Risk Appetite; Risk Governance; Risk Process and People.

The fundamental objectives of the Issuer's approach to risk management is to provide a systematic, effective and efficient method to manage risk in the organisation and to ensure it is consistent with the overall business strategy and the risk appetite of the Issuer. The framework provides the Issuer with the capabilities to identify, assess, manage and report the internal and external threats to the achievement of business objectives. The framework objective is also to assist with earnings stability; to allocate capital and resources efficiently so as to optimise the balance of risk and reward; to ensure compliance with all applicable laws and regulations and, to ensure the fair and equitable treatment of customers.

Risk Appetite

Risk appetite is a measure of the amount and type of risks the Issuer is willing to accept or not accept over a defined period of time in pursuit of its objectives. The Issuer's risk appetite seeks to encourage measured and appropriate risk-taking to ensure that risks are aligned to business strategy and objectives. The risk appetite is driven by an over-arching desire to protect its solvency at all times. Through the proactive management of risk, the Issuer ensures that it does not take on an individual risk or combination of risks that could potentially threaten its solvency. This ensures that the Issuer has and will have in the future sufficient capital to pay its policyholders and all other creditors in full as liabilities fall due.

Risk Governance

The Board has ultimate responsibility for the governance of all risk taking activity of the Issuer. Risk is governed through business standards, risk policies and oversight committees with clear roles, responsibilities and delegated authorities.

The Issuer utilises a 'three lines of defence' framework in the delineation of accountabilities for risk governance.

- 1st Line: Line Management within each business and support unit: Accountable for the management of all risks relevant to the business
- 2nd Line: Risk Function: Provide objective challenge and oversight of 1st line management of risks
- 3rd Line: Internal Audit: Provides independent assurance to the Audit Committee and the Board regarding risk- taking activities.

Risk Function

The Issuer's risk governance is underpinned by a Risk Function headed by the Chief Risk Officer ("**CRO**"). The Risk Function has responsibility for challenge and oversight of the Issuer's risk management activities with specific responsibility for ensuring that the Issuer's risk management policy and framework is documented, implemented and that its risk management procedures are carried out effectively.

Risk Committees

While the Board has ultimate responsibility for all risk-taking activity, it has delegated some risk governance responsibilities to a number of committees ("**Risk Committees**") listed as follows:

1. Board Risk Committee

The Board Risk Committee provides the forum for risk governance within the Issuer. This Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures of the Issuer including risk to future strategy implementation. This advice includes recommending a Risk Management Framework incorporating strategies, policies, risk appetites and risk indicators to the Board for approval. The Board Risk Committee oversees the Risk Function, which is managed on a daily basis by the CRO.

2. Audit Committee

The Board has established an audit committee with formal terms of reference, with responsibility, inter alia, for internal control, financial reporting, internal audit and statutory audit.

Risk Process

Identify and Measure

Risk is identified and assessed through a combination of top-down and bottom-up risk assessment processes. Top-down processes focus on broad risk types and common risk drivers rather than specific individual risk events, and adopt a forward looking view of perceived threats over the planning horizon. Bottom-up risk assessment processes are more granular, focusing on risk events that have been identified through specific qualitative or quantitative

measurement tools. Top-down and bottom-up views of risk come together through a process of upward reporting of, and management response to, identified and emerging risks. The Issuer measures risk on the basis of economic capital and other bases (where appropriate) to determine materiality, potential impact and appropriate management.

Monitor and Report

The Issuer regularly monitors its risk exposures against risk appetite, risk tolerances and limits and monitors the effectiveness of controls in place to manage risk. Reporting to the Board Risk Committee, the Audit Committee and the Risk Function is dynamic and includes material risks, risk appetite monitoring, changes in risk profile, risk mitigation programmes, reportable errors, breaches of risk policies (if any), results of independent assessments performed by the Risk Function and emerging risks.

People

Risk Management is embedded in the FBD Group through leadership, governance and transparency. The Risk Management Framework establishes the roles and responsibilities of risk resources. A risk training programme is in place to ensure all risk resources have the knowledge and competency to perform their roles effectively. In accordance with FBD Group policy, business unit management has primary responsibility for the effective identification, management, monitoring and reporting of risks.

15. Employees

The Issuer considers its employees one of its primary assets. Its "people" strategy is core to the Issuer's goals and objectives. To support this, the Issuer has designed and implemented a range of people initiatives to ensure that employees are engaged, motivated and flexible and aligned to the goals of the Issuer and its customers.

This starts with the recruitment and selection process through to training and development, performance management, communication and reward.

The Issuer recognises and rewards its employees in various ways, including; competitive market pay ranges and variable pay structures with progression and reward aligned to individual and company performance, long term incentive plans ("**LTIPs**") for senior management, subsidised canteen, flexible working arrangements, flexi-time, employee loans, dress down days and long service awards.

16. IT Infrastructure

The availability and performance of the Issuer's core information technology systems, including the primary insurance administration system have been strong and are managed and aligned to industry standards. The Issuer's goal is not alone to run IT services, which make the Issuer efficient, but also to ensure the Issuer is effective in the manner that it transacts its business to provide excellent service for its customers.

The Issuer strives to ensure that its information technology infrastructure and systems are kept up to date with evolving technology and meet the requirements and needs of the Issuer's staff and customers. The Issuer's more recent systems are based on an open architecture utilising web services to integrate its systems including the Issuer's websites. The Issuer is currently changing its core policy administration system, and while this does put some short term constraints across the business, it will provide long term agility and flexibility to allow it to be more competitive post implementation.

The security of the Issuer's systems is regarded by the Issuer as being of paramount importance. As a result, an internal information technology security team is responsible for and monitors all related activities. To date, no material information technology security breaches have occurred to the Issuer's systems. Security and information management is an essential part of good IT governance, which in turn is a cornerstone in corporate governance. An integral part of IT governance is information security, in particular pertaining to personal information. It is important that the Issuer ensures staff have access to the applications that support them in carrying out their day to day duties. To support this and ensure that only authorised access is granted to the information assets of the Issuer using information security policy templates based on ISO/IEC 27001 and ISO/IEC 27002 appropriate to the Issuer's requirements.

The Issuer entered into an agreement with British Telecom ("**BT**") in 2012 to outsource IT services. This contract provides managed services for all aspects of IT services including data centre hosting, managed security services, technical and end user support. The Issuer has a modern infrastructure and network topology including a Cisco VoIP converged telephony and data capabilities, virtualised Citrix and Windows environment with centralised IT support.

The Issuer's business continuity and disaster recovery arrangements are managed centrally, with work area recovery sites provisioned through an agreement with Hewlett-Packard ("**HP**"). Business continuity planning and disaster recovery are the Issuer's mechanisms for dealing with major incidents (IT and non-IT) to define and understand critical business processes vital to the continued operation of the business, including the maximum time the business could survive without these processes and identify internal and third party resources (including people, technology, data, environments) required to maintain these critical services. The Issuer invests in a high-availability solution for all critical services with dual data centres managed and supported by BT.

17. Intellectual Property

The Issuer holds a portfolio of registered U.K. and European trade marks which protect the names and logos of the Issuer "No Nonsense Insurance" and "Clan Insurance" brands along with some related slogans and subsidiary marks.

The Issuer actively protects its trade mark portfolio and its trade mark attorneys operate a watch service to identify applications for similar trademarks.

While certain other branding materials such as slogans, logos, colours and designs are not registered, some protection may be afforded by unregistered design rights, unregistered trademarks and copyright. The Issuer does not own any patents.

The key websites for the Issuer's brands all have current domain name registrations held by or on behalf of the Issuer. These websites are: www.fbd.ie, www.claninsurance.ie and www.nononsense.ie

The Issuer now trades under the FBD brand only.

Registrations for a number of other domain names are also held by or on behalf of the Issuer.

Customer databases created internally are owned by the Issuer.

There are currently no outstanding intellectual property infringement actions involving any member of the Issuer as defendant or any charges over any intellectual property rights held by the Issuer.

18. Management

Directors of the Issuer

The Directors and their principal functions within the Issuer, together with a brief description of their business experience and principal business activities outside the Issuer, are set out below. The business address of each of the Directors (in such capacity) is FBD House, Bluebell, Dublin 12.

Liam Herlihy
Chairman and Non-Executive Director

Mr. Herlihy is a dairy farmer and was, until May of 2015, Group Chairman of Glanbia plc, a leading Irish based performance nutrition and ingredients group, having served in that role for 7 years during which he presided over a period of significant structural change and unprecedented growth for Glanbia. Mr. Herlihy joined the Board in September 2015. In October 2018 Mr. Herlihy will become chairman of Teagasc, the state agricultural research and development authority.

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

Walter Bogaerts
Independent Non-Executive Director

Walter Bogaerts was General Manager of the Corporate Insurances Division of KBC Insurance based in Belgium prior to his retirement in 2013. He joined KBC Group (previously ABB Insurances) in 1979 and has gained extensive experience throughout his career with KBC in underwriting, reinsurance, audit, risk management and sales. He was general manager in charge of KBC Group's Central-European insurance businesses until appointed to his most recent role in 2012. In that role he was member of the Supervisory Boards, Audit and Risk Committees of KBC's insurance subsidiaries in Czech Republic, Slovakia, Hungary, Poland and Bulgaria. He holds a Commercial Engineering degree from the Economic University of Brussels.

Dermot Browne
Senior Independent Non-Executive Director

Mr. Dermot Browne is a Fellow of Chartered Accountants Ireland. Between 2007 and 2011, Mr. Browne held a number of senior executive roles in Aviva Ireland, including the position of CEO with responsibility for all Aviva businesses in Ireland across general insurance, health insurance and life assurance. Prior to this he was a senior executive with Zurich Life over a sixteen year period with responsibility for finance, sales, marketing and information technology. Between 2012 and 2016 he rejoined Zurich Group in a Global Strategy role based in Switzerland. He is currently a Non-Executive Director in two other financial services companies in Ireland.

Joe Healy
Independent Non-Executive Director

Mr Joe Healy runs a dairy and cattle farm in Athenry, Co Galway with his family. He was elected the 15th President of the Irish Farmers' Association in April 2016. Prior to that, he represented Galway IFA on the IFA National Farm Business Committee. Previously, he was actively involved in the young farmers' organisation Macra na Feirme and was elected President of that organisation from 1995-1997. Mr Healy represents Irish farmers at E.U. level on COPA, which is the official umbrella representative body for European farmers. He chairs the COPA Food Chain Working Group, which is seeking a stronger position for farmers in the food supply chain. He is a non-executive director of Bord Bia – the Irish Food Board – which is responsible for the marketing of Irish food and drink abroad.

Mary Brennan
Independent Non-Executive Director

Ms. Mary Brennan is a Chartered Director and a Fellow of Chartered Accountants Ireland. In a career spanning over 30 years, Ms. Brennan has worked internationally in audit in KPMG and in a number of publicly listed companies, including Elan plc and Occidental Petroleum Corp. She is a highly experienced non-executive director with a portfolio of companies, previously serving as Director and Audit Committee Chair of BNP Paribas Ireland.

Orlagh Hunt
Independent Non-Executive Director

Ms. Orlagh Hunt is a Fellow of the Chartered Institute of Personnel Development and is a human resources executive with extensive financial services experience in firms such as Allied Irish Banks plc, RSA Group and Axa Life Insurance, as well as with a number of FMCG and retail companies.

David O'Connor
Independent Non-Executive Director

Mr. David O'Connor is a Fellow of the Society of Actuaries in Ireland. He commenced his career in New Ireland Assurance before joining Allianz Ireland in 1988 to set up its non-life actuarial function. He was a member of Allianz Executive Management Board and held a number of senior management positions there prior to joining Willis Towers Watson in 2003 to set up its Property and Casualty consultancy unit in Dublin, where he worked until June 2016.

Fiona Muldoon
Chief Executive Officer

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

A Chartered Accountant, Ms. Muldoon was Director of Credit Institutions and Insurance Supervision at the Central Bank of Ireland from August 2011 until May 2014. Prior to this she was with XL Group for seventeen years. On 12 June 2015 Ms. Muldoon, was appointed as a non-executive director of the Governor and Company of the Bank of Ireland.

John O'Grady
Chief Financial Officer

John O'Grady is a Chartered Accountant and an experienced insurance executive. He joined FBD from Liberty Insurance Limited where he held the role of Finance Director from 2012 to 2016. Prior to his role in Liberty, Mr. O'Grady worked for Aviva and its predecessor companies in Ireland in various roles between 1989 and 2012, including Finance Director, Claims Director and Operations Director.

Padraig Walshe
Non-Executive Director

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

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

Other Key Members of the Management Team

Aside from Directors Fiona Muldoon and John O'Grady, other key members of the management team are set out below.

John Cahalan
Chief Commercial Officer

John Cahalan is an experienced insurance company director. He has a bachelors degree in Economics and a post graduate in Applied Economics from University College Cork, John also holds an MBA from University College Dublin. Prior to joining FBD as Chief Commercial Officer, John spent twelve years with AXA Insurance as Head of their sales network, coming from General Electric where he had a number of senior group roles covering Europe, North and South America.

Kate Tobin
Chief Underwriting Officer

Ms Kate Tobin is a Fellow of the Society of Actuaries in Ireland and recently qualified with an MBA from University College Dublin. She joined FBD from Zurich Insurance where she worked between 2007 and 2017. During her time with Zurich she held various management roles in Pricing and Underwriting at both local and Group levels – including, most recently, Chief Underwriting Officer for Zurich's Irish general insurance business.

Conflicts of Interest

No director or senior executive of the Issuer has any potential conflict of interest between their duties to the Issuer and their private interests or other duties.

Regulatory Overview

The Issuer is authorised by the Central Bank of Ireland under the European Union (Insurance and Reinsurance) Regulations, 2015 (S.I. No. 485 of 2015) (the "**Regulations**") to carry on non-life insurance business.

The Issuer's authorisation originally dates back to 31 May 1976 and the authorisation reference is C752.

The Central Bank of Ireland is responsible for the prudential regulation of authorised financial services providers, including insurance companies, banks and investment firms ("**Authorised Firms**") in the Republic of Ireland. The Central Bank of Ireland also regulates the conduct of Authorised Firms, including the Issuer, with the aim of ensuring that the best interests of consumers of financial services in the Republic of Ireland are protected.

The main features of the Irish regulatory regime for insurance companies as applicable to the Issuer are as follows:

Ireland's Regulatory Environment for Insurance Companies

The Central Bank of Ireland has responsibility for the authorisation and on-going supervision of insurance and reinsurance companies and intermediaries. The Central Bank of Ireland's powers are set out in laws and regulations derived from E.U. Directives (in particular, Directive 2009/139/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (recast), as amended (the "**Solvency II Directive**"), European Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing the Solvency II Directive (the "**Level 2 Regulations**"), various European Commission Solvency II Implementing Regulations (together with the Solvency II Directive and Level 2 Regulations, **Solvency II**) and domestic legislation, including but not limited to the:

- Regulations;
- European Union (Insurance Undertakings: Financial Statements) Regulations 2015;
- Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Insurance Undertakings National Specific Templates Reporting Arrangements) Regulations 2016;
- European Communities (Insurance Mediation) Regulations 2005 (Mediation Regulations) which will be replaced from October 1, 2018 by the European Union (Insurance Distribution) Regulations 2018;
- European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004;
- European Communities (Financial Conglomerates) Regulations 2004;
- Non-Life Insurance (Provision of Information) (Renewal of Policy of Insurance) Regulations 2007;
- Insurance Acts 1909 to 2011;
- Criminal Justice (Money Laundering and Terrorist Financing) Act 2010;
- Central Bank (Supervision and Enforcement) Act 2013;

- Central Bank Act 1942 (as amended);and
- various other Central Bank Acts.

each as amended from time to time.

The Central Bank of Ireland also issues requirements relating to various aspects of insurance business, including the Corporate Governance Requirements for Insurance Undertakings 2015, the Minimum Competency Code 2017, the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Minimum Competency Regulations 2017 ("**MCR 2017**") and the Consumer Protection Code 2012.

The Central Bank of Ireland also issues guidance on various aspects of insurance business to give additional context to its supervisory process to provide clarity on its expectations and to assist insurers in their ongoing compliance with insurance legislation.

The Central Bank of Ireland bases its requirements and guidance on international best practice, guidelines and recommendations issued by relevant oversight bodies such as the European Insurance and Occupational Pensions Authority (EIOPA), the International Monetary Fund (IMF) and the International Association of Insurance Supervisors (IAIS). Under Article 16(3) of Regulation (EU) No. 1094/2010 establishing EIOPA and Article 71(2)(b) of the Solvency II Directive, national competent authorities are required to make every effort to comply with guidelines published by EIOPA. The Central Bank of Ireland has stated that it intends to comply with the EIOPA Guidelines and to incorporate them into their supervisory practices as appropriate and that it expects insurance and reinsurance undertakings to comply with any relevant EIOPA Guidelines.

The Central Bank of Ireland's supervisory role includes overseeing insurance companies' corporate governance, risk management and internal control systems. It requires that insurance and reinsurance companies submit annual and quarterly returns including solvency capital requirement calculations and details of technical provisions. In addition, the Central Bank of Ireland conducts regular themed inspections across the insurance and reinsurance industries.

The Central Bank of Ireland is responsible for assessing the fitness and probity of the proposed directors, management and significant shareholders of authorised firms and for the prudential assessment of any change in their control. The Central Bank of Ireland also has responsibility for consumer protection issues.

Permission to Transact Business

Subject to certain exemptions, insurance companies cannot carry on insurance business in Ireland without authorisation from the Central Bank of Ireland or from another European Economic Area regulator. The Central Bank of Ireland has authority to grant regulatory permission to provide insurance for one or more of the classes of insurance business recognised by the Solvency II Directive. However, with limited exceptions, insurers authorised to conduct life assurance cannot conduct non-life insurance and vice versa. In deciding whether to grant authorisation, the Central Bank of Ireland is required to determine whether the applicant satisfies certain requirements.

Regulatory Capital

Significant legislative and regulatory obligations in respect of solvency capital and technical provisions for regulated Irish insurance companies took effect on implementation of the Solvency II Directive on 1 January 2016. The Issuer is obliged to comply with these obligations.

The Corporate Governance Requirements for Insurance Undertakings 2015 (the "CG Requirements")

The CG Requirements impose: (i) minimum core standards upon all insurance undertakings authorised by the Central Bank of Ireland (including reinsurers but excluding captives); and (ii) additional requirements upon insurance undertakings which are designated as High Impact by the Central Bank of Ireland, so as to ensure that appropriate and robust corporate governance frameworks are in place and implemented to reflect the risk and nature of those insurance undertakings. There is no prohibition on insurance undertakings deciding to implement the additional requirements for High Impact undertakings should they wish to do so and indeed insurance undertakings are encouraged to do so.

The Central Bank of Ireland monitors adherence to the CG Requirements through its on-going supervision of institutions. Any institution which becomes aware of a material deviation from the CG Requirements must within five business days report the deviation to the Central Bank of Ireland, advising of the background and the proposed remedial action. The Central Bank of Ireland also requires each institution to submit an annual compliance statement, in accordance with any guidelines issued by the Central Bank of Ireland, specifying whether the institution has complied with the CG Requirements.

Fitness and Probity Regime

The Central Bank Reform Act 2010 imposes a continuing obligation on Authorised Firms in relation to fitness and probity due diligence. The Fitness and Probity Regime (the "**Regime**") is set out in Part 3 of the Central Bank Reform Act 2010, the Central Bank Reform Act 2010 (sections 20 and 22) Regulations 2011, the Central Bank Reform Act 2010 (Section 20 and 22) (Amendment) Regulations 2011, 2014 and 2015, the Central Bank Reform Act 2010 (Procedures Governing the Conduct of Investigations) Regulations 2012, the Fitness and Probity Standards (Code issued under Section 50 of the Central Bank Reform Act 2010) and Guidance on Fitness and Probity Standards as issued by the Central Bank of Ireland.

The Regime prescribes 46 senior positions as Pre-Approval Controlled Functions ("**PCFs**") for Authorised Firms other than credit unions. The prior approval of the Central Bank of Ireland is required before an individual can be appointed to a PCF. The individual must complete an online Individual Questionnaire which is endorsed by the proposing entity and then submitted electronically to the Central Bank of Ireland for assessment.

The relevant regulations also prescribe specific functions as Controlled Functions ("**CFs**"). These include individuals who exercise a significant influence on the conduct of the affairs of the financial service provider, monitor compliance or perform functions in a customer-facing role. Authorised Firms

are not required to seek prior Central Bank of Ireland approval for an individual before his or her appointment to a CF. The Regime prohibits Authorised Firms permitting a person to carry out a Controlled Function unless that person complies with the Central Bank of Ireland's fitness and probity standards.

Consumer Protection Code 2012

Insurers operating in the Irish market must comply with the rules and guidance of the Central Bank of Ireland set out in the Consumer Protection Code 2012 (including addenda), as amended and restated from time to time (the "**Code**").

The provisions of the Code are binding on Authorised Firms and must, at all times, be complied with when providing financial services to consumers within Ireland.

The Code's general principles require that a regulated entity must ensure that in all its dealings with customers and within the context of its authorisation it:

a) acts honestly, fairly and professionally in the best interests of its customers and the integrity of the market;

b) acts with due skill, care and diligence in the best interests of its customers;

c) does not recklessly, negligently or deliberately mislead a customer as to the real or perceived advantages or disadvantages of any product or service;

d) has and employs effectively the resources, policies and procedures, systems and control checks, including compliance checks, and staff training that are necessary for compliance with the Code;

e) seeks from its customers information relevant to the product or service requested;

f) makes full disclosure of all relevant material information, including all charges, in a way that seeks to inform the customer;

g) seeks to avoid conflicts of interest;

h) corrects errors and handles complaints speedily, efficiently and fairly;

i) does not exert undue pressure or undue influence on a customer;

j) ensures that any outsourced activity complies with the requirements of the Code;

k) without prejudice to the pursuit of its legitimate commercial aims, does not, through its policies, procedures, or working practices, prevent access to basic financial services; and

l) complies with the letter and spirit of the Code.

The Code's general principles are supplemented by a series of general requirements (restrictions; conflicts of interest; personal visits and contact with consumers; premium handling; product producer responsibilities) and specific requirements relating to the provision of information, knowing the customer and suitability, post-sale information requirements, rebates and claims processing, arrears handling, advertising, errors and complaints resolution and records and compliance.

Consumer Protection Law Requirements

Irish insurers are also required to comply with general Irish consumer protection legislation, which includes:

- Consumer Protection Act 2007;
- Sale of Goods and Supply of Services Act 1980;
- European Communities (Unfair Terms in Consumer Contracts) Regulations 1995; and
- European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004;

in each case, as amended.

Supervision and Enforcement

The Central Bank of Ireland has adopted a risk-based approach to supervising Authorised Firms which includes insurance companies. The Probability Risk and Impact System ("**PRISM**") is the Central Bank of Ireland's risk-based framework for the supervision of RFSPs. PRISM supports the Central Bank of Ireland in challenging Authorised Firms, judging the risks they pose to the economy and the consumer and mitigating those risks which the Central Bank of Ireland believes to be unacceptable.

Under PRISM, the most significant firms - those with the ability to have the greatest impact on financial stability and the consumer - receive a high level of supervision under structured engagement plans, designed to lead to early interventions to mitigate potential risks. Conversely, those firms which have the lowest potential adverse impact are supervised reactively or through thematic assessments, with the Central Bank of Ireland taking targeted enforcement action against firms across all impact categories whose poor behaviour risks jeopardising the Central Bank of Ireland's statutory objectives including financial stability and consumer protection.

The Central Bank of Ireland and Financial Services Authority of Ireland Act 2004 introduced Part IIIC of the Central Bank Act 1942 ("**1942 Act**") to give the Central Bank of Ireland additional, stronger powers to enable it to promote compliance with regulatory requirements. Under the 1942 Act, the Central Bank of Ireland has the power to inquire into and to impose sanctions under its Administrative Sanctions Regime in respect of breaches of regulatory requirements (i.e. legislation, codes, directions, requirements and certain other obligations), which are known as prescribed contraventions, by Authorised Firms or by a person concerned in the management of an Authorised Firm and to publicise the findings and sanctions imposed.

Sanctions which can be imposed include cautions, reprimands, suspensions or revocations of authorisation and monetary penalties, in the case of a body corporate, of up to the greater of €10,000,000 and an amount equal to 10 per cent of the turnover of the body for its last corporate financial year before the finding was made. In the case of a finding against a person concerned in the management of an Authorised Firm, penalties include a caution or reprimand, disqualification and monetary penalties of up to €1,000,000. Where the Central Bank of Ireland has initiated an investigation of alleged presented contraventions under its Administrative Sanctions Regime, it may enter into a settlement agreement with the Authorised Firm to resolve the matter. The Central Bank of Ireland's policy regarding settlements indicates that, to settle a matter, it requires admission of the contravention, an agreed publicity statement and a sanction consistent with its sanctioning powers referenced above.

The Central Bank has, additionally, investigative and enforcement powers under fitness and probity legislation, under the European Union (Market Abuse) Regulations 2016, the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended), the Transparency (Directive 2004/109/EC) Regulations 2007 and the European Union (European Markets Infrastructure) Regulations 2014.

The Central Bank of Ireland (Supervision and Enforcement) Act, 2013 (the "**2013 Act**") significantly enhances the capacity of the Central Bank of Ireland to supervise regulated financial services providers and enforce financial services legislation, particularly by:

- Increasing its powers to investigate, give directions and make regulations;
- Consolidating and augmenting the authorised officer role;
- Granting the Central Bank of Ireland power in certain circumstances to direct an Authorised Firm to make redress to customers;
- Providing protection for whistleblowers; and
- Increasing the level of sanctions it may impose.

Consumer Complaints and Compensation

Under the Consumer Protection Code 2012, regulated entities, including insurance companies, must seek to resolve complaints with consumers and must have proper complaints handling procedures in place. Where a complaint is not resolved within the timeframe set out in the Code, the Consumer is entitled to refer the complaint to the Financial Services and Pensions Ombudsman (the "**FSPO**").

The FSPO is a statutory officer who deals independently with unresolved complaints from consumers about their individual dealings with financial service providers, including insurers, and pensions providers. It is a statutory office established by the Financial Services and Pensions Ombudsman Act, 2017 and is funded by levies on financial services providers and by a grant from the government. The FSPO became operational on 1 January, 2018, taking over from the previously separate offices of Financial Services Ombudsman and Pensions Ombudsman. The FSPO is the arbiter of unresolved disputes and is independent and impartial. It is a free service to the complainant. Broader issues of consumer protection are the responsibility of the Central Bank of Ireland.

The office of the Financial Services Ombudsman's is the statutory body consisting of the FPSO, Deputy FSPO and their staff.

The FSPO has broad powers and may direct insurers to:

- review, rectify, mitigate or change the conduct complained of or its consequences;
- provide reasons or explanations for that conduct;
- change a practice relating to that conduct;
- pay an amount of compensation to the complainant for any loss, expense or inconvenience sustained by the complainant as a result of the conduct complained of up to a maximum of EUR 52,000 per annum where the subject of the complaint is an annuity or EUR 500,000 in respect of all other complaints (this amount may be varied by regulations);
- take any other lawful action that the Ombudsman considers appropriate having regard to all the circumstances of the complaint;

Financial crime

One of the Central Bank of Ireland's objectives is to protect and enhance the integrity of the Irish financial system including minimising the risk of the firms it regulates being used for financial crime. It therefore supervises the measures a firm takes to monitor, detect, and prevent financial crime. This includes measures in respect of money laundering, terrorist financing, data security, bribery and corruption, fraud and sanctions breaches.

The law in Ireland on anti-money laundering ("**AML**") and the countering of terrorist financing ("**CFT**") is governed by The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, as amended by Part 2 of the Criminal Justice Act 2013 ("**the Act**"). The Act transposes European Union Law on AML and CFT (the Third Money Laundering Directive (2005/60/EC) ("**MLD3**") and its Directive (2006/70/EC), laying down implementing measures for MLD3) into Irish Law.

The law on AML and CFT reflects, both at the European and Irish level, the recommendations made by the Financial Action Task Force ("**FATF**"), which is a specialist international organisation that concentrates on the international fight against money laundering and terrorist financing. Ireland has been a member of FATF since 1991.

The Central Bank of Ireland is the competent authority in Ireland for the monitoring and supervision of financial and credit institutions' compliance with their obligations under the Act and is empowered to take measures that are reasonably necessary to ensure that credit and financial institutions comply with the provisions of the Act.

On 25 June 2015, the Fourth Money Laundering Directive (2015/849/EC) ("**MLD4**") came into force. MLD4 replaces MLD3 in its entirety. Key changes introduced by MLD4 include changes to the scope of the anti-money laundering regime, measures designed to provide enhanced clarity and accessibility with regard to beneficial owner information, a tightening of the rules on when simplified due diligence can be used and a strengthening of the sanctioning powers of national supervisors through the introduction of a set of minimum principles-based rules.

Although Member States were required to transpose MLD4 into domestic legislation by 26 June 2017, Ireland has not as yet fully transposed MLD4. However, the Criminal Justice (Money Laundering and

Terrorist Financing) (Amendment) Bill 2018, which is currently progressing through the Irish legislative process, gives effect to MLD4. The Bill is likely to be finalised and enacted over the next couple of months. The Bill broadly gives effect to the provisions of the MLD4. Ireland has, however, transposed Article 30(1) of MLD4 into domestic law by the European Union (Anti-Money Laundering: Beneficial Ownership of Corporate Entities) Regulations 2016 (the "**Beneficial Ownership Regulations**"), which came into effect on 15 November 2016. The Beneficial Ownership Regulations require Irish companies (except those listed on a European regulated market) to keep adequate, accurate and current information on their beneficial owner(s) in their own beneficial ownership register. A similar regulation is expected to be implemented for Irish trusts.

On 19 June 2018, the Fifth Money Laundering Directive ("**MLD5**") was published in the official journal of the European Union. Examples of how MLD5 enhance MLD4 include requiring Member States to allow access to centralised beneficial ownership registers, extending the scope of industries subject to MLD5 to include art dealers, letting agents, tax advisors and crypto currency exchanges, ending the anonymity associated with virtual currencies such as bitcoin whereby when a crypto currency holder seeks to convert their currency to euro, European banks will be required to know who the customer (and the beneficial owner) is and where the money originates from.

Member States are obliged to transpose MLD5 into national law by 20 January 2020 at the latest. MLD5 has not yet been implemented into Irish law.

In addition to the AML and CTF regime, Irish financial and credit institutions are required to screen their customers against E.U. Financial Sanctions lists. From time to time E.U. Member States implement financial sanctions or restrictive measures either autonomously at an E.U. level, or as a result of binding resolutions of the United Nations Security Council through the adoption of E.U. Regulations. Such E.U. Financial Sanctions Regulations are directly effective and binding on all E.U. persons, all entities incorporated or constituted under the laws of the E.U. and all persons or entities in the EU, including nationals of non-E.U. countries. In Ireland, the Minister for Finance gives E.U. Financial Sanctions Regulations further effect in Irish law by enacting domestic statutory Instruments which provide for penalties applicable to a breach of E.U. Financial Sanctions Regulations.

Data Protection

In Ireland, data protection obligations are primarily set out in the General Data Protection Regulation (GDPR) (Regulation (EU) 2016/6749) ("**GDPR**"), the Data Protection Act, 1988 (the "**1988 Act**") which was amended by the Data Protection (Amendment) Act, 2003 (the "**2003 Act**") and the Data Protection Act 2018, which transposed the Law Enforcement Directive (Directive (EU)/2016/680) into Irish Law (the "**2018 Act**") (the 1988 Act, the 2003 Act and the 2018 Act are hereinafter referring to as the "**Acts**"). "**Personal data**" is defined under the Acts as data relating to a living individual who is or can be identified either from data or from data in conjunction with other information that is in, or is likely to come into, the possession of a data controller. Therefore, personal data does not include business names and addresses but it would include a business email address which relates to a living individual.

Under the Acts, entities that control the content and use of personal data, either alone or with others are defined as "**data controllers**". Entities that process personal data on behalf of data controllers are

defined as "**data processors**". Any person or entity that processes, holds, stores, transfers or does anything involving the personal data of a living individual is required to comply with the provisions of the Acts.

The Acts only apply to information which allows an individual to be identified. There are no prohibitions on the disclosure of information from which all identifiers have been removed i.e. anonymised data.

Breach of the Acts may give rise to criminal or civil liability and other enforcement action can be taken. Following the coming into force of the GDPR on 25 May 2018, the Irish Data Protection Commission may impose substantial fines for breaches of the Acts.

E.U. Regulatory Environment

Solvency II

Solvency II strengthened requirements concerning capital, governance and risk management for all E.U. authorised insurance undertakings. The Solvency II Directive was transposed into Irish Law by the European Union (Insurance and Reinsurance) Regulations 2015 which entered into force on 1 January 2016.

In addition to strengthened requirements around capital, governance and risk management, Solvency II introduced increased regulatory reporting requirements and public disclosure requirements. The Solvency II requirements are intended to reduce the likelihood of an insurer failing and should also provide policyholders with increased protection.

The Solvency II framework applies to almost all E.U. insurers and reinsurers. However, there are a number of exceptions, including smaller (re)insurance companies and (re)insurance companies in run-off that are not subject to the Solvency II regime. They remain subject to the pre-Solvency II insurance regulatory regime.

Under the Solvency II Directive, an authorisation to carry on insurance business granted by the insurance regulator in an EEA member state where the insurer has its registered and head office (a "**home state regulator**") is valid for the entire EEA (the "**passporting right**"). The home state regulator determines the procedures for exercising the passporting right depending on whether an insurer proposes to establish a branch or provide insurance services on a cross-border basis in another EEA member state (a "**host state**").

In accordance with the principles set out in the Solvency II Directive, financial supervision (including verification of its state of solvency, of the establishment of technical provisions, of its assets and of the eligible own funds) and prudential supervision of an insurer is a matter for its home state regulator whereas the general good requirements, such as consumer protection measures applicable in a host state are determined by the host state regulator.

Solvency II adopts a three pillar approach to prudential regulation:

(a) Pillar 1 relates to quantitative requirements, covering technical provisions, capital requirements and the rules on valuation;
(b) Pillar 2 covers risk management, governance requirements, the "own risk and solvency assessment" and supervisory review; and
(c) Pillar 3 covers public and supervisory reporting and disclosure.

The implementation of the Solvency II regime has resulted in important changes to the regulation of insurers in the EU, including the introduction of a risk sensitive capital requirement (the "**Solvency Capital Requirement**" or "**SCR**") which can be calculated using a prescribed methodology known as the "standard formula", an approved internal model or a combination of the two.

Solvency II provides less flexibility for the regulators to exercise discretion with respect to supervisory decisions and, under Solvency II, the European Insurance and Occupational Pensions Authority ("**EIOPA**") has an increased role being able to exercise certain powers potentially affecting Irish insurers, such as powers to resolve disagreements between national supervisors and to act as a coordinator in "emergency situations". EIOPA may also issue binding technical standards and monitor compliance by European Member States.

Distance Marketing Directive

Under the Distance Marketing Directive, E.U. member states are required to implement a framework of rules and guidance in order to protect consumers by:

(i) setting minimum standards for information that must be provided to consumers before entering into a financial services contract by means of distance communication, which includes sales taking place on-line, by email, post or telephone; and

(ii) for certain products and services, giving a cooling-off period in which a consumer may cancel a contract without penalty.

Insurance Mediation Directive

The Insurance Mediation Directive ("**IMD**") requires E.U. member states to establish a framework to:

(i) ensure that insurance and reinsurance intermediaries have been registered on the basis of a minimum set of professional and financial requirements;

(ii) ensure that registered intermediaries will be able to operate in other member states by availing themselves of the freedom to provide services or by establishing a branch; and

(iii) impose requirements on insurance intermediaries to provide specified minimum information to potential customers.

The Insurance Distribution Directive ((EU) 2016/97) (IDD) is a recast of the IMD and is designed to ensure a level playing field across all participants selling insurance products. As such, its scope applies to all distributors of insurance products including insurance brokers/financial advisors, the

direct salesforces of insurance companies and distributors for whom the insurance is only an ancillary service such as car rental firms and airlines (with certain limited exemptions).

On 27 June 2018, the Minister for Finance signed into law the European Union (Insurance Distribution) Regulations 2018 (S.I. No. 229 of 2018) (the "**IDD Regulations**"). As the IDD replaces the IMD, the IDD Regulations will revoke the European Communities (Insurance Mediation) Regulations 2005 which transposed the IMD into Irish law.

The IDD introduces enhanced information and conduct of business requirements including:

- Additional knowledge and competency requirements for distributors;
- Product oversight and governance requirements (target market);
- An Insurance Product Information Document (IPD) for non-life products;
- Additional disclosure requirements in relation to insurance based investment products and in relation to product bundling; and
- Mandatory remuneration disclosures.

The IDD Regulations are due to come into operation in Ireland on 1 October 2018.

Unaudited Pro Forma Financial Information

FBD Holdings plc - Unaudited Consolidated Pro Forma Financial Information

Section A: Accountants' report on unaudited pro-forma financial information

pwc

The Directors
FBD Holdings plc (the "**Company**")
FBD House
Bluebell
Dublin 12

The Directors
FBD Insurance plc (the "**Issuer**")
FBD House
Bluebell
Dublin 12

2 October 2018

Dear Directors

FBD Holdings plc (the "Company")

We report on the pro forma financial information (the "**Company's Pro Forma Financial Information**") set out in section B of the part titled *Unaudited Pro Forma Financial Information, FBD Holdings plc – Unaudited Consolidated Pro Forma Financial Information* of the Company's prospectus dated 2 October 2018 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Company's Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed transaction might have affected the financial information presented on the basis of the accounting policies to be adopted by the Issuer in preparing the financial statements for the period ending 31 December 2018. This report is required by item 7 of Annex II to the EU Prospectus Regulation and is given for the purpose of complying with that EU Prospectus Regulation and for no other purpose.

Responsibilities
It is the responsibility of the directors of the Company to prepare the Company's Pro Forma Financial Information in accordance with Annex II of the EU Prospectus Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the EU Prospectus Regulation as to the proper compilation of the Company's Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Company's Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph 2(2)(f) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes

of complying with item 23.1 of Annex I to the EU Prospectus Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion
We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Company's Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Company's Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion
In our opinion:

a) the Company's Pro Forma Financial Information has been properly compiled on the basis stated; and
b) such basis is consistent with the accounting policies of the Company.

Declaration
For the purposes of paragraph 2(2)(f) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the EU Prospectus Regulation.

Yours faithfully

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

Section B: Unaudited pro forma consolidated statement of financial position of FBD Holdings plc

The following unaudited pro-forma financial information is presented, for illustrative purpose only, to show the consolidated statement of financial position of the Parent as at 30 June 2018, as adjusted to reflect the purchase and cancellation of the Existing Notes and the issuance of the Notes as if such purchase, cancellation and issuance had taken effect as at 30 June 2018.

This unaudited pro forma financial information is based on the unaudited 2018 Half Yearly Results of the Parent and has been prepared on the basis, and by applying the adjustments, described in the notes set out below and in accordance with Annex II of Commission Regulation (EC) No 809/2004 (the "**E.U. Prospectus Regulation**"). The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the FBD Group's actual financial position or results following the transactions.

Unaudited Pro Forma Consolidated Statement of Financial Position of FBD Holdings plc

	30/06/2018 (unaudited)	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Pro forma 30/06/2018 (unaudited)
	Note 1	Note 2	Note 3	Note 4	Note 5	
ASSETS	**€000s**	**€000s**	**€000s**	**€000s**	**€000s**	**€000s**
Property, plant and equipment	66,093					66,093
Investment property	18,000					18,000
Loans	574					574
Deferred taxation asset	4,167					4,167
Financial assets						
Available for sale investments	744,224					744,224
Investments held for trading	81,228					81,228
Deposits with banks	178,286	(63,644)	(22,415)	50,000	(1,000)	141,227
	1,003,738	(63,644)	(22,415)	50,000	(1,000)	**966,679**
Reinsurance assets						
Provision for unearned premiums	6					6
Claims outstanding	93,326					93,326
	93,332					93,332
Retirement benefit asset	10,900					10,900
Current taxation asset	3,934					3,934
Deferred acquisition costs	31,621					31,621
Other receivables	68,518					68,518
Cash and cash equivalents	35,572					35,572
Total assets	**1,336,449**	(63,644)	(22,415)	50,000	(1,000)	**1,299,390**
EQUITY AND LIABILITIES						
Equity						
Ordinary share capital	21,409					21,409
Capital reserves	20,225					20,225
Retained Earnings	217,609	(10,376)	(4,183)			203,050
Other reserves	18,232		(18,232)			0
Shareholders' funds - ordinary equity interests	277,475	(10,376)	(22,415)			244,684
Preference share capital	2,923					2,923
Total equity	280,398	(10,376)	(22,415)			247,607
Liabilities						
Insurance contract liabilities						
Provision for unearned premiums	192,225					192,225
Claims outstanding	765,091					765,091
	957,316					**957,316**
Other provisions	7,331					7,331

Convertible debt	53,268	(53,268)				0
Non Convertible debt				50,000	(1,000)	49,000
Deferred taxation liability	4,543					4,543
Payables	33,593					33,593
Total liabilities	**1,056,051**	(53,268)		50,000	(1,000)	**1,051,783**
Total equity and liabilities	**1,336,449**	(63,644)	(22,415)	50,000	(1,000)	**1,299,390**

Notes

Note 1: The Consolidated Statement of Financial Position of FBD Group has been extracted, without adjustment from the unaudited 2018 Half Yearly Results of FBD Group as at 30 June 2018.

*Note 2: This adjustment reflects the de-recognition of the liability portion of the Existing Notes. As the value of the Existing Notes are expected to be higher than the carrying value there is a charge in the Consolidated Income Statement shown through Retained Earnings of €10.4m, the Existing Notes are removed from liabilities (€53.2m) and a reduction in Deposits with banks of €63.6m reflecting the payment. Based on the acquisition of the Existing Notes for €86.059m (8,235,294 * €10.45) as announced by the Issuer on 1 October 2018 – see RNS announcement number 5133C at http://www.ise.ie/app/announcementDetails.aspx?ID=13810975.*

*Note 3: This adjustment reflects the de-recognition of the equity portion of the Existing Notes. As the value of the Existing Notes are expected to be higher than the carrying value there is an adjustment through Retained Earnings but no charge to the Consolidated Income Statement in line with IAS 32 of €4.2m. The Other reserves are reduced to nil from €18.2m to remove the equity portion and a reduction in Deposits with banks of €22.4m reflecting the payment. Based on the acquisition of the Existing Notes for €86.059m (8,235,294 * €10.45) as announced by the Issuer on 1 October 2018 – see RNS announcement number 5133C at http://www.ise.ie/app/announcementDetails.aspx?ID=13810975.*

Note 4: This adjustment reflects the proposed issuance of the Notes of €50m creating a liability on the Consolidated Statement of Financial Position and increasing Deposits with banks by €50m.

Note 5: This adjustment reflects illustrative capitalised professional fees of €1m associated with the issue of the Notes that would be amortised over the life of the Notes and a corresponding reduction in Deposits with banks to reflect payment of the fees.

Issuer Unaudited Pro Forma Financial Information

Section A: Accountants' report on unaudited pro-forma financial information

pwc

The Directors
FBD Holdings plc (the "**Company**")
FBD House
Bluebell
Dublin 12

The Directors
FBD Insurance plc (the "**Issuer**")
FBD House
Bluebell
Dublin 12

2 October 2018

Dear Directors

FBD Insurance plc (the "Issuer")

We report on the pro forma financial information (the "**Issuer's Pro Forma Financial Information**") set out in section B of the part titled *Unaudited Pro Forma Financial Information, FBD Insurance plc – Unaudited Consolidated Pro Forma Financial Information* of the Issuer's prospectus dated 2 October 2018 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Issuer's Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Issuer in preparing the financial statements for the period ended 31 December 2017. This report is required by item 7 of Annex II to the EU Prospectus Regulation and is given for the purpose of complying with that EU Prospectus Regulation and for no other purpose.

Responsibilities
It is the responsibility of the directors of the Issuer to prepare the Issuer's Pro Forma Financial Information in accordance with Annex II of the EU Prospectus Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the EU Prospectus Regulation as to the proper compilation of the Issuer's Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Issuer's Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph 2(2)(f) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes

of complying with item 23.1 of Annex I to the EU Prospectus Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion
We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Issuer's Pro Forma Financial Information with the directors of the Issuer.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Issuer's Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Issuer.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion
In our opinion:

a) the Issuer's Pro Forma Financial Information has been properly compiled on the basis stated; and
b) such basis is consistent with the accounting policies of the Issuer.

Declaration
For the purposes of paragraph 2(2)(f) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the EU Prospectus Regulation.

Yours faithfully

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants

Section B: Unaudited pro forma balance sheet of the Issuer

The following unaudited pro-forma financial information is presented, for illustrative purpose only, to show the balance sheet of the Issuer as at 31 December 2017, as adjusted to reflect the purchase and cancellation of the Existing Notes and the issuance of the Notes as if such purchase, cancellation and issuance had taken effect as at 31 December 2017.

This unaudited pro forma financial information is based on the audited 2017 Annual Statements of the Issuer; and has been prepared on the basis, and by applying the adjustments, described in the notes set out below and in accordance with Annex II of Commission Regulation (EC) No 809/2004 (the "**E.U. Prospectus Regulation**"). The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not represent the Issuer actual financial position or results following the transactions.

Unaudited Pro Forma Balance Sheet of the Issuer

	31/12/2017 (audited)	Adjustment (a)	Adjustment (b)	Adjustment (c)	Adjustment (d)	Pro forma 31/12/2017 (audited)
	Note 1	Note 2	Note 3	Note 4	Note 5	
ASSETS	€000s	€000s	€000s	€000s	€000s	€000s
Investments						
Land and Buildings	14,660					14,660
Investment property	18,000					18,000
	32,660					32,660
Other Financial Investments						
Loans and receivables	642					642
Financial instruments	1,034,168	(63,644)	(22,415)	50,000	(1,000)	997,109
	1,034,810	(63,644)	(22,415)	50,000	(1,000)	997,751
Reinsurer's share of technical provisions						
Provision for unearned premiums	5					5
Claims outstanding	90,561					90,561
	90,566					90,566
Retirement benefit asset	7,329					7,329
Debtors						
Debtors arising out of direct insurance operations	44,917					44,917
Debtors arising out of reinsurance operations	4,724					4,724
Other debtors	6,784					6,784
	56,425					56,425
Other assets						
Tangible assets	53,488					53,488
Deferred tax asset	1,283					1,283
	54,771					54,771
Current taxation asset	3,949					3,949
Prepayments and accrued income						
Accrued interest and rent	183					183
Deferred acquisition costs	31,366					31,366
Other prepayments and accrued income	7,034					7,034
	38,583					38,583
Total assets	**1,319,093**	**(63,644)**	**(22,415)**	**50,000**	**(1,000)**	**1,282,034**
EQUITY AND LIABILITIES						
Capital and reserves						
Ordinary share capital	74,187					74,187
Reserves	179,702	(11,119)	(4,183)			164,400

Other reserves	18,232		(18,232)			0
Preference share capital	635					635
Total Shareholders' funds	272,756	(11,119)	(22,415)			239,222
Convertible notes	52,525	(52,525)				0
Non convertible notes				50,000	(1,000)	49,000
Technical provisions						
Provision for unearned premiums	186,004					186,004
Claims outstanding	765,012					765,012
	951,016					951,016
Provision for other risks and charges	6,851					6,851
Creditors						
Other creditors out of reinsurance operations	3,296					3,296
Other creditors including tax and social security	24,157					24,157
Bank Overdraft	8,492					8,492
Deferred taxation liability	-					-
	35,945					35,945
Total equity and liabilities	**1,319,093**	**(63,644)**	**(22,415)**	**50,000**	**(1,000)**	**1,282,034**

Notes

Note 1: The Balance Sheet of the Issuer has been extracted, without adjustment from the audited 2017 Annual Report as at 31 December 2017.
*Note 2: This adjustment reflects the de-recognition of the liability portion of the Existing Notes. As the value of the Existing Notes are expected to be higher than the carrying value there is a charge in the Consolidated Income Statement shown through Retained Earnings of €11.1m, the Existing Notes are removed from liabilities (€52.5m) and a reduction in Deposits with banks of €63.6m reflecting the payment. Based on the acquisition of the Existing Notes for €86.059m (8,235,294 * €10.45) as announced by the Issuer on 1 October 2018 – see RNS announcement number 5133C at http://www.ise.ie/app/announcementDetails.aspx?ID=13810975.*

*Note 3: This adjustment reflects the de-recognition of the equity portion of the Existing Notes. As the value of the Existing Notes are expected to be higher than the carrying value there is an adjustment through Retained Earnings but no charge to the Consolidated Income Statement in line with IAS 32 of €4.2m. The Other reserves are reduced to nil from €18.2m to remove the equity portion and a reduction in Deposits with banks of €22.4m reflecting the payment. Based on the acquisition of the Existing Notes for €86.059m (8,235,294 * €10.45) as announced by the Issuer on 1 October 2018 – see RNS announcement number 5133C at http://www.ise.ie/app/announcementDetails.aspx?ID=13810975.*

Note 4: This adjustment reflects the proposed issuance of the Notes of €50m creating a liability on the Consolidated Statement of Financial Position and increasing Deposits with banks by €50m.

Note 5: This adjustment reflects illustrative capitalised professional fees of €1m associated with the issue of the Notes that would be amortised over the life of the Notes and a corresponding reduction in Deposits with banks to reflect payment of the fees.

Taxation

General

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

POTENTIAL PURCHASERS ARE WHOLLY RESPONSIBLE FOR DETERMINING THEIR OWN TAX POSITION IN RESPECT OF THE NOTES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THEIR TAX POSITION ON PURCHASE, OWNERSHIP, TRANSFER OR EXERCISE OF ANY NOTE SHOULD CONSULT THEIR OWN TAX ADVISERS. IN PARTICULAR, NO REPRESENTATION IS MADE AS TO THE MANNER IN WHICH PAYMENTS UNDER THE NOTES WOULD BE CHARACTERISED BY ANY RELEVANT TAXING AUTHORITY. POTENTIAL INVESTORS SHOULD BE AWARE THAT THE RELEVANT FISCAL RULES OR THEIR INTERPRETATION MAY CHANGE, POSSIBLY WITH RETROSPECTIVE EFFECT, AND THAT THIS SUMMARY IS NOT EXHAUSTIVE. THIS SUMMARY DOES NOT CONSTITUTE LEGAL OR TAX ADVICE OR A GUARANTEE TO ANY POTENTIAL INVESTOR OF THE TAX CONSEQUENCES OF INVESTING IN THE NOTES.

The following is a general description of certain tax considerations relating to the Notes, as of the date of this prospectus. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in the jurisdictions mentioned below or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to the acquisition, holding, sale or redemption of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

IRISH TAXATION

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest (which would include interest paid on the Notes or any premium payable on a redemption of Notes). This withholding tax can also apply to any premium paid on Notes. However, there are two main potential withholding tax exemptions which may be available, depending on the circumstances. Certain other exemptions may also be available where the interest is paid to an individual (which generally requires certification of tax residence in a treaty partner jurisdiction and entitlement to exemption from Irish withholding tax under the terms of the relevant double tax treaty).

(I) *Interest paid on a quoted Eurobond*

An exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the "**1997 Act**") for certain interest bearing securities issued by a body

corporate (such as the Issuers) which are quoted on a recognised stock exchange (which would include Euronext Dublin) and carry a right to interest ("**quoted Eurobonds**").

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

(a) the person by or through whom the payment is made is not in Ireland; or

(b) the payment is made by or through a person in Ireland, and either:

i) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are so recognised), or

ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

Accordingly so long as the Notes are quoted on a recognised stock exchange and are held in Euroclear or Clearstream, Luxembourg interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

(II) *Interest paid in the ordinary course of business to certain non-Irish resident companies*

If, for any reason, the exemption referred to above ceases to apply, interest payments may still be made free from withholding tax in certain specific circumstances, namely where the interest is paid in the ordinary course of the Issuer's business and the person beneficially entitled to the interest ("**Noteholder**") is a company which is either (i) resident for the purposes of tax in a Relevant Territory which imposes a tax that generally applies to interest receivable by companies from sources outside that Relevant Territory or (ii) in respect of interest exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come into force once all ratification procedures have been completed, and in each of (i) and (ii) does not receive the interest in connection with a trade or business carried on by it through a branch or agency in Ireland. A Relevant Territory is a Member State of the European Union (other than Ireland) or a country with which Ireland has a double taxation agreement in force at the time of payment or that is signed at the time of payment and which will come into force once all ratification procedures have been completed ("**Relevant Territory**").

The Issuer must be satisfied that the respective terms of the exemptions are satisfied. The test of residence in each case is determined by reference to the law of the Relevant Territory in which the Noteholder claims to be resident. For other Noteholders, interest may be paid free of withholding tax if the Noteholder is resident in a double tax treaty country and under the provisions of the relevant treaty with Ireland such Noteholder is exempt from Irish tax on the interest and clearance in the prescribed form has been received by the Issuer before the interest is paid.

Encashment tax

In certain circumstances, Irish tax may be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Note, where such interest is collected or realised by a bank or other agent in Ireland on behalf of any Noteholder. Where a Noteholder is not resident for tax purposes in Ireland, encashment tax will not be deducted provided the bank or agent in Ireland has been furnished with the appropriate non-resident declaration.

Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax on Irish source income such as interest or discount on the Notes issued. Interest paid on Notes may have an Irish source and therefore be within the charge to Irish income tax. Noteholders resident or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, pay related social insurance and the universal social charge in respect of interest they receive on the Notes. Noteholders who are non-resident individuals may also be liable to pay Irish income tax and the universal social charge in respect of interest they receive on the Notes. Ireland operates a self-assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on Notes will be exempt from Irish income tax if the recipient of the interest is resident in a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double taxation agreement (which would include the US), provided in each case that the Notes are quoted Eurobonds which are exempt from withholding tax as set out above. In addition, provided that the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, the interest on the Notes will be exempt from Irish income tax if the recipient of the interest is (i) a company under the control, directly or indirectly, of persons who by virtue of the law of a Relevant Territory are resident in that country and that person or persons are not themselves under the control whether directly or indirectly of a person who is not so resident, or (ii) a company, the principal class of shares of such company, or another company of which the recipient company is a 75% subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a Relevant Territory or a stock exchange approved by the Irish Minister for Finance. Other exemptions from Irish income tax may also be available including where interest is paid by the Issuer in the ordinary course of its trade or business to a body corporate tax resident in an E.U. Member State (other than Ireland), or a country which has a double tax treaty with Ireland, and where such country of residence imposes a tax that generally applies to interest receivable in that country from sources outside that country.

Notwithstanding these exemptions from income tax, a body corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which Notes are held or attributed may have a liability to Irish corporation tax on the interest. Noteholders receiving interest on Notes which do not fall within the foregoing exemptions may be liable to Irish income tax on such interest.

Noteholders receiving interest on the Notes which does not fall within the above exemptions may be liable to Irish income tax, PRSI and the universal social charge on such interest. While we understand that there is a long standing practice whereby no action will be taken to pursue any liability for Irish tax

on interest in respect of persons who are regarded as not being resident in Ireland, (except where such persons have a taxable presence in Ireland through a relationship with a trustee, or through having an agent or branch, in Ireland, or seek to claim relief and/or repayment in respect of Irish tax) there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Noteholder.

There is a statutory obligation to account for Irish tax, where it applies, on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to raise an assessment.

Capital Gains Tax

A Noteholder will not be subject to Irish tax on capital gains on a disposal of Notes unless such Noteholder is either resident or ordinarily resident in Ireland or carries (or carried) on a trade in Ireland through a branch or agency in respect of which the Notes were used or held. The rate of capital gains tax is currently 33 per cent.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs is levied at a rate of 33 per cent above certain tax free thresholds) if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Registered notes are generally regarded as situated where the principal register of Noteholders is physically located or required to be maintained at any particular time. However Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and/or they are secured over Irish property.

Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

Stamp Duty

No Irish stamp duty will be payable on the issue of Notes.

The transfer of Notes will be exempt from Irish stamp duty under the "*loan capital*" exemption (as set out in Section 85 of the Stamp Duties Consolidation Act 1999), provided that the Notes:

i) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right; and

ii) do not carry rights of the same kind as shares in the capital of the Issuer, including rights such as voting rights, a share in the profits or a share in the surplus on liquidation; and

iii) are issued for a price which is not less than 90 per cent. of the nominal value of the Notes (i.e. at a discount of not greater than 10 per cent.); and

iv) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any instrument or document relating to the Notes.

Where the above exemption (or any other available exemption) does not apply, the transfer of a Note will be subject to stamp duty at the rate of 1 per cent. of the consideration paid in respect of the transfer (or, if greater, the market value thereof), which must be paid in euro by the transferee (assuming an arm's length transfer) within 30 days of the date on which the transfer of the Note is executed.

Reporting (Automatic Exchange of Information)

Irish reporting financial institutions, which may include the Issuer, may have reporting obligations in respect of a Noteholder under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard (see below).

Persons paying interest on Notes to, or receiving interest on Notes on behalf of, another person may be required to provide certain information to the Irish Revenue Commissioners regarding the identity of the payee (or person entitled to the interest) and the amount of the interest paid.

Foreign Account Tax Compliance Act

FATCA imposes a reporting regime and potentially a 30 per cent withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("IRS") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "Recalcitrant Holder"). The Issuer may be classified as an FFI.

The withholding regime is currently in effect for payments from sources within the United States and will apply to "foreign passthru payments" no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an IGA). Pursuant to FATCA and the

"Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the Republic of Ireland have entered into an agreement (the "Irish IGA") based on the Model 1 IGA.

While the Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

Common Reporting Standard ("CRS")

The CRS framework was first released by the OECD in February 2014. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "**Standard**") was published, involving the use of two main elements, the Competent Authority Agreement (the CAA) and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (FIs) relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, which was entered into by Ireland in its capacity as a signatory to the Convention on Mutual Administrative Assistance in Tax Matters and which relates to the automatic exchange of financial account information in respect of CRS, while sections 891F and 891G of the 1997 Act and regulations made thereunder contain measures necessary to implement the CRS internationally and across the European Union, respectively. The Returns of Certain

Information by Reporting Financial Institutions Regulations 2015 (the CRS Regulations), giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Under the CRS Regulations, reporting financial institutions, which may include the Issuer, are required to collect certain information on accountholders and on certain controlling persons (as defined in the Regulations) in the case of the accountholder being an entity, as defined for CRS purposes, to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Where a security is held in a clearing system it is understood that either the clearing system itself or the relevant clearing participants are likely to be considered FIs and accordingly the Issuer should not have reporting obligations in respect of a security holder holding such a security. In that event the Issuer will make a nil return for that year to the Irish Revenue Commissioners. Further information in relation to CRS can be found on the Automatic Exchange of Information webpage on www.revenue.ie.

Subscription and Sale

Pursuant to a subscription agreement dated 2 October 2018 (the "**Subscription Agreement**"), Goodbody Stockbrokers UC (the "**Sole Lead Manager**") have agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at the issue price of 100 per cent. of their principal amount less certain commissions. The Sole Lead Manager is entitled to terminate and to be released and discharged from their obligations under the Subscription Agreement in certain circumstances prior to payment to the Issuer.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Sole Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Sole Lead Manager has represented, warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA do not apply to the Issuer; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Ireland

The Sole Lead Manager has represented and agreed that:

a) it has not and will not underwrite, offer, place or do anything with respect to the Notes otherwise than in conformity with the provisions of the European Communities (Markets in

Financial Instruments) Regulations 2017 (as amended, including, without limitation any codes of conduct, guidance, conditions and other requirements issued in connection therewith, and the provisions of the Investor Compensation Act 1998 (as each may be amended, varied or supplemented from time to time);

b) it has not and will not underwrite, offer, place or do anything with respect to the Notes otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 - 2015 and any codes of conduct or rules made under Section 117(1) thereof;

c) it has not and will not underwrite, offer, place or do anything with respect to the Notes otherwise than in conformity with the Companies Act 2014 (as amended) and the provisions of the Prospectus (Directive 2003/71EC) Regulations 2005 (as amended) and any rules issued under section 1363 of the Companies Act 2014 by the Central Bank (as each may be amended, varied or supplemented from time to time);

d) it has not and will not underwrite, offer, place or do anything with respect to the Notes otherwise than in conformity with the provisions of the Directive on criminal sanctions for market abuse (2014/57/EU), the E.U. Market Abuse Regulation (596/2014) as enacted in Ireland (as amended, varied or supplemented from time to time) on insider dealing and market manipulation, the European Union (Market Abuse) Regulations 2016 (as amended) and Irish market abuse law (as such term is defined in section 1365 (1) of the Companies Act 2014) and any rules issued under section 1370 of the Companies Act 2014 by the Central Bank; and

e) it has and will only make offers in relation to the Notes in accordance with the limitations described in Section 68 of the Companies Act 2014.

General

No action has been or will be taken by the Issuer or the Sole Lead Manager that would permit a public offering of the Notes or possession or distribution of this document or other offering material relating to the Notes in any jurisdiction where, or in any circumstances in which, action for these purposes is required. This document does not constitute an offer and may not be used for the purposes of any offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

Persons into whose hands this Prospectus comes are required by the Issuer and the Sole Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver the Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Neither the Issuer nor the Sole Lead Manager represent that the Notes may at any time lawfully be sold in or from any jurisdiction in compliance with any applicable registration requirements or pursuant to an exemption available thereunder or assumes any responsibility for facilitating such sales.

The Sole Lead Manager and its affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer (including, in some cases, credit agreements, credit lines and other financing arrangements) in

the ordinary course of their banking business. The Sole Lead Manager and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

The Sole Lead Manager and its affiliates may provide banking services including financing, to the Issuer, and for which they may be paid fees and expenses. In addition, in the ordinary course of their business activities, the Sole Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or its affiliates (including the Notes). The Sole Lead Manager may have a lending relationship with the Issuer and its affiliates and may routinely hedge their credit exposure to the Issuer and/or its affiliates consistent with their customary risk management policies. Typically, the Sole Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or the relevant affiliate, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Sole Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments (including, without limitation, the Notes).

General Information

1. The net proceeds of the issue will be used by the Issuer towards the repurchase of the EUR70,000,000 7 per cent. Convertible Dated Deferrable Subordinated Notes due 2025 of the Issuer. Any additional funds required for such repurchase shall be paid from the Issuer's existing cash resources.

2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with a Common Code of 189070055 and an ISIN of XS1890700559.

3. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B- 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, *société anonyme*, 42 Avenue JF Kennedy, L-1855 Luxembourg.

4. The yield of the Notes is 5 per cent., on an annual basis. The yield is calculated as at the Issue Date on the basis of the issue price and the interest rate of 5 per cent. per annum. It is not an indication of future yield.

5. The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be €4,641.20.

6. It is expected that approval of the application for the Notes to be admitted to the Official List and to trading on Euronext Dublin's regulated market will be granted on or about 2 October 2018 and that such admission will become effective, on or about 9 October, 2018.

7. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 28 September 2018.

8. The Trust Deed provides that the Trustee may rely on certificates or reports from any auditors or other parties in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document in connection therewith contains any limit on the liability of such auditors or such other party.

9. There has been no significant change in the financial or trading position of the Issuer or the FBD Group since 30 June 2018 (the date of the 2018 Half Yearly Results) and, save as disclosed in the 2018 Half Yearly Results, there has been no material adverse change in the prospects of the Issuer or the FBD Group since 31 December 2017.

10. There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the period of 12 months prior to the date of this document, a significant effect on the financial position or profitability of the Issuer or the FBD Group.

11. The Prospectus will be available for inspection on the website www.centralbank.ie operated by the Central Bank of Ireland.

12. Copies of the 2016 Annual Group Statements, the 2016 Annual Statements, the 2017 Annual Group Statements, the 2017 Annual Statements, the 2018 Half Yearly Results and copies of this Prospectus, the Trust Deed and the Agency Agreement and the constitutional documents of the Issuer will be available for electronic inspection at the registered office of the Issuer during normal business hours, so long as any of the Notes is outstanding.

13. PricewaterhouseCoopers ("**PwC**") Chartered Accountants and Statutory Audit Firm, One Spencer Dock, North Wall Quay, Dublin 1, Ireland have audited, and rendered an unqualified audit report on, in accordance with Irish GAAP, the financial statements of the Issuer, for the two years ended 31 December 2016 and 31 December 2017. PwC is a member of the Institute of Chartered Accountants in Ireland. PwC has no material interest in the Issuer.

14. There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Holders in respect of the Notes.

15. The Issuer does not intend to provide any post-issuance information in relation to the Notes.

16. The Sole Lead Manager and its affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

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Dublin 2

LEGAL ADVISORS

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To the Sole Lead Manager and the Trustee
(Irish law)
A&L Goodbody Solicitors
IFSC, North Wall Quay,
Dublin 1