2020

SOLVENCY AND FINANCIAL CONDITION REPORT

FBD HOLDINGS PLC

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FBD

Contents

Introduction

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

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

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

Business and Performance

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

The Business and Performance section highlights the profitability of FBD Holdings plc as the Group recorded a profit before tax of €4.8m in 2020 (2019: €112.5m). The Group delivered an underwriting loss of €4.4m, compared to the underwriting profit of €93.7m in 2019.

Net claims incurred increased by €72.7m to €221.4m (2019: €148.7m) and includes €54.0m in respect of the Covid-19 pandemic related business interruption costs. There was positive prior year reserve development of €23.3m but lower than the €40.1m in 2019. This development was driven primarily by better than expected settlements and a very low large claims frequency in some recent accident years.

The Group's expense ratio was 28.1% (2019: 25.9%). Other underwriting expenses were €88.5m, an increase of €1.3m. The increase is due to an additional €1.0m in commission payments, €0.5m in telecoms costs due to remote working and a €0.5m increase in depreciation charges net of reductions in other staff costs of €0.7m due to Covid-19 impacts on travel, training, recruitment and entertainment.

FBD's total investment return for 2020 was 1.3% (2019: 2.7%). 0.9% (2019: 1.7%) is recognised in the Consolidated Income Statement and 0.4% (2019: 1.0%) in the Consolidated Statement of Other Comprehensive Income (OCI). The positive returns represent a strong turnaround for most asset classes after the downturn in March caused by the Covid-19 pandemic.

System of Governance

The Board of FBD Holdings plc is responsible for the long-term success of the Group. The primary role of the Board is to provide leadership and strategic direction while maintaining effective control over the activities of the Group. The Board is assisted by the Executive Management Team and key roles and functions within the business.

The Board has approved a Corporate Governance Framework setting out its role and responsibilities. This is reviewed annually as part of the Board's evaluation of its performance and governance arrangements.

At 31 December 2020 the Board comprised two Executive Directors and eight Non-Executive Directors, including the Chairman. The Board deemed it appropriate that it should have between 8 and 12 members and that this size is appropriate, being of sufficient breadth and diversity to ensure that there is healthy debate and input.

Risk Profile

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

Valuation for Solvency Purposes

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

Capital Management

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

At 31 December 2020 the Group Solvency Capital Ratio was 197%. The FBD Insurance plc ratio was 192%.

A. Business and Performance

A1. The Business

A1.1 The Undertaking

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

FBD Holdings plc
FBD House
Bluebell
Dublin 12
D12 YOHE
Ireland

A1.2 Supervisory Authority

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

Central Bank of Ireland
New Wapping Street
North Wall Quay
Dublin 1
D01 F7X3
Ireland

A1.3 Independent Auditors

FBD's independent auditors are:

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
North Wall
Dublin 1
D01 X9R7
Ireland

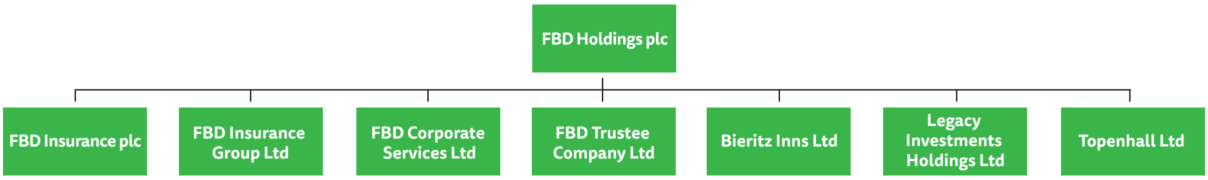
A1.4 FBD shareholders with qualifying holdings:

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

Farmer Business Developments plc	No. of Shares	% of Class	% of Voting Rights
Ordinary shares of €0.60 each	8,531,948	24%	21%
8% Non-Cumulative Preference Shares	1,470,292	42%	4%
14% Non-Cumulative Preference Shares	1,340,000	100%	3%
Total % Voting Rights			28%

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

A1.5 FBD Holdings plc Group Structure:



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

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

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

A1.6 Relevant operations transactions within the Group

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

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

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

A1.7 Material lines of business and geographical areas

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

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

1. Motor Vehicle Liability Insurance;
2. Other Motor Insurance;
3. Fire and other damage to property insurance;
4. General Liability Insurance;
5. Income Protection insurance; and
6. Marine, aviation and transport insurance.

Lines of business 5) Income Protection and 6) Marine are combined under 'Other Insurance' for the tables in this report.

A1.8 Significant Business or Events during the reporting period

The Covid-19 pandemic has resulted in significant personal and professional challenges for people and businesses across the country. We have introduced a number of measures to assist our customers through the Covid-19 pandemic including premium rebates, suspension of cover reductions and payment flexibility where required. We have also assisted customers with a wide range of supports reflecting the changed environment for individuals and businesses. We are grateful to our loyal customers for their continued support.

From an operational perspective our business continuity plans continue to work very well. Service to customers has been maintained and in FBD it has been business as usual. A significant proportion of our employees have worked remotely since late March. FBD has developed its own action plan to ensure operational resilience and the safety of staff and customers through extra health and security measures as offices re-open. We are following all Government and HSE public health guidelines and ensuring that the appropriate social distancing measures are in place.

We have experienced a lot of publicity in recent months regarding Covid-19 related business interruption claims by customers holding public house policies. We acknowledge the difficulties that the pandemic is causing for these businesses. Our approach has been to achieve clarity on the liability and quantum position by taking proceedings in the Commercial Court by way of test case. We believed that this was the quickest and most efficient way of achieving clarity for our customers. The hearing took place in October 2020 and the judgement was issued on 5th February 2020 where the interpretation of the policy wording was challenged.

FBD notes the decision of the Court that our public house policies do provide cover in the circumstances reviewed. We have now commenced the process of settling claims for the customers involved which will include issuing interim payments in the short-term while awaiting final clarity on quantum. FBD will also consider the effects of the judgement with its long standing high quality panel of reinsurers and seek agreement on the correct application of our reinsurance cover. In arriving at the business interruption best estimate of €65m (including reinsurance reinstatement premium), FBD has assessed all available and up to date information which may impact on ultimate costs.

Covid-19 rebates of €11.8m were made during 2020 split Motor and Commercial rebates of €6.0m and €5.8m. Motor customers were rebated through €35 One4All vouchers in June reflecting the reduced claims frequency as a result of Covid restrictions. Commercial rebates of €5.8m reflected the reduced exposure of businesses to Employers Liability, Public Liability and Business Interruption claims.

A2. Underwriting Performance

A2.1 The Undertaking

The Group's underwriting income and expenses by Solvency II material lines of business for 2020 and 2019 are set out in the tables below.

	Motor vehicle liability insurance 2020 €000s	Other Motor insurance 2020 €000s	Fire and other damage to property insurance 2020 €000s	General liability insurance 2020 €000s	Other insurance 2020 €000s	Total 2020 €000s
Gross Written Premium	123,341	57,099	105,237	67,353	5,200	**358,230**
Net Earned Premium	107,428	56,553	83,280	63,078	4,893	**315,232**
Net Claims incurred including MIBI	(40,486)	(19,489)	(135,543)	(22,214)	(3,406)	**(221,138)**
Expenses Including CHE	(37,366)	(12,004)	(29,254)	(18,694)	(1,155)	**(98,473)**
Underwriting Profit/(Loss)	29,576	25,060	(81,517)	22,170	332	**(4,379)**

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

A2.2 Gross Written Premium

The Company's underwriting activities are conducted in Ireland.

Gross premium written decreased to €358.2m in 2020 (2019: €370.1m) primarily due to Covid-19 rebates of €11.8m. Excluding Motor and Commercial rebates of €6.0m and €5.8m respectively the gross written premium figure is in line with 2019, which is a solid result. Motor customers were rebated through €35 One4All vouchers in June reflecting the reduced claims frequency as a result of Covid restrictions. Commercial rebates of €5.8m reflected the reduced exposure of businesses to Employers Liability, Public Liability and Business Interruption claims.

Customer policy count increased by 3% which represents over 14,400 policies, with new business volumes increasing year on year by 18%. Our policy retention continues to be strong and increased by 1.7%.

Average premium reduced by 3.0% across the book. Average premium for Private Motor reduced by 5.7% due to a change in mix and increased discounting in a competitive market. Average Farm premium reduced by 1.5% reflecting additional discounting. Home average premium reduced 2.2% due to rate reductions and discounting. Average premium for Commercial increased 2.8% reflecting a mix change rather than rate increases.

A2.3 Reinsurance

The reinsurance programme for 2021 was successfully negotiated with a similar structure to that expiring. The negotiation of the 2021 renewal was not materially impacted by the potential of Covid-19 related business interruption claims as there was no judgement at that time.

A2.4 Claims

Net claims incurred increased by €72.7m to €221.4m (2019: €148.7m) and includes €54.0m in respect of the Covid-19 pandemic related business interruption costs. There was positive prior year reserve development of €23.3m but lower than the €40.1m in 2019. This development was driven primarily by better than expected settlements and a very low large claims frequency in some recent accident years.

On 5th February the Commercial Court ruled in relation to the publicans' business interruption claims as a consequence of the Covid-19 pandemic public health measures. We will not be appealing this judgement and will work with our customers to ensure claims settlements are paid as expediently as possible. Gross claims costs (including legal and other expenses) are currently estimated to be approximately €150m. Engagement continues with our reinsurers to finalise the position on reinsurance recoveries.

Motor damage and injury frequency reduced during 2020 as claim notification patterns mirrored the lockdown and reopening of the economy. Claims severity for motor in 2020 remains uncertain as the restrictions have affected access to updated medical information. Property claims frequency increased as business interruption claims were notified. There was also an increase in attritional weather claims for smaller weather events throughout 2020.

The average cost of injury claims settlements marginally decreased since 2019 due to a change in the mix of settled cases, affected by court closures and the inability to engage in pre-trial negotiation. The average cost of property claims saw a small increase in 2020 with further inflation expected on domestic building costs. Motor damage claims saw double digit inflation as costs of parts, paint and average labour hours per repair increased.

The Motor Insurers Bureau of Ireland (MIBI) levy and Motor Insurers Insolvency Compensation Fund (MIICF) contribution combined were €9.7m (2019: €8.0m).

A2.5 Claims Environment

Covid-19 continued to affect the claims environment throughout 2020 as easing of restrictions over the summer and Christmas periods were followed by further lockdowns. Lower injury and motor damage claims frequency was experienced in 2020 compared with 2019, as many businesses were forced to close and traffic volumes decreased due to remote working. Claim settlement activity also decreased as cases being prepared for settlement were impacted as well as actual settlement negotiation meetings and court trials.

FBD welcomes the prioritisation of the insurance reform agenda, including the establishment of a sub-committee of the Cabinet Committee on Economic Recovery and Investment with an objective of reducing insurance costs for businesses and consumers.

The Personal Injury guidelines could bring about a real reduction in both personal injury awards and settlements through reducing the awards currently four times higher than the UK and providing more consistency. Recent examples indicate a welcome downward trend in awards following Court of Appeal decisions.

The Judicial Council's proposed capping of general damages would also significantly assist in reducing claims costs and consequently insurance premiums.

We continue to support the Government's initiatives on reform of the insurance industry and have recently sent the latest National Claims Information Database submission. Increased market capacity could provide wanted cover in areas not within our risk appetite and increased competition helps to maintain a healthy insurance industry.

The majority of the new provisions of the Consumer Insurance Contracts Act 2019 commenced by way of ministerial order with effect from 1 September 2020. The requirements of the new Act has important implications for claims handling as changes to systems and processes are required for insurers who operate in an already heavily regulated environment. The Act reinforces existing duties and obligations adhered to by insurers under the Consumer Protection Code. Examples of the changes include reducing the retention on property damage claims, a requirement for explanations on third party claim settlements and engagement with policyholders on liability claims/decisions.

There is a possible challenge coming to the current discount rate used for personal injury claims which would increase future claims liabilities. No update has yet been provided in respect of the public consultation launched by the Minister for Justice and Equality on the manner in which the discount rate should be set in future. The discount rate could be set in future by the judiciary or the Minister along with potential proposals to amend the current assumed investment strategy in determining the discount rate.

Legal costs are on average at a higher level than 2019. There is significant inflation coming through in recent months on allowances being made by the Office of the Legal Costs Adjudicator and the County Registrars. We have seen costs increase by up to 30% in some cases. FBD are monitoring this worrying trend closely.

Brexit is already having an impact on supply chains, which in turn will increase motor and property damage repair claims. There is also a potential impact on construction costs from imported raw materials. The real impact from the trade deal will be observed over the next few months.

A2.6 Weather, Claims Frequency and Large Claims

No significant weather events of note occurred during 2020 which is consistent with the experience in 2019. January and February brought a return to the more normal level of attritional weather claims and June experienced a number of lightning claims. In addition August's Storm Ellen brought with it the highest number of property claims in any month of 2020. Overall weather claims cost €10.0m which was more than double 2019 weather costs.

As a result of the Covid-19 pandemic and the restrictions put in place by the government there has been a significant reduction in Motor and Liability claims during the year. This was particularly evident in the second half of March and all of April with frequency for Employers Liability and Public Liability claims increasing in the second half of the year but remaining at slightly lower levels. Frequency of Motor claims remained below normal levels in the second half of the year, albeit at much higher levels than those observed in March and April. The frequency of claims relating to Farm activities remained relatively stable throughout the year.

A much lower than normal number of large claims, those with a value greater than €250k, have been reported to FBD as at 31 December 2020. However, the flow of claims information may prove unreliable as there has been restricted access to medical information in order to place a reliable estimate on injuries being reported. This uncertainty has been allowed for in arriving at our best estimate of claims liabilities.

A2.7 Expenses

The Group's expense ratio was 28.1% (2019: 25.9%). Other underwriting expenses were €88.5m, an increase of €1.3m. The increase is due to an additional €1.0m in commission payments, €0.5m in telecoms costs due to remote working and a €0.5m increase in depreciation charges net of reductions in other staff costs of €0.7m due to Covid-19 impacts on travel, training, recruitment and entertainment. Excluding Covid-19 impacts on earned premium from rebates and assumed reinsurance reinstatement premium the expense ratio would be 1.9 percentage points lower at 26.2%.

A3. Investment Performance

A3.1 Investment Return

FBD's total investment return for 2020 was €14.9m (1.3% as a percentage of average assets under management for the year). This compares with €28.8m for the full year 2019 (2.7%).

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

	2020 €000s	2019 €000s
Actual return		
Corporate bonds	**3,965**	10,903
Government bonds	**5,792**	6,399
Deposits and cash	**(197)**	10
Investment property	**(188)**	844
Equities	**4,658**	6,592
Other risk assets	**862**	4,069
Total investment income	**14,892**	28,817

After an extremely volatile year, the portfolio experienced strong returns with most asset classes in positive territory. The portfolio suffered a c. 4% loss at the trough in March before recovering following the extraordinary monetary and fiscal stimulus measures taken by the major developed economies. The unexpectedly strong vaccine efficacy results in combination with the election of Joe Biden in the US contributed to a further market rally in Q4.The returns above are net of investment related expenses attributable to the respective asset class.

Corporate Bonds

The income on the corporate bond portfolio was in line with expectations while the Mark to Market returns were broadly flat as interest rates fell and credit spreads recovered from their Q1 widening.

Government Bonds

The income on the Sovereign Bond portfolio was in line with expectations while Mark to Market returns were positive as yields fell due to the impact of stimulus measures.

Deposits and cash

Returns on deposits and cash remain low due to the low interest rate environment with major institutions increasingly passing the full negative rates onto clients.

Investment Property

The negative return on the Investment Property as a result of a refurbishment and revaluation, was offset by a gain on the sale of commercial land in the United Kingdom that was held by Topenhall Limited.

Equities

Equity markets had a strong return considering the economic environment with the Global Equity Fund returning 11.6% and the Emerging Markets Equity Fund returning 8.1%.

Other risk assets

A tactical switch from Emerging Market Debt to Global High Yield bonds in the first half of the year paid off as the latter outperformed in the second half of the year and the low volatility Absolute Return Fixed Income Fund exceeded target returns.

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

	31 December 2020		31 December 2019	
	€m	**%**	**€m**	**%**
Corporate bonds	**552**	**47%**	509	46%
Government bonds	**311**	**26%**	302	27%
Deposits and cash	**180**	**15%**	168	15%
Other risk assets	**68**	**6%**	65	6%
Equities	**49**	**4%**	46	4%
Investment property	**17**	**2%**	19	2%
	1,177	**100%**	1,109	100%

The Group adopts a conservative investment strategy to ensure that its technical reserves are matched by cash and fixed interest securities of low risk and similar duration. FBD invested an additional €40m into its corporate bond portfolio during the year. The additional cash resulted from the non-payment of the 2019 dividend and slower than usual payment of claim settlements. There were no increases in allocation to risk assets during the year given the uncertainty created by Covid-19.

Other risk assets at 31 December 2020 consisted of Global High Yield Bonds, Emerging Market Debt, Absolute Return Fixed Income, Senior Private Debt and Infrastructure assets.

A3.2 Investments in Securitisation

The Group has no investments in securitisation.

A4. Performance of other activities

There are no other activities that are material.

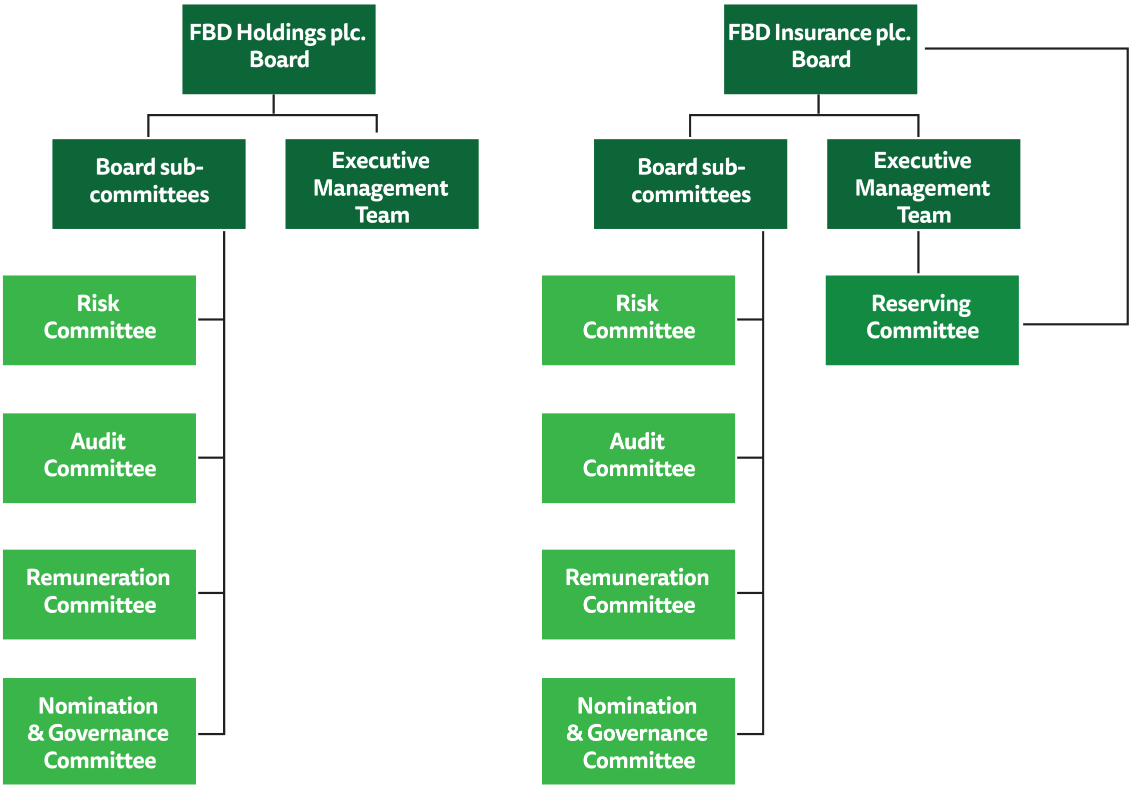
A5. Any other information

No other material information to be disclosed.

B. System of Governance

B1. General Information

B1.1 The Board and Committees Structure



The Board

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

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

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

This schedule ensures that the skills, expertise and experience of the Directors are harnessed to best effect and ensures that any major opportunities or challenges for the Group come before the Board for consideration and decision. The schedule was last reviewed in February 2021.

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

Risk Committee

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

The key responsibilities delegated to the Committee are to:

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

Audit Committee

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

The key responsibilities delegated to the Committee include:

- reviewing the Group's financial results announcements and financial statements;
- reviewing the Solvency II returns;
- overseeing the relationship with the external auditors including reviewing and approving their terms of engagement and fees;
- review and monitor the independence and objectivity of the Statutory Auditor and the effectiveness of the audit process;
- reviewing the scope, resources, results and effectiveness of the Group's internal audit function; and
- performing detailed reviews of specific areas of financial reporting as required by the Board or the Committee.

The Committee members have been selected to ensure that the Committee has available to it the range of skills and experience necessary to discharge its responsibilities.

Remuneration Committee

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

The key responsibilities delegated to the Committee include:

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

- determining the broad policy for the remuneration of the Group's Executive Directors, Company Secretary and Executive Management;
- determining the total remuneration packages for the foregoing individuals, including salaries, variable remuneration, pension and other benefit provision and any compensation on termination of office;
- ensure that remuneration schemes promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests;
- review the on-going appropriateness and relevance of the Remuneration Policy;
- ensuring that the Group operates to recognised good governance standards in relation to remuneration;
- making awards of shares under the Group's approved share scheme; and
- preparation of the detailed Report on Directors' Remuneration.

Nomination and Governance Committee

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

The key responsibilities delegated to the Committee include:

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

Reserving Committee

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

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

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

B1.2 Key Roles

The Chairman

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

- the effective running of the Board, setting its agenda and ensuring that it receives accurate, timely and clear information;

- facilitating the constructive board relations and the effective contribution of all Non-Executive Directors;
- ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives; and
- ensuring that the Board has a clear understanding of the views of the shareholders.

The Group Chief Executive

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

- running the Group's business and reporting regularly on the progress and performance of the Group;
- proposing, developing and executing the Group's strategy and overall objectives in close consultation with the Chairman and the Board; and
- implementing the decisions of the Board and its Committees.

The Executive Management Team

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

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

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

B1.3 Authority and independence of key functions

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

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

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

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

Risk Function

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

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

Compliance Function

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

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

Actuarial Function

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

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

Internal Audit Function

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

B1.4 Material changes during the period

There were 4 changes to the Board in 2020. The table below sets out the Directors who served during 2020:

Liam Herlihy	Chairman
Walter Bogaerts	Independent Non-Executive Director
Mary Brennan	Independent Non-Executive Director
Sylvia Cronin	Independent Non-Executive Director
Tim Cullinan	Independent Non-Executive Director (Appointed 31 December 2020)
Paul D'Alton	Interim Chief Executive Officer and Executive Director (Appointed 3 April 2020, Resigned 4 January 2021)
Joe Healy	Independent Non-Executive Director (Resigned 31 July 2020)
Fiona Muldoon	Group Chief Executive Officer (Resigned 15 May 2020)
David O'Connor	Senior Independent Non-Executive Director
John O'Grady	Group Chief Financial Officer
Richard Pike	Independent Non-Executive Director
Padraig Walshe	Non-Executive Director

As notified to the Board in October 2019, Ms Muldoon left her position as Executive Director and Chief Executive Officer (CEO) in 2020. Mr. D'Alton was appointed as Interim CEO and Executive Director in April 2020 while the Nomination and Governance Committee completed its search for a permanent successor.

The Committee engaged an independent external executive search specialist firm, Odgers Berndtson, to assist it in its search. Following a thorough search process against specific and defined criteria, Mr. Tomás Ó'Midheach was appointed as Group Chief Executive Officer and Executive Director and commenced this role on 4 January 2021.

During 2020, the Nomination and Governance Committee recommended the appointment of Mr Tim Cullinan as Independent Non-Executive Director to the Board. Mr Joe Healy did not go forward for re-election at the AGM in 2020.

B1.5 Remuneration policy and practices

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

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

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

Remuneration Principles

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

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

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

B1.5.1 Components of Remuneration

Fixed Remuneration

Base Salary and Allowances

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

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

Benefits and Wellbeing

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

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

Variable Remuneration

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

1. Short Term Incentives

Bonus – Head Office Employees and Management

Annual bonus is based on stretching performance conditions set by the Remuneration Committee at the start of the year. The maximum opportunity level under the Policy for the CEO is 120% of base salary and 100% of base salary for other Executive Directors. In a given year, the Committee may determine that a maximum opportunity level below the above Policy levels will be operated.

Annual bonus outcomes will be determined based on performance against company financial targets and the achievement of defined individual strategic objectives. The Remuneration Committee will determine the performance measures, their weightings and the calibration of targets each year and will clearly disclose these in the Remuneration report.

Financial targets will determine the majority of the bonus. Financial targets will be set in a manner which will encourage enhanced performance in the best interests of the Group and its Shareholders and will be approved by the Remuneration Committee.

In addition, if annual Group profit after tax does not reach a minimum level gateway, to be determined annually by the Remuneration Committee after the budget has been approved, then the bonus may be revised downwards potentially to zero, the ultimate discretion over which rests with the Remuneration Committee following consultation with the Chief Executive.

Individual performance will be assessed against agreed performance objectives, which will include a risk objective to ensure that all employees identify, evaluate and mitigate and control risks as part of our overall objectives to meet the organisation's strategic goals.

The Remuneration Committee has the discretion to override formulaic outcomes in circumstances where it judges it would be appropriate to do so. Any such discretion would be fully disclosed in the relevant annual report.

Any bonus payments are subject to the potential for the Remuneration Committee to apply provisions to withhold, reduce or require the repayment of awards for up to two years after payment if there is found to have been (a) material misstatement of the Group's financial results or (b) gross misconduct on the part of the individual.

50% of any executive bonus will be deferred into FBD shares for a period of three years. This practice will allow the committee to have flexibility to apply clawback if circumstances warranted.

Bonus – Sales Employees

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

2. Long Term Incentives

FBD Holdings plc, the Company's parent, has established the FBD Performance Share Plan ("LTIP") which was approved by its shareholders. Under the LTIP, the Remuneration Committee may, at its sole discretion, make conditional awards of shares to Executives.

Conditional awards of shares under the LTIP are limited to 10% in aggregate with any other employee share plan of the Company's issued ordinary shares of €0.60 each over a rolling 10 year period. The market value of shares which are the subject of a conditional award to an individual may not, in any financial year, normally exceed 150% of the participant's base salary as at the date of the grant.

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

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

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

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

B1.5.2 Components of Remuneration

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

	2020 €000s	**2019 €000s**
Short term employee benefits[1]	**3,801**	3,501
Post-employment benefits	**295**	305
Share based payments	**1,012**	993
Charge to the Consolidated Income Statement	**5,108**	4,799

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

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

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

Remuneration of Key Employee Groups

Non-Executive Directors

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

B1.6 Supplementary Pension

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

Pension

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

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

B1.7 Adequacy of System of Governance

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

B1.8 Material Transactions

There are no material transactions to note.

B2. Fitness and Probity Requirements

B2.1 Fitness and Probity Policy

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

As a regulated entity, FBD is subject to the F&P Standards. The annually reviewed and Board approved FBD Fitness and Probity Policy sets outs the structures, processes and procedures in place to ensure the initial and ongoing assessment of individuals performing 'Controlled Functions' and 'Pre-Approval Controlled Functions', including Directors, senior management and those employees whose activities have a material impact on the business. This includes role s and responsibilities clearly defined, role mapping, performance of due diligence including outsourced arrangements and record keeping.

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

B2.2 Selection due diligence

The Company operates robust HR recruitment and selection controls which ensure that FBD selects only candidates that meet the F&P Standards (i.e. competent and capable, honest ethical and act with integrity and financial soundness). These controls include appropriate screening of candidates and the assessment of completed Fitness and Probity Questionnaires prior to their engagement. This includes screening for amongst other things: educational qualification and work experience, conflicts, bankruptcy and debt judgments and regulatory sanctions, where appropriate.

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

B2.3 Continuous due diligence

The Group operates a continuous due diligence programme which covers all Directors, senior executives and relevant employees across the Group. Under this programme, training and a Fitness and Probity questionnaire are required to be completed annually by Controlled Function and Pre-Approval Controlled Function role holders. Additionally, each individual is required to complete an F&P Declaration confirming that they remain fit and proper, agree to abide by F&P Standards and to notify FBD immediately if for any reason they no longer believe they comply with the F&P standards.

HR independently undertakes validation and assessment of completed Individual Questionnaires and/or any F&P concern raised. Where this review causes the Chief HR Officer to form the opinion that there is reason to believe or suspect a person's fitness and probity to perform the relevant function, a formal process will be conducted which may result in the person being removed from carrying out the regulated function. Such circumstance may include, but is not limited to, potential issues identified or reported during the normal course of business, material or undeclared judgements; criminal or civil convictions or regulatory censure. In assessing the impact of these circumstances, FBD takes into consideration all relevant matters including the circumstances surrounding the issue; the length of time since the issue; the explanation given; the proposed role and its impact.

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

B3.1 Risk Management Framework

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

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

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

B3.2 Risk Implementation and Integration

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

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

Roles and Responsibilities

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

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

Line Management/Risk Owner

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

Risk Champion

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

Risk Appetite Framework

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

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

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

Risk Policies

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

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

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

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

B3.3.1 ORSA Process Overview

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

The ORSA Supervisory Report is prepared at least annually and reviewed by the Board.

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

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

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

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

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

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

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

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

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

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

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

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

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

The following are documented as part of the stress testing:

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

The ORSA Supervisory Report is prepared by the Chief Risk Officer and is subject to Board Risk Committee and Board approval prior to submission to the Central Bank.

B3.3.3 Overall Solvency Needs

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

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

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

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

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

B4. Internal Control System

B4.1 Internal Control Environment

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

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

The Group's system of internal control comprises:

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

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

The factors which together comprise the control environment are:

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

The 2020 Board review of the effectiveness of the Group's Systems of Internal Control provides reasonable assurance that the Group's controls are effective, and that where control weaknesses are identified, they are subject to management oversight and action plans.

B4.2 Compliance Function Implementation

Compliance Framework

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

The key elements of the Compliance Framework are illustrated below:

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

B5. Internal Audit Implementation

B5.1 How the Internal Audit Function is implemented

The Internal Audit Function is the third line of defence in the risk governance structure operated by the Group. Internal Audit provides independent assurance to the Board through the Audit Committee on risk-taking activities. The Internal Audit Function is formally established through its Charter, which is reviewed and approved by the Audit Committee annually. The Internal Audit Charter states that Internal Audit is to operate in compliance with the International Standards for the Practice of Internal Auditing issued by the Institute of Internal Auditors ("IIA"), the IIA's Internal Audit Financial Services Code of Practice and the IIA's Code of Ethics. The Standards, Code of Practice, together with the Code of Ethics, encompass all mandatory elements of the International Professional Practices Framework ("IPPF"); therefore, conformance with the Code of Ethics and the Standards demonstrates conformance with all mandatory elements of the International Professional Practices Framework.

B5.2 Maintaining independence and objectivity

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

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

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

B6. Actuarial Function Implementation

B6.1 Description

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

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

B6.2 Reporting

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

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

B7. Outsourcing Policy

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

- Policy principles;
- Roles and responsibilities;
- Business case;
- Due diligence;
- Business continuity;
- Contract agreements;
- Relationship Management Framework;
- Management of Outsourced Activity; and
- Outsourcing records.

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

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

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

B8. Any other information

No other material information to be disclosed.

C. Risk Profile

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

C1. Underwriting risk

Underwriting

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

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

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

Reserving

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

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

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

Catastrophe Risk

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

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

C1.1 Concentration risk

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

C1.2 Risk sensitivity for underwriting risks

FBD carries out stress and scenario testing as part of the ORSA process which includes stress testing for material underwriting risks. For the 2020 ORSA, the solvency position at 30 September 2020 and the projected solvency position over the business planning period were re-calculated following high impact low likelihood adverse stresses.

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

C2. Market risk

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

C2.1 Interest rate and spread risk

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

At 31 December 2020, the Group held the following deposits and quoted debt securities:

	2020		2019	
	Market Value €000s	**Weighted average interest rate %**	**Market Value €000s**	**Weighted average interest rate %**
Time to maturity				
In one year or less	**140,609**	**0.84**	169,259	1.81
In more than one year, but not more than two years	**201,410**	**1.13**	148,245	0.88
In more than two years, but not more than three years	**161,056**	**1.00**	185,279	1.21
In more than three years, but not more than four years	**83,953**	**1.21**	157,866	1.11
In more than four years, but not more than five years	**64,299**	**1.13**	67,902	1.35
More than five years	**251,741**	**1.17**	142,623	1.20
Total	**903,068**		871,174	

C2.2 Equity price risk

The Group is subject to equity price risk due to its holdings in collective investment schemes which invest in equities.

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

	2020 €000s	**2019 €000s**
Equity exposure	48,931	45,714

C2.3 Risk sensitivity for market risks

FBD carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material market risks. For the 2020 ORSA, the solvency position at 30 September 2020 and the projected solvency position over the business planning period were re-calculated following high impact low likelihood adverse stresses.

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

C2.4 Impact of Covid-19 and FBD Response

Covid-19 resulted in significant unrealised losses in both the risk asset and fixed interest portfolios. Markets rebounded strongly following the initial downturn thanks to unprecedented stimulus provided by central banks and governments of developed countries. Volatility has remained elevated and FBD continue to track market risk using a number of risk metrics which are reported upwards via the Investment and Risk committees. FBD have set a longer term Strategic Asset Allocation for the company and has adhered with this allocation despite the initial downturn in asset prices. Where compelling it has made tactical asset switches to take advantage of changing market dynamics and continues to seek these opportunities when they arise. Asset valuations remain high and fears of a downturn when government supports for the economy recede mean that market risk will remain high for the foreseeable future. FBD continues to monitor the performance of its assets in conjunction with its asset managers and in line with the limits as set out in its investment policy.

C3. Credit risk

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

Credit risk is measured separately for:

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

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

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

	2020		2019	
FBD Holdings plc	**Market Value €000s**	**Weighted Average Duration**	**Market Value €000s**	**Weighted Average Duration**
Government Bonds				
AAA	**47,166**	**1.5**	54,997	1.1
AA+	**8,113**	**2.2**	21,306	3.6
AA	**69,101**	**4.6**	42,579	5.4
A+	**40,700**	**1.2**	41,060	2.2
BBB+	**72,624**	**6.0**	71,236	6.9
BBB-	**73,171**	**5.8**	71,178	2.8
Total	**310,875**	**4.2**	302,356	3.8
Corporate Bonds				
AAA	**915**	**0.7**	937	1.7
AA+	**3,046**	**1.4**	-	-
AA	**11,688**	**2.4**	12,508	1.5
AA-	**39,454**	**2.0**	45,509	1.9
A+	**55,059**	**2.4**	45,133	2.1
A	**76,189**	**2.5**	68,909	2.2
A-	**91,141**	**2.7**	96,016	2.8
BBB+	**117,030**	**2.7**	109,077	2.5
BBB	**118,484**	**3.0**	100,812	2.9
BBB-	**39,187**	**2.4**	29,917	2.6
Total	**552,193**	**2.6**	508,818	2.5

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

C3.1 Concentration risk

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

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

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

C3.2 Risk sensitivity for credit risks

FBD carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material credit risks. For the 2020 ORSA, the solvency position at 30 September 2020 and the projected solvency position over the business planning period were re-calculated following high impact low likelihood adverse stresses.

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

C3.3 Impact of Covid-19 and FBD Response

The corporate bond universe witnessed a wave of downgrades during 2020 as the impact of the virus became more apparent. FBD's corporate bond portfolio proved to be very resilient. The average credit quality of the portfolio has been maintained at A- and the Group held the bonds of only four issuers who were downgraded to high yield (<2% of the overall portfolio). The Group traded out of these names once sufficient liquidity returned to the market.

Regular review of the Group's reinsurers' credit ratings, term deposits and outstanding debtor balances is in place. All of the Group's current reinsurers continue to have a credit rating of A- or better despite the Covid-19 impact on reinsurers asset values and liabilities. All of the Group's fixed term deposits continue to be held with financial institutions which have a minimum A- rating. An increase in customer defaults is possible and we are actively working with customers to ensure continuation of cover where possible. As at the reporting date there was no obvious increase in distressed customers but will be subject to on-going monitoring.

C4. Liquidity Risk

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

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

FBD Holdings plc Assets – 2020	Carrying Value total €000s	Contracted Value €000s	Cash flow within 1 year €000s	Cash flow 1-5 years €000s	Cash flow after 5 years €000s
Financial assets	**1,019,998**	1,019,134	248,579	533,786	236,769
Reinsurance assets	**123,793**	123,793	101,398	19,723	2,672
Loans and receivables	**66,003**	66,003	66,003	-	-
Cash and cash equivalents	**129,535**	129,535	129,535	-	-
Total	**1,339,329**	**1,338,465**	**545,515**	**553,509**	**239,441**

Liabilities – 2020	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities	**978,957**	978,957	351,962	533,641	93,354
Payables	**44,729**	44,729	44,729	-	-
Other provision	**12,067**	12,067	12,067	-	-
Subordinated bond	**49,544**	70,000	2,500	10,000	57,500
Total	**1,085,297**	**1,105,753**	**411,258**	**543,641**	**150,854**

FBD Holdings plc Assets – 2019	Carrying Value total €000s	Contracted Value €000s	Cash flow within 1 year €000s	Cash flow 1-5 years €000s	Cash flow after 5 years €000s
Financial assets	**982,573**	992,585	287,475	567,255	137,855
Reinsurance assets	**66,350**	66,350	19,701	37,854	8,795
Loans and receivables	**64,477**	64,477	64,477	-	-
Cash and cash equivalents	**94,982**	94,982	94,982	-	-
Total	**1,208,382**	**1,218,394**	**466,635**	**605,109**	**146,650**

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

FBD Insurance plc Assets - 2020	Carrying Value total €000s	Contracted Value €000s	Cash flow within 1 year €000s	Cash flow 1-5 years €000s	Cash flow after 5 years €000s
Financial assets	**1,019,997**	1,019,134	248,579	533,786	236,769
Reinsurance assets	**123,793**	123,793	101,398	19,723	2,672
Loans and receivables	**60,113**	60,113	60,113	-	-
Cash and cash equivalents	**123,498**	123,498	123,498	-	-
Total	**1,327,401**	**1,326,538**	**553,588**	**553,509**	**239,441**

Liabilities – 2020	€000s	€000s	€000s	€000s	€000s
Insurance contract liabilities	**978,957**	978,957	351,962	533,641	93,354
Other provisions	**12,067**	12,067	12,067	-	-
Payables	**44,135**	44,135	44,135	-	-
Subordinated bond	**49,544**	70,000	2,500	10,000	57,500
Total	**1,084,703**	**1,105,159**	**410,664**	**543,641**	**150,854**

FBD Insurance plc Assets - 2019	Carrying Value total €000s	Contracted Value €000s	Cash flow within 1 year €000s	Cash flow 1-5 years €000s	Cash flow after 5 years €000s
Financial assets	**982,572**	992,585	287,475	567,255	134,855
Reinsurance assets	**66,350**	66,350	19,701	37,854	8,795
Current tax asset	**54,177**	54,177	54,177	-	-
Loans and debtors	**91,176**	91,176	91,176	-	-
Total	**1,194,275**	**1,204,288**	**452,529**	**605,109**	**146,650**

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

C4.1 Expected Profit included in Future Premium

The expected profit included in future premiums (EPIFP) is €12m net of reinsurance.

C4.2 Risk sensitivity for liquidity risks

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

C4.3 Impact of Covid-19 and FBD Response

The Group continues to manage liquidity risk effectively in line with its defined processes and controls.

The business continues to be capital accretive and has adequate cash resources available to support business requirements as well as business interruption claims as they fall due.

The Group has a highly liquid portfolio with over 60% of the portfolio invested in high quality corporate and sovereign bonds.

C5. Operational Risk

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

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

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

The Group is dependent upon the quality, ability and commitment of key personnel in order to sustain, develop and grow its business. The success of the Group depends upon its ability to retain, attract, motivate and develop talent. FBD are committed to providing employees at all levels with appropriate training, development and education relevant to their role.

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

In addition, the Group has taken significant steps to minimise the impact of business interruption that could result from a major external event. Formal Business Continuity and Disaster Recovery plans are in place for both workspace recovery and retrieval of communications, IT systems and data. If a major event occurs, these plans will enable the Group to either move the affected operations amongst its various sites or invoke remote working from home. The Business Continuity and Disaster Recovery plans are tested regularly.

C5.1 Risk sensitivity for operational risks

FBD carries out stress and scenario testing as part of the ORSA process which includes stress testing for the material operational risks. For the 2020 ORSA, the solvency position at 30 September 2020 and the projected solvency position over the business planning period were re-calculated following high impact low likelihood adverse stresses. The stress and scenarios chosen has taken into account the material operational risks facing the Group including cyber and IT risk.

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

C5.2 Impact of Covid-19 and FBD Response

The restrictions put in place to fight the Covid-19 pandemic resulted in the need for current business processes and distribution models to be re-imagined by all. FBD itself has been able to adapt to the changing environment with substantially all employees working from home at the height of the restrictions. The majority of functions were largely able to maintain business as usual. We have not implemented job reduction programmes or received any Government support.

From a third party risk management perspective, alternative processes were put in place with many providers to ensure continuity of service while under restricted movement.

To prepare for the country re-opening, FBD has developed its own transition plan. Pre-planned actions aim to ensure operational resilience and the safety of staff and customers through extra health and security measures. We are following all Government and HSE public health guidelines and ensuring that the appropriate social distancing measures are in place.

C6. Other Material Risks

C6.1 Emerging Risks

An Emerging Risk is a risk which may or may not develop, is difficult to quantify, may have a high loss potential and is marked by a high degree of uncertainty. We have a defined process in place for the identification of and response to emerging risks, which is informed through the use of subject matter experts, workshops, Risk and Control Self Assessments and consulting a range of external documentation. Key emerging risks are monitored regularly by the Board and Risk Committees to assess whether they might become significant for the business and require specified action to be taken.

Key Emerging Risks include:

- Covid-19 impact on society's future insurance needs and claims types and frequencies.
- The impact of climate change may result in increasingly volatile weather patterns and more frequent severe weather events.
- Technological advances changing the shape of the insurance industry and competitive environment.
- Changes in customer behaviour including the potential expectation to communicate largely through mobile channels or the expectation of self-service and self-solve.
- Global deterioration in economic conditions and particularly in Ireland may lead to a reduction in revenue and profits.
- Global socio-political uncertainty that may cause an adverse impact on profitability.
- Evolving regulatory and legislative landscape. We continuously monitor developments at both a local and EU level to ensure continued compliance with legislative and regulatory requirements.

C6.2 Brexit

The UK legally left the EU on the 31 January 2020 with the Transition period ending in December 2020 when the EU-UK Trade and Cooperation agreement was finalised. At the heart of the deal is tariff-free, quota-free access to each other's market for goods. The deal includes the introduction of trusted trader schemes and self-verification systems to reduce the impact of the hard customs and regulatory border that apply to all parts of the United Kingdom except Northern Ireland. The agreement also requires a level playing field in employment rights, environmental standards and state aid to ensure open and fair competition. However there are checks and increased bureaucracy which will make trade costlier and more cumbersome for indigenous Irish businesses, including the Group's core customers in farming and other small businesses. Future trade deals of the UK with other countries could also affect competition for Irish businesses offering products and services there. We continue to monitor and support the needs of our customers impacted by Brexit.

The impact of Brexit risk on FBD is low and mitigated by our exclusive focus on the Republic of Ireland for insurance business. Operationally, Brexit has not posed an issue with our UK service providers. Market risk is mitigated from a Brexit perspective due to the low level of exposure to sterling assets in our investment portfolio. FBD's fixed interest assets are all denominated in Euro and match its liability profile which are similarly almost entirely Euro denominated.

C6.3 Off Balance Sheet positions

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

C6.4 Special Purpose Vehicles

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

C7. Any other information

In October 2020 FBD Holdings plc announced that following engagement between the Central Bank of Ireland ("CBI") and FBD Insurance plc ("FBD Insurance") on a range of matters, the board of FBD Insurance (the "Board") increased its Solvency Capital Ratio Risk Appetite from its current range of 120% to 140% up to 150% to 170%. Any adjustment below 170% will be subject to CBI approval. The Solvency Capital Risk Appetite will be kept under review as part of the regular engagement with the CBI.

D. Valuation for Solvency Purposes

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

FBD Holdings plc **Balance Sheet**	**Solvency II value 31 December 2020 €000s**	**IFRS 31 December 2020 €000s**
Deferred acquisitions costs	-	34,079
Intangible assets	-	5,100
Deferred tax assets	1,372	1,294
Pension benefit surplus	-	10,849
Property, plant & equipment held for own use	25,087	25,085
Policy Administration System	6,823	36,721
Property (other than for own use)	17,051	17,051
Right of use assets	-	5,635
Financial Assets- Equities	813	813
Financial Assets- Government Bonds	312,144	310,876
Financial Assets Corporate Bonds	555,753	552,191
Financial Assets- collective investments schemes	116,929	116,930
Deposits (including cash and cash equivalents)	179,439	169,535
Loans and mortgages	601	601
Reinsurance recoverables	150,507	123,793
Receivables (trade, not insurance)	19,115	19,115
Any other assets, not elsewhere shown	7,733	53,797
Total assets	**1,393,368**	**1,483,465**

	Solvency II value 31 December 2020 €000s	**IFRS 31 December 2020 €000s**
Technical provisions- non- life	885,399	978,957
Provisions other than technical provisions	12,087	12,067
Deferred tax liabilities	6,855	5,421
Payables (trade, not insurance)	37,399	27,428
Lease liability	-	5,843
Subordinated liabilities	50,000	49,544
Any other liabilities, not elsewhere shown	5,746	17,301
Total liabilities	**997,426**	**1,096,561**
Excess of assets over liabilities	**395,942**	**386,904**

FBD Insurance plc **Balance Sheet**	**Solvency II value 31 December 2020 €000s**	**IFRS 31 December 2020 €000s**
Deferred acquisitions costs	-	34,079
Intangible assets	-	5,100
Deferred tax assets	78	-
Pension benefit surplus	-	6,828
Property, plant & equipment held for own use	17,737	17,737
Policy Administration System	6,823	36,721
Property (other than for own use)	21,952	21,952
Right of use assets	-	4,979
Financial Assets- Equities	812	812
Financial Assets- Government Bonds	312,144	310,876
Financial Assets Corporate Bonds	555,753	552,192
Financial Assets- collective investments schemes	116,929	116,929
Deposits (including cash and cash equivalents)	173,473	163,498
Loans and mortgages	338	338
Reinsurance recoverables	150,507	123,793
Receivables (trade, not insurance)	13,280	13,280
Any other assets, not elsewhere shown	7,616	53,680
Total assets	**1,377,442**	**1,462,794**

	Solvency II value 31 December 2020 €000s	**IFRS 31 December 2020 €000s**
Technical provisions- non- life	885,339	978,957
Provisions other than technical provisions	12,087	12,067
Deferred tax liabilities	6,497	4,563
Payables (trade, not insurance)	36,878	26,837
Lease liability	-	5,167
Subordinated liabilities	50,000	49,544
Any other liabilities, not elsewhere shown	5,745	17,298
Total liabilities	**996,546**	**1,094,433**
Excess of assets over liabilities	**380,896**	**368,361**

D1. Assets

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

D1.1 Deferred Acquisition Costs (DAC)

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

D1.2 Intangible Assets

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

D1.3 Deferred Tax Asset/Liability

The Group have recognised a deferred tax asset in the financial statements and under Solvency II. The difference is due to the non-recognition of lease liability/right of use assets and the pension surplus under Solvency II.

D1.4 Pension Benefit Surplus

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

D1.5 Property, plant and equipment

D1.5.1 Property

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

Properties were valued at fair value at 31 December 2020 by independent external professional surveryors, CB Richard Ellis, Valuation Surveyors. CB Richard Ellis confirm that the properties have been valued in accordance with RICS Valuation – Global Standards 2017 (Red Book) incorporating the IVSC International Valuation Standards issued June 2017.

The valuation report states that the valuations have been prepared on the basis of "Market Value" which is defined in the report as "the estimated amount for which an asset or liability should exchange on valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion". The report also states that the market value "has been primarily derived using comparable recent market transactions on arm's length terms".

Covid-19 impact on valuations

The 31 December 2020 valuations of the branch network of retail properties that represent 20% of the property balance at that date are faced with an unprecedented set of circumstances caused by Covid-19 and therefore are reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation - Global Standards. The valuation in relation to office assets representing 80% of the property balance at that date are not reported as being subject to 'material valuation uncertainty'.

D1.5.2 Plant and equipment

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

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

D.1.5.3 Policy Administration System

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

D1.6 Right of Use Assets

On adoption of IFRS 16, the Group recognised a lease liability and a right of use asset for each of the leases which had previously been classified as 'operating leases' under the principles of IAS17 Leases. The right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the IFRS Statement of Financial Position as at 31 December 2020. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application. The right of use assets and lease liability are not recognised in the Solvency II framework and is therefore removed under Solvency II.

D1.7 Financial Assets

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

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

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

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

D1.8 Deposits, cash and cash equivalents

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

D1.9 Trade receivables

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

D1.10 Any other assets, not elsewhere shown

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

D1.11 Reinsurance recoverables

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

D2. Technical Provisions

D2.1 Technical Provision by material line of business

The table below shows the Technical Provisions as at 31 December 2020 by line of business. FBD Holdings plc and FBD Insurance plc (both prepared under IFRS) have the same Technical Provisions listed below.

	Motor Vehicle Liability insurance	Other motor insurance	Fire and other damage to property insurance	General Liability insurance	Other Insurance	Total
Technical Provisions 2020	**€000s**	**€000s**	**€000s**	**€000s**	**€000s**	**€000s**
Gross Best Estimate Liab.	344,306	11,168	190,333	295,679	5,660	847,147
Risk Margin	14,113	2,170	5,857	15,627	426	38,192
Gross Technical Provisions	**358,419**	**13,338**	**196,191**	**311,306**	**6,086**	**885,339**
Recoverables	(52,399)	-	(85,113)	(12,954)	(40)	(150,507)
Net Technical Provisions	**306,020**	**13,338**	**111,078**	**298,352**	**6,046**	**734,832**

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

D2.2 Methodology

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

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

Claims provisions represent the estimation of the cost of claims outstanding under insurance contracts written. Actuarial techniques such as Chain Ladder Methods, Frequency Severity Methods and loss ratio methods which form part of a statistical analysis of past experience, are used to calculate the estimated cost of claims outstanding at year end. The average claims cost and frequency methods are particularly relevant when calculating the ultimate cost of claims for the 2020 accident year as historic patterns will have been distorted by Covid-19.

On 5 February 2021 the judgement was issued from the hearing in the Commercial Court between FBD and a number of publican customers claiming cover for business interruption as a consequence of the Covid-19 pandemic public health measures. The judgement confirmed that FBD is liable to cover business interruption cases for publican customers. The Commercial Court judgement has provided more clarity on likely gross claims costs albeit with some aspects of the calculation of quantum yet to be determined. Individual calculations were carried out for each pub based on aggregate assumptions for wage and expense savings as well as periods of closure.

Ultimate gross claims for earned premium are converted to net of reinsurance utilising reinsurance treaty information.

At the valuation date 31 December 2020, the Company had both incepted unearned business and business that was bound but not incepted. The ultimate gross claims, expenses and reinsurance recoveries for the unearned business are taken from the Company's premium reserve model. This is a deterministic model that calculates ultimate loss and expense ratios on a gross and net basis.

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

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

D2.3 Key areas of uncertainty

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

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

The calculations are particularly sensitive to the estimation of the ultimate cost of claims for the particular classes of business and the estimation of future claims handling costs. Actual claims experience may differ from the assumptions on which the actuarial best estimate is based and the cost of settling individual claims may exceed that assumed.

Due to the limited data available from the claimants at the current time the business interruption best estimate gross of reinsurance is sensitive to the assumed level of wage and expense savings experienced by the policyholder while the business was closed. In addition there is continued uncertainty as to when the pubs will reopen for business which impacts on the amount of a claim as the losses continue to increase from the last date a pub closed. The anticipated quantum hearing and receipt of the particulars of each claim will reduce this uncertainty as the year progresses.

The actual amount recovered from reinsurers is sensitive to the same uncertainties as the underlying large claims. To the extent that the underlying claim settles at a lower or higher amount than that assumed this will have a direct influence on the associated reinsurance asset.

In relation to business interruption claims, given Covid-19 is a novel event with no real precedent in reinsurance the Group has modelled a number of different scenarios and applied judgement in relation to the application of reinsurance cover. In arriving at the best estimate, probabilities have been assigned to reinsurance scenarios based on discussions with reinsurers and our reinsurance broker and specialist legal advice. While more adverse outcomes for the Group are possible, our assessment is that these have a lower probability of occurrence. It is acknowledged that there is currently a high degree of uncertainty in arriving at the best estimate of likely costs and the actual effect of reinsurance recoveries will become known with more certainty during 2021 with the potential that the ultimate reinsurance asset being higher or lower than the best estimate.

D2.3.2 Estimation of losses relating to claims

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

D2.3.3 Unexpired Risks

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

D2.3.4 Market environment

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

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

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

D2.3.6 Run-off expenses

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

D2.3.7 Risk Margin

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

D2.4 Risk Management

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

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

D2.5 Transition from IFRS to Solvency II

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

D2.5.1 Claims provisions

The Company has made no adjustments to the projected claims provisions used in its IFRS accounts in recording the claims provisions for solvency purposes. Gross claims provisions as at 31 December 2020 are €765.2m.

D2.5.2 Reinsurance share of claims provisions

The Company has made no adjustments other than Reinstatement premia to the reinsurance recoveries in its IFRS accounts in recording the reinsurance share of claims provisions for solvency purposes. The reinsurance share of claims provisions as at 31 December 2020 is €152.2m.

D2.5.3 Unexpired risks

The Company has estimated the claims which will be payable on unexpired risks, termed "premium provisions", based on the ultimate loss and expense ratios from the claims provisions and premium rate adjustments related to the unearned book of business. Gross premium provisions as at 31 December 2020 are €81.9m.

D2.5.4 Risk Margin

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

The Risk Margin is calculated using a simplified method allowed under Article 58 of Commission Delegated Regulation 2015/35. The capital required to run-off the portfolio is based on the future estimated SCRs, taking account of underwriting risk, reinsurance counterparty risk and operational risk. The Group approximates the whole SCR for each future year by using a ratio of the best estimate liabilities at each future year to the best estimate liabilities at the valuation date. This results in a Risk Margin of €38.2m.

D2.5.5 Other

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

D2.6 Adjustments not applied

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

D2.7 Changes in Assumptions

Due to the impacts on Covid 19 it was necessary to change the methodology and assumptions for the more recent accident years. The ultimate cost of claims for the more recent years place more weight on Frequency Severity methods at this year-end and less weight on chain ladder and loss ratio methods which would have been a function of the assumptions adopted at the previous year end.

In addition, Covid 19 business interruption claims forms a new type of claim when compared to the previous reporting period. Therefore, all methods and assumptions adopted for these business interruption claims represent a material change in this reporting period.

D2.8 Special Purpose Vehicles

The Company does not have any Special Purpose Vehicles.

D3. Other Liabilities

D3.1 Provision other than Technical Provisions

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

D3.2 Deferred Tax Liabilities

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

D3.3 Reinsurance payables

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

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

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

D3.5 Lease liability

On adoption of IFRS 16, the Group recognised a lease liability and a right of use asset for each of the leases which had previously been classified as 'operating leases' under the principles of IAS17 Leases. The right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the IFRS Statement of Financial Position as at 31 December 2020. There were no onerous lease contracts that would have required an adjustment to the right of use assets at the date of initial application. The right of use assets and lease liability are not recognised in the Solvency II framework and is therefore removed under Solvency II.

D3.6 Subordinated liabilities

The amount relates to €50,000,000 Callable Dated Deferrable Subordinated Notes due 2028. The coupon rate on the notes is 5%. Interest costs associated with the subordinated notes totalling €2,500,000 (2019: €2,500,000) were incurred and recognised during 2020.

	2020	**2019**
	€000s	**€000s**
Balance at 1 January	**49,485**	49,426
Amortised during the year	**59**	59
Balance at 31 December	**49,544**	**49,485**

All figures stated in the table above are IFRS values.

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

The following are the material movements for the Group;

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

The following are the material movements for FBD Insurance plc;

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

D4. Alternative methods of valuation

The Group does not use any alternative valuation methods.

D5. Any other information

No other material information to be disclosed.

E. Capital Management

E1. Own Funds

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

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

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

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

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

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

FBD Holdings plc	Tier 1 €000s	Tier 2 €000s	Tier 3 €000s	Total €000s
1 January 2020	352,874	52,923	-	405,797[1]
Movement during year	40,144	-	-	40,144[2]
31 December 2020	393,018	52,923	-	445,941
Eligible amount to cover the SCR	393,018	52,923	-	445,941
Eligible amount to cover MCR	393,018	18,947	-	411,965
1 January 2019	304,618	52,923	-	357,541
Movement during year	48,256	-	-	48,256
31 December 2019	352,874	52,923	-	405,797[1]
Eligible amount to cover the SCR	352,874	52,923	-	405,797
Eligible amount to cover MCR	352,874	18,036	-	370,910

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

2 Movement in own funds during the year includes the release of the 2019 foreseeable dividends of €35.1m.

FBD Insurance plc	Tier 1 €000s	Tier 2 €000s	Tier 3 €000s	Total €000s
1 January 2020	344,052	50,635	-	394,687[1]
Movement during year	36,209	-	-	36,209[2]
31 December 2020	380,261	50,635	-	430,896
Eligible amount to cover the SCR	380,261	50,635	-	430,896
Eligible amount to cover MCR	380,261	18,947	-	399,208
1 January 2019	299,988	50,635	-	350,623
Movement during year	44,064	-	-	44,064
31 December 2019	344,052	50,635	-	394,687[1]
Eligible amount to cover the SCR	344,052	50,635	-	394,687
Eligible amount to cover MCR	344,052	18,036	-	362,088

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

2 Movement in own funds during the year includes the release of the 2019 foreseeable dividends of €35m.

E.1.2.1 Ordinary share capital

FBD Holdings plc has fully paid up ordinary share capital of €21.4m (2019: €21.4m). FBD Insurance plc has fully paid up ordinary share capital of €74m (2019: €74m). This is available to fully absorb losses, and in the case of winding up, ranks behind all other obligations. This share capital satisfies all the requirements of Tier 1 own funds as set out in article 71 of the Commission Delegated Regulations (EU) 2015.

E.1.2.2 Reconciliation reserve

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

FBD Holdings plc	2020 €000s	2019 €000s
Excess of assets over liabilities	**395,942**	390,942
Foreseeable dividends, distributions and charges	**-**	(35,144)
Other basic own fund items	**(24,332)**	(24,332)
Reconciliation reserve	**371,610**	331,466

FBD Insurance plc	2020 €000s	2019 €000s
Excess of assets over liabilities	**380,896**	379,649
Foreseeable dividends, distributions and charges	**-**	(34,963)
Other basic own fund items	**(74,821)**	(74,821)
Reconciliation reserve	**306,074**	269,865

E1.2.3 Preference share capital

FBD Holdings plc has fully paid up preference share capital of €2.9m (2019: €2.9m). FBD Insurance plc has fully paid up preference share capital of €0.6m (2019: €0.6m). It is available to fully absorb losses, and in the case of winding up, ranks behind all other obligations with the exception of ordinary share capital. It satisfies all the requirements of Tier 2 own funds as set out in article 73 of the Commission Delegated Regulations (EU) 2015. It does not fully meet the requirements to be classified as Tier 1 capital, as they do not comply with article 71, part 4(d), whereby there is an obligation to make a distribution on the preference share capital if a distribution has been made on the ordinary share capital of the company.

E1.2.4 Subordinated Liabilities

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

E1.2.5 Ancillary own funds

The Group has no ancillary own funds.

E1.2.6 Analysis of material changes in each Tier

FBD Holdings plc reflects a €40m increase in the 2020 Tier 1 Own Funds. The increase is due to an increase in the Reconciliation Reserve primarily driven by the release of the 2019 foreseeable dividend of €35.1m.

FBD Insurance plc reflects a €36m increase in the 2020 Tier 1 Own Funds. The increase is due to an increase in the Reconciliation Reserve primarily driven by the release of the 2019 foreseeable dividend of €35m.

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

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

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

FBD Holdings plc	**2020 €000s**	**2019 €000s**
Equity Per financial statements		
Ordinary share capital	**21,409**	21,409
Retained Earnings	**362,572**	350,819
Preference Share Capital	**2,923**	2,923
Financial Liabilities at amortised Cost	**49,544**	49,485
Total Equity (including Tier II debt)	**436,448**	424,636
Adjustments for Solvency II		
Difference in technical provisions net of reinsurance	**49,096**	66,752
Deferred acquisitions costs not recognised	**(34,078)**	(33,182)
Pension benefit surplus not recognised	**(10,849)**	(8,723)
Deferred tax	**(1,356)**	(2,329)
Provisions other than technical provisions	**6,681**	(6,212)
Solvency II value of excess assets over liabilities (Including Tier II Debt)	**445,942**	440,942

FBD Insurance plc	2020 €000s	2019 €000s
Equity Per financial statements		
Ordinary share capital	**74,187**	74,187
Retained Earnings	**293,539**	286,205
Preference Share Capital	**635**	635
Financial Liabilities at amortised Cost	**49,544**	49,485
Total Equity (including Tier II debt)	**417,905**	410,512
Adjustments for Solvency II		
Difference in technical provisions net of reinsurance	**49,096**	66,752
Deferred acquisitions costs not recognised	**(34,078)**	(33,182)
Pension benefit surplus not recognised	**(6,828)**	(5,478)
Deferred tax	**(1,857)**	(2,733)
Provisions other than technical provisions	**6,658**	(6,222)
Solvency II value of excess assets over liabilities (Including Tier II Debt)	**430,896**	**429,649**

E1.2.8 Transitional Arrangements

There are no own funds items subject to transitional arrangements.

E2. Solvency Capital Requirement and Minimum Capital Requirements

E2.1 Solvency Capital Requirement (SCR) Net

The Group solvency ratio stood at 197% (FBD Insurance plc ratio 192%) as at 31 December 2020 and is based on the Standard Formula.

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

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

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

The table below shows the inputs into the Solvency Capital Requirement (SCR) calculation as at 31 December 2020.

Solvency Capital Requirement FBD Holdings plc	2020 Net SCR €000s	2019 Net SCR €000s
Non-Life Underwriting Risk	189,748	182,987
Health Underwriting Risk	2,669	2,441
Market Risk	79,989	72,987
Counterparty Default Risk	8,034	7,091
Undiversified BSCR	280,440	265,506
Diversification Credit	(52,347)	(48,251)
Basic SCR	228,093	217,255
Operational Risk	25,414	20,459
Loss absorbing capacity of technical provisions and deferred tax	(26,825)	(27,000)
Solvency Capital Requirement	**226,682**	**210,714**

Solvency Capital Requirement FBD Insurance plc	2020 Net SCR €000s	2019 Net SCR €000s
Non-Life Underwriting Risk	189,748	182,987
Health Underwriting Risk	2,669	2,441
Market Risk	76,951	69,566
Counterparty Default Risk	6,770	6,216
Undiversified BSCR	276,138	261,210
Diversification Credit	(50,447)	(46,316)
Basic SCR	225,691	214,894
Operational Risk	25,414	20,460
Loss absorbing capacity of technical provisions and deferred tax	(26,825)	(27,000)
Solvency Capital Requirement	**224,280**	**208,354**

E2.2 Minimum Capital Requirement

The table below shows the inputs into the Minimum Capital Requirement (MCR) calculation as at 31 December 2020.

Minimum Capital Requirement FBD Holdings plc	2020 €000s	2019 €000s
Linear MCR	94,733	90,179
SCR	226,682	210,714
Combined MCR	94,733	90,179
Minimum Capital Requirement	**94,733**	**90,179**

Minimum Capital Requirement FBD Insurance plc	2020 €000s	2019 €000s
Linear MCR	94,733	90,179
SCR	224,280	208,354
Combined MCR	94,733	90,179
Minimum Capital Requirement	**94,733**	**90,179**

E2.3 Simplified calculations

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

E2.4 Compliance with the MCR and the SCR

The solvency position is monitored on a regular basis to ensure compliance. The Group was compliant with both the MCR and SCR throughout 2020.

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

The MCR has increased in the year from €90m to €95m for both FBD Insurance plc and for FBD Holdings plc. The SCR has increased in the year from €208m to €224m for FBD Insurance plc and from €211m to €227m for FBD Holdings plc. The primary reason for these movements is that the claims provision has significantly increased over the year.

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

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

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

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

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

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

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

E6. Any other information

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out Section A as is the financial position of the Group. In addition, Section B3 and Section C include the Group's policies and processes for risk management.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future being a period of at least twelve months from the date of this report.

In making this assessment the Directors considered the continuing impact of the Covid-19 pandemic on the Group's business. This included reviewing projections reflecting the Covid-19 pandemic potential impacts on future years. The scenarios included a range of estimates based on the length of time the economy takes to recover as well as the impact from the business interruption claims the company is liable for following the recent judgement. In addition the ORSA process monitors current and future solvency needs. The scenarios were projected as part of the ORSA process as well as a number of more extreme stress events. In all scenarios the Group's capital ratio remained in excess of the Solvency Capital Requirement.

On the basis of the scenarios projected by the Group and the additional ORSA scenarios carried out, the Directors are satisfied that there are no material uncertainties which cast significant doubt on the ability of the Group or Company to continue as a going concern over the period of assessment being not less than 12 months from the date of this report. Thus the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

F. Appendices

FBD Holdings plc Quantitative Reporting Templates

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S.05.02.01 – Premiums, claims and expenses by country

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FBD Insurance plc Quantitative Reporting Templates

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S.17.01.02 – Non-Life Technical Provisions

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

FBD HOLDINGS PLC

General information

Participating undertaking name	FBD Holdings Plc
Group identification code	635400HNBZBITDHQJG48
Type of code of group	LEI
Country of the group supervisor	IE
Language of reporting	en
Reporting reference date	31 December 2020
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

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

S.05.02.01 - Premiums, claims and expenses by country

S.23.01.22 - Own Funds

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

S.32.01.22 - Undertakings in the scope of the group

FBD HOLDINGS PLC

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	1,372
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	31,910
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,146,596
R0080	*Property (other than for own use)*	17,051
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	813
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	813
R0130	*Bonds*	867,897
R0140	*Government Bonds*	312,144
R0150	*Corporate Bonds*	555,753
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	116,929
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	143,906
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	601
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	601
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	150,507
R0280	*Non-life and health similar to non-life*	150,507
R0290	*Non-life excluding health*	150,508
R0300	*Health similar to non-life*	-2
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	19,115
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	35,534
R0420	Any other assets, not elsewhere shown	7,733
R0500	**Total assets**	1,393,368

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	885,339
R0520	*Technical provisions - non-life (excluding health)*	879,289
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	841,521
R0550	*Risk margin*	37,768
R0560	*Technical provisions - health (similar to non-life)*	6,050
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	5,626
R0590	*Risk margin*	425
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	12,087
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	6,855
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	37,399
R0850	Subordinated liabilities	50,000
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	50,000
R0880	Any other liabilities, not elsewhere shown	5,746
R0900	**Total liabilities**	997,426
R1000	**Excess of assets over liabilities**	395,942

FBD HOLDINGS PLC

S.05.01.02

Premiums, claims and expenses by line of business

	Non-life	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Total
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	
		C0020	C0040	C0050	C0060	C0070	C0080	C0200
	Premiums written							
R0110	Gross - Direct Business	5,179	123,341	57,099	21	105,237	67,353	358,230
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	368	14,567	0	0	23,109	4,990	43,034
R0200	Net	4,811	108,774	57,099	21	82,128	62,363	315,196
	Premiums earned							
R0210	Gross - Direct Business	5,241	121,469	56,553	21	105,882	68,068	357,234
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	368	14,041	0	1	22,602	4,990	42,002
R0300	Net	4,873	107,428	56,553	20	83,280	63,078	315,232
	Claims incurred							
R0310	Gross - Direct Business	3,442	41,023	19,489	7	195,203	22,551	281,716
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	23	537	0	20	59,660	337	60,578
R0400	Net	3,419	40,486	19,489	-13	135,543	22,214	221,138
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	1,159	37,996	12,017	6	29,425	19,325	99,927
R1200	**Other expenses**							
R1300	**Total expenses**							99,927

FBD HOLDINGS PLC

S.05.02.01

Premiums, claims and expenses by country

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010	**Non-life**	C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	358,230						358,230
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	43,034						43,034
R0200	Net	315,196						315,196
	Premiums earned							
R0210	Gross - Direct Business	357,234						357,234
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	42,002						42,002
R0300	Net	315,232						315,232
	Claims incurred							
R0310	Gross - Direct Business	281,716						281,716
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	60,578						60,578
R0400	Net	221,138						221,138
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	99,927						99,927
R1200	**Other expenses**							
R1300	**Total expenses**							99,927

FBD HOLDINGS PLC

S.23.01.22

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector					
R0010	Ordinary share capital (gross of own shares)	21,408	21,408		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	2,923		0	2,923	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	371,610	371,610			
R0140	Subordinated liabilities	50,000		0	50,000	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	445,942	393,018	0	52,923	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	445,942	393,018	0	52,923	0
R0530	Total available own funds to meet the minimum consolidated group SCR	445,942	393,018	0	52,923	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	445,942	393,018	0	52,923	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	411,965	393,018	0	18,947	
R0610	**Minimum consolidated Group SCR**	94,733				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	434.87%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	445,942	393,018	0	52,923	0
R0680	**Group SCR**	226,682				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	196.73%				
	Reconcilliation reserve					
R0700	Excess of assets over liabilities	395,942				
R0710	Own shares (held directly and indirectly)					
R0720	Forseeable dividends, distributions and charges					
R0730	Other basic own fund items	24,332				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0750	Other non available own funds					
R0760	**Reconciliation reserve**	371,610				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	15,301				
R0790	**Total Expected profits included in future premiums (EPIFP)**	15,301				

FBD HOLDINGS PLC

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	79,989		
R0020	Counterparty default risk	8,034		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	2,669		
R0050	Non-life underwriting risk	189,748		
R0060	Diversification	-52,347		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	228,093		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	25,414
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-26,825
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	226,682
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	226,682
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	94,733

USP Key

For life underwriting risk:

1 - Increase in the amount of annuitybenefits

9 - None

For health underwriting risk:

1 - Increase in the amount of annuity benefits

2 - Standard deviation for NSLT health premium risk

3 - Standard deviation for NSLT health gross premium risk

4 - Adjustment factor for non-proportional reinsurance

5 - Standard deviation for NSLT health reserve risk

9 - None

For non-life underwriting risk:

4 - Adjustment factor for non-proportional reinsurance

6 - Standard deviation for non-life premium risk

7 - Standard deviation for non-life gross premium risk

8 - Standard deviation for non-life reserve risk

9 - None

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
	Information on other entities			
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0		
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0		
R0520	*Institutions for occupational retirement provisions*	0		
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0		
R0540	Capital requirement for non-controlled participation requirements	0		
R0550	Capital requirement for residual undertakings	0		
	Overall SCR			
R0560	SCR for undertakings included via D&A	0		
R0570	**Solvency capital requirement**	226,682		

FBD HOLDINGS PLC

S.32.01.22

Undertakings in the scope of the group

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

FBD HOLDINGS PLC

S.32.01.22

Undertakings in the scope of the group

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

FBD INSURANCE PLC

General information

Undertaking name	FBD Insurance Plc
Undertaking identification code	635400HQZXKIXB5YCS61
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	IE
Language of reporting	en
Reporting reference date	31 December 2020
Currency used for reporting	EUR
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

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

S.05.02.01 - Premiums, claims and expenses by country

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

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

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

FBD INSURANCE PLC

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	78
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	24,560
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,151,496
R0080	*Property (other than for own use)*	21,952
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	812
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	812
R0130	*Bonds*	867,897
R0140	*Government Bonds*	312,144
R0150	*Corporate Bonds*	555,753
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	116,929
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	143,906
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	338
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	338
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	150,507
R0280	*Non-life and health similar to non-life*	150,507
R0290	*Non-life excluding health*	150,508
R0300	*Health similar to non-life*	-2
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	13,280
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	29,568
R0420	Any other assets, not elsewhere shown	7,617
R0500	**Total assets**	1,377,442

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	885,339
R0520	*Technical provisions - non-life (excluding health)*	879,289
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	841,521
R0550	*Risk margin*	37,768
R0560	*Technical provisions - health (similar to non-life)*	6,050
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	5,626
R0590	*Risk margin*	425
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	12,087
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	6,497
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	36,878
R0850	Subordinated liabilities	50,000
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	50,000
R0880	Any other liabilities, not elsewhere shown	5,746
R0900	**Total liabilities**	996,546
R1000	**Excess of assets over liabilities**	380,896

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Premiums, claims and expenses by line of business

	Non-life	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Total
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	
		C0020	C0040	C0050	C0060	C0070	C0080	C0200
	Premiums written							
R0110	Gross - Direct Business	5,179	123,341	57,099	21	105,237	67,353	358,230
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	368	14,567	0	0	23,109	4,990	43,034
R0200	Net	4,811	108,774	57,099	21	82,128	62,363	315,196
	Premiums earned							
R0210	Gross - Direct Business	5,241	121,469	56,553	21	105,882	68,068	357,234
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	368	14,041	0	1	22,602	4,990	42,002
R0300	Net	4,873	107,428	56,553	20	83,280	63,078	315,232
	Claims incurred							
R0310	Gross - Direct Business	3,442	41,023	19,489	7	195,203	22,551	281,716
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	23	537	0	20	59,660	337	60,578
R0400	Net	3,419	40,486	19,489	-13	135,543	22,214	221,138
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	1,187	38,808	12,259	6	30,155	19,682	102,097
R1200	**Other expenses**							
R1300	**Total expenses**							102,097

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Premiums, claims and expenses by country

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010	**Non-life**							
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	358,230						358,230
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	43,034						43,034
R0200	Net	315,196						315,196
	Premiums earned							
R0210	Gross - Direct Business	357,234						357,234
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	42,002						42,002
R0300	Net	315,232						315,232
	Claims incurred							
R0310	Gross - Direct Business	281,716						281,716
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	60,578						60,578
R0400	Net	221,138						221,138
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	102,097						102,097
R1200	**Other expenses**							
R1300	**Total expenses**							102,097

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Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance						
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Total Non-Life obligation
		C0030	C0050	C0060	C0070	C0080	C0090	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole							0
	Technical provisions calculated as a sum of BE and RM							
	Best estimate							
	Premium provisions							
R0060	Gross	1,582	34,583	7,040	-1	17,080	21,635	81,919
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	401			-556	-1,500	-1,655
R0150	**Net Best Estimate of Premium Provisions**	1,582	34,182	7,040	-1	17,636	23,135	83,574
	Claims provisions							
R0160	Gross	4,043	309,723	4,127	35	173,253	274,045	765,227
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-1	51,998		42	85,669	14,455	152,162
R0250	**Net Best Estimate of Claims Provisions**	4,045	257,725	4,127	-6	87,585	259,590	613,065
R0260	**Total best estimate - gross**	5,626	344,306	11,168	34	190,333	295,679	847,147
R0270	**Total best estimate - net**	5,627	291,907	11,168	-7	105,220	282,725	696,640
R0280	**Risk margin**	425	14,113	2,170	1	5,857	15,627	38,192

		Direct business and accepted proportional reinsurance						
		Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Total Non-Life obligation
		C0030	C0050	C0060	C0070	C0080	C0090	C0180
	Amount of the transitional on Technical Provisions							
R0290	Technical Provisions calculated as a whole							0
R0300	Best estimate							0
R0310	Risk margin							0
R0320	**Technical provisions - total**	6,050	358,419	13,338	36	196,191	311,306	885,339
R0330	**“Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total”**	-2	52,399	0	42	85,113	12,954	150,507
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	6,052	306,020	13,338	-6	111,078	298,352	734,832

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Non-Life insurance claims

Total Non-life business

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

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110		C0170	C0180
	Year					**Development year**									
		0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10 & +**		**In Current year**	**Sum of years (cumulative)**
R0100	Prior											2,629		2,629	2,629
R0160	2011	78,838	44,688	21,492	19,118	19,669	19,648	5,000	4,115	3,006	1,270			1,270	216,843
R0170	2012	75,441	42,780	20,112	19,920	22,111	16,361	9,146	5,000	1,606				1,606	212,479
R0180	2013	72,834	44,411	26,479	24,152	20,529	22,266	6,367	6,827					6,827	223,865
R0190	2014	108,443	53,116	34,142	35,163	19,641	15,148	6,233						6,233	271,885
R0200	2015	71,898	51,885	27,103	19,448	24,658	13,762							13,762	208,754
R0210	2016	64,393	34,644	19,270	15,660	11,307								11,307	145,274
R0220	2017	59,730	38,037	16,637	10,944									10,944	125,347
R0230	2018	67,654	35,742	14,021										14,021	117,418
R0240	2019	56,275	24,456											24,456	80,731
R0250	2020	67,742												67,742	67,742
R0260													**Total**	160,797	1,672,969

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	0	1	2	3	4	5	6	7	8	9	10 & +		Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300		C0360
R0100	Prior											19,800		20,048
R0160	2011	0	0	0	0	0	23,034	16,816	10,818	7,869	6,023			6,103
R0170	2012	0	0	0	0	51,116	33,179	21,145	15,782	13,128				13,310
R0180	2013	0	0	0	89,535	66,317	32,115	24,192	14,977					15,183
R0190	2014	0	0	139,635	96,299	67,427	46,108	38,749						39,286
R0200	2015	0	167,912	161,153	132,607	81,860	63,646							64,519
R0210	2016	163,399	122,928	90,673	63,039	44,297								44,908
R0220	2017	156,049	111,452	79,258	67,573									68,504
R0230	2018	164,638	117,130	91,970										93,226
R0240	2019	143,809	114,022											115,567
R0250	2020	282,268												284,573
R0260													**Total**	765,227

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	74,187	74,187		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	635		0	635	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	306,074	306,074			
R0140	Subordinated liabilities	50,000		0	50,000	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	430,896	380,261	0	50,635	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	430,896	380,261	0	50,635	0
R0510	Total available own funds to meet the MCR	430,896	380,261	0	50,635	
R0540	Total eligible own funds to meet the SCR	430,896	380,261	0	50,635	0
R0550	Total eligible own funds to meet the MCR	399,207	380,261	0	18,947	
R0580	**SCR**	224,280				
R0600	**MCR**	94,733				
R0620	**Ratio of Eligible own funds to SCR**	192.12%				
R0640	**Ratio of Eligible own funds to MCR**	421.40%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	380,896
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	74,822
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	306,074
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	15,301
R0790	**Total Expected profits included in future premiums (EPIFP)**	15,301

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	76,951		
R0020	Counterparty default risk	6,770		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	2,669		
R0050	Non-life underwriting risk	189,748		
R0060	Diversification	-50,447		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	225,690		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	25,414
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-26,825
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	224,280
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	224,280
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

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

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

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

		LAC DT
		C0130
	Calculation of loss absorbing capacity of deferred taxes	
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	-5,230
R0660	LAC DT justified by reference to probable future taxable economic profit	-21,595
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	-31,688

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	94,733

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	5,627	4,811
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	291,907	113,358
R0060	Other motor insurance and proportional reinsurance	11,168	52,515
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	21
R0080	Fire and other damage to property insurance and proportional reinsurance	105,220	82,128
R0090	General liability insurance and proportional reinsurance	282,725	62,363
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MC_{RL} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	94,733
R0310	SCR	224,280
R0320	MCR cap	100,926
R0330	MCR floor	56,070
R0340	Combined MCR	94,733
R0350	Absolute floor of the MCR	2,500
R0400	**Minimum Capital Requirement**	94,733