New Ireland Assurance Company plc

Directors' Report and Financial Statements

Financial Year Ended 31 December 2015

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2015

CONTENTS

DIRECTORSAND OTHER INFORMATION

CHAIRMAN	Pat Healy
DIRECTORS	Tom Barry Sean Casey (resigned 31 March 2016) Sean Crowe Des Crowley Eilish Finan Ashok Gupta Denis Kelleher Liam McLoughlin David Roberts David Swanton Mick Sweeney (Managing Director interim)
SECRETARY	Peter Gray
REGISTERED OFFICE	11 – 12 Dawson Street Dublin 2.
APPOINTED ACTUARY	David Roberts FSAI
AUDITORS	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1.
BANKERS	Bank of Ireland 2 College Green Dublin 2.
SOLICITOR	A&L Goodbody International Financial Services Centre North Wall Quay Dublin 1.

DIRECTORS' REPORT

The Directors are pleased to submit their Annual Report and Financial Statements of the Company for the year ended 31 December 2015.

Principal activities

The principal activity of the Company is the transaction of life assurance and pension business in the Republic of Ireland.

Review of the Business

The Company has over 500,000 policyholders and in excess of €15.2 billion in assets under management. It is well positioned to benefit from the growing investment and pension market.
The Company performed well in 2015 in a competitive and challenging environment for the Irish life insurance industry.

- The Company has an excellent distribution network across three core channels made up of the Bank of Ireland Group’s branch network, independent financial brokers and its own tied Financial Advisors.
- It provides a range of protection, investment and pension products offering customers access to a wide range of investment markets and fund managers across its fund platform.
- The Company has a strong product range particularly in the protection market with the Life Choice contract and with its suite of investment funds, including its iFunds range which was launched in 2014. Through its strong relationship with some of the world’s leading investment managers, iFunds offers diversification by investment manager, fund and asset class and has been built to match a specific risk profile. Since its launch, the iFunds range of products has performed well in terms of both sales and fund performance with over €1 billion in funds under management.
- The Company has recently launched a new suite of passive risk-rated funds – PRIME funds. These will complement and enhance the existing fund offering.
- Over the year, the Company has invested a significant amount of resources on the Life on Line system for the bank channel. Life on Line provides customers with access to their policy information through the Bank of Ireland banking on line service together with a broad range of financial information..
- New sales in 2015 were 9% ahead of the prior year which represents a steady performance in a recovering market. Each of the three channels was ahead of the prior year and in total the Company wrote €127 million of new regular premium business (+11%) and €1,388 million of new single premium business (+8%). There was some variation within the product sectors with strong performances in the corporate pension and investment sectors whilst protection new business was more challenging reflecting low prices being offered by some competitors. The overall market share for 2015 was 23%.
- The Company continued to invest in its people and infrastructure. There are a number of infrastructure improvement programmes underway to enhance and improve the customer offering. New Ireland’s focus on customer service was recognised when it retained the Professional Insurance Brokers Association’s ‘Financial Broker Excellence Award’ for the fourth year in a row.
- The Company’s capital position continued to be strong with cover of over 2.03 times the minimum statutory solvency margin requirement under Solvency I in 2015. Solvency II is a new risk-based prudential regime which was introduced for all European insurance companies on 1 January 2016. From this date the regulatory capital will be set using the Solvency II basis. The initial impact on the Company’s profit reporting figures will be limited and the Company’s accounting policies remain the same. The Company’s capital position under Solvency II will remain strong.

DIRECTORS' REPORT - continued

Financial Review

The embedded value method is widely used within the life assurance industry and the Company considers that the performance of the business is more appropriately reflected in the embedded value profit reporting methodology which shows the Company's operating profits slightly lower than the previous year. Under this approach, which is set out below, the operating profit for the twelve month period ended 31 December 2015 was €87.5 million (2014: €92.2 million). New business profits were in line with the previous year reflecting the strong growth in pension and single premium life sales offset by a change in the mix of business and margins.
Existing business profits reflect improved persistency experience and assumption changes offset by the impact of lower interest rates on the planned profit and the lower earned return on shareholder funds.

Embedded Value Performance

	2015 €m	2014 €m
New business profits	10.3	10.6
Existing business portfolio		
- Planned profit	57.7	66.6
- Experience variance mortality	7.9	8.3
- Experience variance persistency	6.8	4.7
- Actuarial basis changes	4.8	2.0
	77.2	81.6
Operating profit	87.5	92.2

Statutory Performance

The accounts as prepared in accordance with accounting standards generally accepted in Ireland show an increase in the technical accounting profit for the year to €86.6 million (2014: €64.9 million) which is caused in the main by the positive impact of the assumption changes in 2015.

The key financial metrics can be described as follows:

- Total premiums received in the year of €1.9 billion were 5% higher than in 2014 (€1.8 billion). Premiums accounted for as insurance contracts were broadly flat at €1.4 billion (2014: €1.4 billion) due to the mix of business between premiums accounted for as insurance and investment contracts.
- Total investment return was a positive €0.7 billion (2014: €1.5 billion) reflecting growth, though lower than in 2014, in equity and bond markets during the year. Irish property values also grew while property investments outside the Euro zone benefited from exchange rate movements. Total assets grew by 4% to €17.2 billion (2014: €16.6 billion).
- Gross claims paid increased by 4% to €1.8 billion (2014: €1.7 billion) due to increased surrender values arising from positive investment performance. Persistency trends continue to improve. Gross claims accounted for as insurance contracts increased by 4% to €1.09 billion (2014: €1.04 billion)
- Net technical provisions increased by €0.8 billion (2014: increase €1.7 billion), due mainly to the increase in value of policyholders investments.
- Core operating expenses (excluding commissions, cost of sales, depreciation and non-core costs) were €81.6 million in the year (2014: €74.2 million). This reflects increased payroll costs arising from the new career and reward framework implemented in 2014 and increased pension costs.

DIRECTORS' REPORT - continued

Summary Income Statement

The profit and loss account – technical statement in the financial statements is presented in accordance with the required accounting classification where some of the items listed below are split between insurance and investment contracts according to their accounting classification.
The table below summarises the profit and loss account into its various constituent components (premiums, claims, investment income, expenses and policyholder liabilities) before the split for accounting classification.

	2015 €m	2014 €m
Premium income	1,933.7	1,832.6
Reinsurers' share of premiums	(88.2)	(103.2)
Claims paid	(1,806.1)	(1,734.9)
Reinsurers' share of claims	84.4	75.0
Investment return	723.0	1,546.0
Operating expenses	(177.4)	(167.6)
Change in deferred income liability	5.2	6.4
Investment charges	(15.6)	(15.7)
Interest on loans and borrowings	(6.0)	(2.6)
	653.0	1,436.0
Movement in linked liabilities	(564.6)	(914.2)
Net movement in non linked liabilities	30.3	(420.3)
Tax charge attributable to the life assurance business	(32.1)	(36.6)
Profit for the financial year	86.6	64.9

Actuarial Valuations

The Company's assurance liabilities at 31 December 2015, as detailed in Notes 18, 19 and 20 were valued by the Company's Appointed Actuary, Mr David Roberts, FSAI. The bases and methods of valuation employed are consistent with those used in the returns prepared under the European Communities (Life Assurance) Framework Regulations, 1994. The valuation set out in the regulatory returns is adjusted for inclusion in these financial statements through the removal of certain prudential reserves required by regulation.

Distributable Profits for the year

	2015 €m	2014 €m
Profit on ordinary activities before tax	99.0	74.2
Tax on profit on ordinary activities	(12.4)	(9.3)
Profit on ordinary activities after tax	86.6	64.9
Other comprehensive income	0.6	(30.2)
Transfer (to) / from non-distributable reserves	(22.2)	140.3
Distributable profit for the year	65.0	175.0

The distributable profit represents a transfer of €65.0 million (2014: €175.0 million) from the policyholder funds to the shareholder funds. This transfer is a movement of the free funds within the Company from the Long Term fund to distributable profit. Dividends can only be paid out of distributable profits, subject to board approval and a satisfactory solvency position.

DIRECTORS' REPORT - continued

Capital Movements and Dividends

Shareholder funds increased by €87.2 million (2014: decrease €235.3 million) in the year due to profits after tax of €86.6 million and a change in the pension fund deficit of €0.6 million. No dividends were paid in 2015 (2014: €270.0 million).

In 2014 the Directors authorised the payment of a dividend of €270.0 million to Bank of Ireland Life Holdings Limited. Of this, €200.0 million was related to the perpetual subordinated debt of €80 million and a contingent loan of €120 million received and paid to its parent Bank of Ireland Life Holdings on the 29 July 2014.

Holding Company

The Company is a wholly-owned subsidiary of Bank of Ireland Life Holdings Limited which is incorporated in the Republic of Ireland. The ultimate parent company is the Governor and Company of the Bank of Ireland which is also incorporated in the Republic of Ireland.

Subsidiaries

The information required by Section 314 of the Companies Act, 2014 is contained in the information provided in Note 29 to the financial statements.

In 2011 a receiver was appointed to BSQ Limited, a subsidiary of the Company. BSQ Limited is a special purpose vehicle created to purchase on behalf of policyholders, a development known as Beacon South Quarter in Sandyford, Dublin. The acquisition was financed by way of a limited recourse loan from Bank of Ireland. The value of this development has fallen significantly below the loan value and the current income from the development is insufficient to meet interest repayments. As the loan is limited recourse we anticipate, in accordance with the Loan Agreement (subject to formal notification from the Bank), that the assets of BSQ Limited will be liquidated and the proceeds will be retained by the Bank in final discharge of the loan. There has been no change in the status of BSQ Limited during 2015.

Directors and Secretary

The names of persons who were directors at any time during the year are set out on page 2. Unless otherwise stated, the Directors served for the entire period. Sean Casey resigned from his position of managing director on 31 March 2016 and Mick Sweeney was appointed to the position of managing director (interim). This appointment is subject to regulatory approval.

DIRECTORS' REPORT - continued

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.
Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the company for the financial year. Under that law the directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101, Reduced Disclosure Framework, and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting records

The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at 11/12 Dawson Street, Dublin 2.

Governance

The Company is subject to requirements of the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance Undertakings (2013) and from 1 January 2016 is subject to the Corporate Governance Requirements for Insurance Undertakings 2015, including those additional requirements for major institutions, as the Company has been so designated by the Central Bank of Ireland. This code imposes minimum core standards upon all insurance undertakings licensed or authorised by the Central Bank of Ireland and additional requirements upon major institutions, so as to ensure that an appropriate and robust corporate governance framework is in place and implemented to reflect the risk and nature of the undertaking.

Governance Structure

The Board acknowledges primary responsibility for the corporate governance within the Company. The Board has approved a Board Charter and a schedule of Matters Reserved.

The Board operates the following committees;

- Audit
- Risk
- Investment
- Nomination & Governance
- Remuneration

DIRECTORS' REPORT - continued

Governance Structure continued

Each committee of the Board is subject to a Terms of Reference (drafted in accordance with the Company's standard) which details the authority delegated to the committee, how it should be exercised and the means by which the committee reports to the Board. The Board then delegates executive management of the Company to the Managing Director subject to a set of key policies. The Managing Director's key objective is to manage the business to achieve (and report against) the annual budget subject to the approved risk appetite statement and key policies of the Company.

The Managing Director, working with the senior management team is responsible for ensuring that the objectives of the team are clear and consistent with the strategic plan through personal objectives and key priorities. He must also ensure that resources and skills are adequate to deliver the plan within the policies of the Company.

Board and Board Composition

In accordance with the requirements of the Corporate Governance Code, the Board undertook a review of Board and Director effectiveness during the year including confirming Directors had sufficient time to dedicate to the role.

A summary of each of the Directors is as follows;

Director	Category	Date of Appoint ment	Committee memberships
Pat Healy	Independent NED Chairman	28/04/2010 (Appointed Chairman 30/04/2014)	Nomination and Governance, Remuneration
Sean Casey	Executive Managing Director (resigned 31/3/2016)	03/04/1996	Risk, Investment
David Roberts	Executive	23/02/2010	Risk, Investment
David Swanton	Executive	03/04/1996	Investment
Denis Kelleher	Executive	27/03/2008	None
Des Crowley	Group NED	03/11/2009	None
Mick Sweeney	Executive Managing Director (Interim).	30/09/2009	Nomination and Governance, Remuneration, Investment, Risk
Liam McLoughlin	Group NED	16/02/2011	Audit
Sean Crowe	Group NED	30/07/2014	Investment
Ashok Gupta	Independent NED	01/01/2013	Risk (Chair), Audit
Tom Barry	Independent NED	10/04/2014	Nomination and Governance (Chair), Remuneration (Chair), Audit (Chair), Risk
Éilish Finan	Independent NED	18/11/2014	Investment (Chair), Audit

Fitness and Probity

The Central Bank Reform Act (2010) introduced a statutory system for the regulation by the Central Bank of Ireland of persons performing control functions and pre approval control functions in regulated entities. The Fitness and Probity Standards (Code issued under Section 50 of the Act) specify the minimum standards of fitness and probity which all persons performing control functions or pre approval control functions shall apply in relation to the areas of competence and capability, acting honestly, ethically and with integrity and being financially sound.

The regime applied to pre approval control functions from 2011, and from December 2012 to all control functions. Following a Board review, the Board was able to conclude that all control functions and pre approval control functions, including all Directors and certain other employees were compliant with the Fitness and Probity Standards and had obtained each person's written agreement to abide by the Standards. This is updated annually.

DIRECTORS' REPORT - continued

Risk Strategy

The Company is required under the Corporate Governance Code to have a documented risk appetite. The Board is required to ensure that the risk management framework and internal controls reflect the risk appetite and that there are adequate arrangements in place to ensure that there is regular reporting to the Board on compliance with the risk appetite.

The risk strategy sets out the key principles which define the framework of risk management within the Company. This ensures risk is managed in a manner consistent with the Company's Strategic Plan and that the Company's capital and reputation is maintained in order to compete successfully in the life assurance and pensions market. Risk controls and reporting mechanisms are in place to alert management to breaches (including potential breaches) of this risk strategy.
The key principles of the Company's risk strategy are:

Capital	
Solvency	Under the Solvency I regime which applies up to 31 December 2015, the Central Bank of Ireland requires that the ratio of free assets to the Required Minimum Solvency Margin should exceed 150%. Solvency II is in effect for the Company with effect from 1 January 2016. The requirement under the regulations is that the Company's has sufficient free assets to meet the Solvency Capital Requirement. The Company intends to hold a buffer over the minimum requirements and this will be updated post finalisation of the year-end process.
Company's Capital	Manage the interests of the Company within the risk appetite approved by the Board.
Strategic Decisions	Own Risk Solvency Assessment (ORSA) used as part of major and strategic decision making process.
Profit	
Embedded Value	The impact of the net aggregate exposure to stress tests should not reduce the current embedded value by more than 30%.
Reputational	
Culture	Ensure risk management is part of the culture of every aspect of the business.
Documentation	All marketing literature, contractual documentation and correspondence will be clear, transparent and easy to understand. The Company's strategy is to ensure that its customers can make informed decisions based on the presentation of its documentation.
Advice	Advice offered by its financial advisors is at all times compliant with all regulatory requirements and best industry practice.
Treating Customers Fairly	All customers are treated fairly and honestly at all times when transacting business with the Company.
Regulator	An open and transparent relationship is maintained with the Central Bank of Ireland. Compliance with all legal and statutory requirements.
Operational / HR	
Employees	Protect the safety of the Company's employees.
Resources	Ensure the Company has sufficient and adequately qualified staff. Key staff are of good repute and integrity and meet fit and proper criteria at all times.
Remuneration	Incentive schemes will reward long term financial stability and risk control and will not promote growth outside risk appetite.
Business Recovery	The Company will maintain and regularly test an adequate business recovery plan.

DIRECTORS' REPORT - continued

Risk Management
The Board has assigned the following duties to the Board Risk Committee under the Committee's Terms of Reference:

The preparation for approval by the Board of:
- the risk management framework,
- the risk management policy,
- the risk appetite statement, and
- the risk management annual plan.
- the ORSA.

The Board Risk Committee will also monitor the following:
- adequacy of controls to ensure appropriateness, early prevention, detection and completeness.
- controls are proportionate to risk.
- the review of escalation mechanisms.
- the review of remedial action proposals where exposure in (potential) breach of tolerance limits.
- liaison with Internal Audit to consider their annual audit plan.

The Company applies a three line of defence approach to risk management. The first line of defence is the management responsible for the risk and internal control environment of the relevant area. It is the responsibility of management to identify, quantify, measure (against the risk appetite and tolerance), control, manage, mitigate and report on risk exposures in his/her area. The second line of defence is provided by the Risk Management, Actuarial and Compliance functions. These units support good risk management oversight and independently assess and report on the key risk areas of the business. The third line of defence is that of Internal Audit.

Solvency II
The Solvency I regime was replaced by the Solvency II regime on the 1 January 2016. Solvency II is the new pan European regulatory framework for insurance companies. Its implementation will transition the regulatory framework to an enhanced risk-based system coupled with additional governance and disclosure requirements. The European Union bodies and the Central Bank of Ireland have issued legislation and regulation to support the new regime and requirements.

Principal Financial Risks
The most significant financial risks faced by the Company are in the areas of interest rate risk, equity price risk, currency risk, lapse risk, liquidity risk and credit risk. A description of these risks is contained in Note 25 to the accounts.

Internal Controls
The Directors acknowledge their overall responsibility for the Company's systems of internal control. Such systems can provide only reasonable and not absolute assurance against material financial misstatement or fraud. Such losses could arise because of the nature of the Company's business in undertaking a wide range of financial services that inherently involve varying degrees of risk.

The Company's overall control systems include:
- A clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the Board which support the maintenance of a strong control environment;
- Board Committees, with appropriate terms of reference, responsible for core policy areas;
- An annual budgeting and monthly financial reporting system, which enables progress against longer-term objectives and annual plans to be monitored, trends to be evaluated and variances to be acted upon;
- A compliance function which carries out independent monitoring of the Company's compliance with regulatory obligations;
- A comprehensive set of policies and procedures relating to capital expenditure, financial risks (including interest, currency and liquidity risk) and operational risk management, and
- An Audit Committee that reviews the effectiveness of the systems of control.

Controls are reviewed systematically by Group Internal Audit of the Governor and Company of the Bank of Ireland, which has a group-wide role and which links in directly to the Chair of the Company's Audit Committee. Emphasis is focused on areas of greatest risk as identified by risk analysis.

DIRECTORS' REPORT - continued

Internal Controls continued

The effectiveness of the Company's internal controls is assessed on an ongoing basis, supported by the risk management system as outlined above, and is formally reviewed by the Audit Committee and by the Board. This is achieved primarily by a review of the risk and controls self-assessment returns (RCSA) from management, of reports from the risk and compliance functions, of the work of the Group Internal Audit function, and of the reports provided by the Company's external auditors, which include details of any material internal control issues identified.

The Directors confirm that the systems of internal control in existence in the Company for the year ended 31 December 2015 are satisfactory.

Political Donations

The Directors, on enquiry, have satisfied themselves that there were no political donations made during the year ended 31 December 2015.

Subsequent Events

No significant events, affecting the Company or any of its subsidiary undertakings, have occurred since the balance sheet date.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to be re-appointed.

Directors

Nick Sweeney

Date : 26 April 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW IRELAND ASSURANCE PLC

Report on the financial statements

Our opinion

In our opinion, New Ireland Assurance plc's financial statements (the "financial statements"):

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

What we have audited

The financial statements comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 101, Reduced Disclosure Framework.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matter on which we are required to report by exception

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.com/ie

Chartered Accountants

pwc

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Paraic Joyce
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

26 April 2016

PROFIT AND LOSS ACCOUNT - TECHNICAL ACCOUNT
LIFE ASSURANCE BUSINESS
Financial Year Ended 31 December 2015

		2015	2014
	Notes	**€m**	**€m**
Earned premiums, net of reinsurance			
Gross premiums written	2	1,431.6	1,443.0
Outward reinsurance premiums		(88.2)	(103.2)
		1,343.4	1,339.8
Income and realised gains on investments	4	965.6	680.0
Unrealised (losses) / gains on investments	4	(242.6)	866.0
Other technical income, net of reinsurance	5	60.9	50.8
Total technical income		2,127.3	2,936.6
Claims incurred, net of reinsurance			
Claims paid			
- gross amount		(1,088.5)	(1,045.8)
- reinsurers' share		79.0	76.0
		(1,009.5)	(969.8)
Change in the provision for claims			
- gross amount	19	(14.6)	10.6
- reinsurers' share	19	5.4	(1.0)
		(9.2)	9.6
		(1,018.7)	(960.2)
Change in technical provisions, net of reinsurance			
Life assurance business provision, net of reinsurance			
- gross amount	19	29.4	(719.3)
- reinsurers' share	19	0.9	299.0
		30.3	(420.3)
Technical provisions for linked liabilities	18	(821.2)	(1,268.7)
		(790.9)	(1,689.0)
Net operating expenses	6	(177.4)	(167.6)
Investment charges	4	(15.6)	(15.7)
Interest on loans and borrowings	28	(6.0)	(2.6)
Tax charge attributable to the life assurance business	9	(32.1)	(36.6)
		(231.1)	(222.5)
Balance on the technical account - life assurance business		86.6	64.9

All the above amounts relate to continuing activities.
The notes on pages 20 to 69 form an integral part of these financial statements.

PROFIT AND LOSS ACCOUNT - NON-TECHNICAL ACCOUNT
Financial Year Ended 31 December 2015

	Notes	2015 €m	2014 €m
Balance on the technical account - life assurance business		86.6	64.9
Tax attributable to shareholders' profit	9	12.4	9.3
Profit on ordinary activities before tax	8	99.0	74.2
Tax on profit on ordinary activities	9	(12.4)	(9.3)
Profit for the financial year		86.6	64.9

All the above amounts relate to continuing activities.
The notes on pages 20 to 69 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2015

	Notes	2015 €m	2014 €m
Profit for the financial year		86.6	64.9
Other comprehensive income:			
Items that will not be classified to profit and loss			
Remeasurement of post employment benefit obligations	24	0.6	(34.6)
Deferred tax related to these items		-	4.4
Total comprehensive income for the financial year		87.2	34.7

All the above amounts relate to continuing activities.
The notes on pages 20 to 69 form an integral part of these financial statements.

BALANCE SHEET
as at 31 December 2015

	Notes	Dec-15	Dec-14
Assets			
		€m	€m
Investments			
Land and buildings	11	21.9	17.1
Other financial investments	12	1,841.7	1,761.6
		1,863.6	1,778.7
Investments for the benefit of life assurance policyholders who bear the investment risk	13	13,702.0	13,142.3
Reinsurers' share of technical provisions			
Life assurance business provision	19	1,323.3	1,322.4
Claims outstanding	19	17.1	11.7
		1,340.4	1,334.1
Debtors			
Debtors arising out of direct insurance operations			
- policyholders	14	55.3	53.3
Due from fellow subsidiaries	14	1.2	0.9
Other debtors	14	5.4	5.1
		61.9	59.3
Other assets			
Tangible assets	15	5.3	6.0
Deferred taxation	22	13.0	12.7
Cash at bank		4.6	18.4
		22.9	37.1
Prepayments and accrued income			
Accrued interest		35.9	37.5
Other prepayments and accrued income		0.8	0.8
Deferred acquisition costs	16	205.9	205.7
		242.6	244.0
Total assets		17,233.4	16,595.5

All the above amounts relate to continuing activities.
The notes on pages 20 to 69 form an integral part of these financial statements.

Directors

Date : 26 April 2016

BALANCE SHEET - continued
as at 31 December 2015

Liabilities	Notes	Dec-15 €m	Dec-14 €m
Capital and reserves			
Called up share capital - presented as equity	21	22.8	22.8
Share premium account	21	25.7	25.7
Capital reserve	21	42.7	42.7
Non - distributable reserve	21	285.2	263.0
Profit and loss account	21	70.2	5.2
Shareholders' funds - equity interests		446.6	359.4
Technical provisions			
Life assurance business provision	19	2,543.6	2,573.0
Claims outstanding	19	136.4	121.8
		2,680.0	2,694.8
Technical provisions for life assurance policies where the investment risk is borne by the policyholders	18	13,570.8	13,006.2
Accruals and deferred income		48.7	63.6
Deferred taxation	22	10.5	7.4
Creditors - Amounts falling due within one year			
Creditors arising out of direct insurance operations	17	74.2	75.9
Due to fellow subsidiaries	17	12.6	11.8
Bank overdraft	17	24.1	30.4
Other creditors including tax and social security	17	58.6	42.1
		169.5	160.2
Creditors - Amounts falling due after one year			
Loans and borrowings	28	203.1	202.6
Total liabilities before pension deficit		17,129.2	16,494.2
Pension deficit	24	104.2	101.3
Total liabilities		17,233.4	16,595.5

The notes on pages 20 to 69 form an integral part of these financial statements.

Directors

Date : 26 April 2016

STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2015

	Share capital	Share premium	Capital reserve	Non-Distributable Reserve	Profit and loss account	Shareholders' funds
	€m	€m	€m	€m	€m	€m
Opening balance at 1 January 2014	22.8	25.7	42.7	403.3	100.2	594.7
Retained profit for the financial year	-	-	-	-	64.9	64.9
Other comprehensive income for the year	-	-	-	-	(30.2)	(30.2)
Transfer from non-distributable reserve	-	-	-	(140.3)	140.3	-
Dividends paid	-	-	-	-	(270.0)	(270.0)
Balance at 31 December 2014	22.8	25.7	42.7	263.0	5.2	359.4
Retained profit for the financial year	-	-	-	-	86.6	86.6
Other comprehensive income for the year	-	-	-	-	0.6	0.6
Transfer to non-distributable reserve	-	-	-	22.2	(22.2)	-
Dividends paid	-	-	-	-	-	-
Balance at 31 December 2015	22.8	25.7	42.7	285.2	70.2	446.6

The notes on pages 20 to 69 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies

Basis of presentation
The financial statements have been prepared on the going concern basis and in accordance with Irish GAAP, (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The financial statements comply with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101), and the Companies Acts 2014 ('the Act').

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, other financial investments and assets held to cover linked liabilities.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 20.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 30 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with EU-adopted IFRS may be obtained.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 January 2014. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions availed of by the Company in these financial statements.

The Company previously prepared its financial statements in accordance with previous Irish GAAP.

Note 1 gives details of the impact of adopting FRS 101 on the Company's previously adopted accounting policies. Note 1 gives an explanation of the transition to FRS 101 and a reconciliation of: (i) shareholders' equity determined in accordance with previous Irish GAAP to shareholders' equity determined in accordance with FRS 101 as at 1 January 2014 and 31 December 2014; and (ii) profit or loss determined in accordance with previous Irish GAAP to profit or loss determined in accordance with FRS 101 for the year ended 31 December 2014.

The Company has availed of a number of exemptions from the disclosure requirements of IFRS in the preparation of these financial statements, in accordance with FRS 101.
In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the presentation of an opening balance sheet at the date of transition to FRS 101 (1 January 2014);
- a cash flow statement and related notes;
- disclosures in respect of transactions with related parties;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel; and
- the disclosures required by IFRS 13 Fair Value Measurement, for non-financial assets only.

The Company has taken advantage of the exemptions from producing consolidated financial statements for the year ended 31 December 2015, since it is a wholly-owned subsidiary undertaking of a parent company that is established under the law of an EEA state, which prepares consolidated financial statements in which the Company and its subsidiaries are included. These financial statements are separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Basis of accounting for long term insurance business
The Company has adopted the modified statutory solvency basis of accounting for long term business.

Non-distributable reserve
The surplus available for distribution is determined by the Appointed Actuary following his annual investigation in accordance with the requirements of the European Communities (Life Assurance) Framework Regulations, 1994. This surplus is released from the non-technical reserve and retained in the profit and loss account. All non-distributable amounts in the profit and loss – non-technical account are transferred to the non-distributable reserve.

Accounting estimates and judgements
(a) *Front-end fees and acquisition costs*
The Company's critical accounting policies and the application of these policies and estimates are considered by management for each reporting period. In determining the amount of front-end fees and acquisition costs to defer in relation to the Company's investment contracts, judgements must be made in relation to the lives of the contracts and therefore the time period over which these balances are amortised to the profit and loss account. For capital protected products, the Company amortises the amounts over the capital protected period of the policy. For open ended units linked funds, the expected life of the policy is subject to a high degree of judgement and can change quite significantly over time with changes in investor sentiment and market or product developments. In making an appropriate estimate in each reporting period, management seek to take account of actual past experience and future expectations, with most weight given to recent experience.

The requirements of IFRS 4, Insurance Contracts (IFRS 4) are detailed in note 25.

(b) *Defined benefit pension scheme*
The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet.

The assumptions reflect historical experience and current trends. See note 24 for the disclosures of the defined benefit pension scheme.

Contract classification
The Company issues contracts that transfer insurance risk or financial risk or both. Long-term business contracts issued by the Company fall into the following classes:

- Insurance contracts
- Investment contracts without discretionary participation features
- Unit-linked investment contracts

Insurance contracts are contracts under which the Company accepts significant insurance risk from policyholders by agreeing to compensate them if a specified uncertain future event (the insured event) adversely affects them. Insurance contracts transfer significant insurance risk at the inception of the contract. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 5% or more than the benefits payable if the insured event did not occur. A contract which exposes the issuer to financial risk without significant insurance risk is not an insurance contract.

Long-term business contracts that are not classified as insurance are deemed to be financial instruments and are classified as investment contracts. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Unit linked contracts written by the Company where the liability under the contract is dependent on the value of the underlying financial assets, derivatives and / or investment property are classified as investment contracts unless the contracts also contain features that transfer significant insurance risk.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Contract classification continued
Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. However, investment contracts are reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance contracts
On adoption of FRS 101, the Company did not change its accounting policies for insurance contracts as permitted by IFRS 4, as no other accounting policies were deemed to be more relevant and no less reliable or more reliable and no less relevant.

Insurance contracts are accounted for in accordance with IFRS 4.

(a) Premiums
Premiums are accounted for when due for payment. For unit-linked business the due date is taken as the date that the associated technical provisions are established. Reinsurance premiums are accounted for when due for payment.

(b) Claims and surrenders
Maturity claims and annuities are recognised when due for payment. Surrenders are accounted for when paid or, if earlier, on the date when the policy ceases to be included within the calculation of the life assurance business provision and /or the technical provision for linked liabilities. Death claims and all other claims are accounted for when notified. A provision is made to reflect risk related claims incurred in the year but which were not notified to the Company at the balance sheet date. Reinsurance claims are recognised at the same time as the policyholders' claim liability.

Claims incurred comprise the settlement and handling costs of claims paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims provisions. All claims are recorded on the basis of notifications received up to the balance sheet date. An estimate of claims incurred but not yet reported is made and recorded within technical provisions and is calculated based upon historical loss reporting patterns. Claims outstanding are not discounted.

Insurance liabilities are calculated in accordance with recognised actuarial principles, based on local regulatory requirements and valued by the Appointed Actuary.

(c) Deferred acquisition costs
The costs of acquiring new business which are incurred during the financial year, but where the benefit of such costs will be obtained in subsequent accounting periods, are deferred to the extent that they are recoverable out of margins in future matching revenues. In respect of insurance contracts, acquisition costs comprise all direct and indirect costs incurred in writing new contracts.

Deferred acquisition costs are included in the balance sheet as an asset and are amortised on a straight line basis over a period which is consistent with the assessment of the expected pattern of receipt of future revenue margins for each product type.

Impairment reviews are carried out annually or more frequently if circumstances exist that indicate the likelihood of impairment. The carrying values are adjusted to recoverable amounts and any resulting impairment losses are charged to the long-term business technical account.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Investment contracts

Investment contract premiums received are treated as a financial liability, claims are treated as a reduction in a financial liability and hence premiums and claims on investment contracts are taken directly to the balance sheet. The investment return, the related change in the value of the liabilities, policy fees and expenses relating to investment contracts are recorded in the profit and loss account.

(a) Policy fees

Policy fees comprise fees and charges for administering contracts, investment management fees and an element of origination fees that relates to the current year and are included within "Other technical income".

Fees are recognised in the period in which they are charged unless they relate to services to be provided in future periods in which case they are deferred and recognised as income over the expected term of the contract as the services are provided. Incremental costs that are directly attributable to securing investment contracts and are expected to be recoverable, are deferred and recognised in the balance sheet as deferred acquisition costs. The asset is amortised as the related fees for investment management services are recognised.

(b) Investment contract liabilities

Financial liabilities in respect of investment contracts are carried in the balance sheet as "investment contracts" in accordance with IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

(c) Deferred acquisition costs

The costs of acquiring new unit-linked investment contracts, including commissions and other incremental expenses directly related to the issuance of each new contract are deferred and amortised on a straight line basis over the expected contract period. The deferred acquisition costs are tested for recoverability at each reporting date. The carrying values are adjusted to recoverable amounts and any resulting impairment losses are charged to the long-term business technical account.

(d) Deferred income liabilities

Fees earned on investment contracts are recognised over the life of the contract as services are provided. Income is deferred for any front end fees which relate to services provided in future periods to the "deferred income liability". The deferred income liability is amortised on a straight line basis over the term of that contract.

Technical provisions

(a) Life assurance provisions

The life assurance provision is calculated by the Company's Appointed Actuary with due regard to the actuarial principles laid down in the European Communities (Life Assurance) Framework Regulations, 1994. The technical provisions relating to term assurance and term critical illness are calculated using a gross premium valuation method, based on generally accepted actuarial principles. The provision is not less than that which would be determined on an appropriate net premium valuation method. An expense provision is made for pension insurance contracts secured by recurring single premiums and for annuity and future claim payments under immediate annuity contracts. Tests of adequacy are carried out on the reserves held for group life and disability insurance.

(b) Provisions for linked liabilities

Liabilities under unit linked contracts are recognised as and when the units are created and are dependent on the value of the underlying financial assets, derivatives and / or investment properties.

Unit linked contracts which transfer significant insurance risk, including guaranteed benefits, are classified as insurance contracts and are carried in the balance sheet at an amount determined by the valuation of the related units on the valuation date.

Unit linked contracts which principally involve the transfer of financial risk are classified as investment contracts and are carried in the balance sheet at fair value. The fair value of these financial liabilities is equivalent to the amount payable on demand without penalty.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies – continued

Financial liabilities
Financial liabilities which include bank overdrafts, creditors, loans, borrowings and subordinated debt are recognised at fair value. Other financial liabilities, carried at fair value, relate to unit linked investment contracts under 'Technical provision for Linked Liabilities'.

Commission expenses
Acquisition commissions, payable to tied agents and independent intermediaries are included in acquisition costs in the technical account - long term business, as incurred. Renewal commissions are included in administrative expenses, as incurred.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Investments
(a) Land and buildings
Freehold and leasehold land and buildings are all investment properties and are valued in accordance with IAS 40, Investment Property (IAS 40).

(b) Investment in subsidiary undertakings and participating interests
Investments in subsidiaries and participating interests are stated at cost, unless their value has been impaired, in which case they are valued at their realisable value or value in use, as appropriate. Participating interests are included in the balance sheet at the Company's share of their net assets.

(c) Assets held to cover linked liabilities
Freehold land and buildings held to cover linked liabilities are all investment properties and are valued in accordance with IAS 40.
The value of financial investments held to cover linked liabilities, including debt securities and other fixed income securities, shares (other than shares in subsidiary undertakings) and other variable yield securities, are based on quoted prices. All financial investments held to cover linked liabilities are held at fair value and categorised as fair value through profit or loss.

(d) Other financial investments
The Company classifies other financial investments into the following classes specified by IAS 39.
- derivative financial instruments held for trading;
- financial assets designated at fair value through profit or loss on initial recognition;
- available-for-sale financial assets; and
- loans and other receivables.

All financial investments are classified as fair value through profit or loss unless they are classified as available-for-sale or loans and other receivables. The classification reflects the purpose for which investments were acquired or originated. Where the fair value category is used, this reflects the Company's strategy to manage its financial investments acquired to cover its long-term liabilities. These financial investments are managed and their performance is evaluated by the Company on a fair value basis.

All regular way purchases and sales of financial investments are recognised on the trade date i.e. the date the Company commits to purchase or sell the investments. Such purchases or sales of financial investments are those under a contract whose terms require the delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies – continued

(d) Other financial investments - continued

Financial assets at fair value through profit or loss are initially recognised at fair value, being the consideration paid for the acquisition of the investments, excluding all transaction costs. Subsequent to initial recognition, these investments are measured at fair value. Fair value adjustments are recorded in the profit and loss account.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the profit and loss account. Fair values are obtained from the quoted market prices in active markets, or using valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets within investments for the benefit of life assurance policyholders who bear the investment risk.

Derivative financial instruments also include foreign exchange contracts, which include spot and forward contracts. These represent agreements to exchange the currency of one country for the currency of another country at an agreed price and settlement date. Gains and losses are recognised in the profit and loss based on the exchange rate on date of settlement or balance sheet date.

Fair values for investments are based on quoted prices on the balance sheet date, determined from independent sources including recognised external pricing services, broker or dealer price quotations, and prices provided by valuation agents. For investments not listed, an independent valuation is obtained from the administration manager of those funds, or valuation techniques are adopted. If no realistic value can be obtained, an investment will be measured at cost less any impairment provision, as this is considered best estimate of fair value.

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investments. All transaction costs directly attributable to the acquisition are also included in the cost of the investments. Loans and receivables are included at the amount of the advance outstanding at the balance sheet date, less a provision for any irrecoverable amount. This basis of valuation is viewed by the Directors as having prudent regard to the likely realisable value.

(e) Fair value measurements

Depending on the valuation techniques used and whether the underlying assumptions are based on observable data, financial instruments carried at fair value are classified under the following three levels:

Level 1 - This Category includes assets and liabilities for which fair values are determined directly from unadjusted current quoted prices traded in active markets. Included in level 1 are listed shares, other variable yield securities and units in unit trusts.

Level 2 - This category includes financial assets and liabilities for which fair values are determined using valuation techniques, for which all significant inputs are based on observable market data.

Financial assets and liabilities included in level 2 are:

- Shares and other variable yield securities and units in unit trusts:
  The fair value is based on asset prices obtained from external providers and the Company has limited access to the inputs and assumptions used. The data used by the price providers, as inputs to instrument specific price evaluation models, will include available recent trade data for the specific security or similar securities, spreads, dealer quotes, relevant sector or market indices, foreign exchange rates to the Company's reporting currency where applicable and appropriate interest rates.

Level 3 - This category includes financial assets and liabilities for which fair values are determined using valuation techniques for which at least one of the significant inputs is not based on observable market data. In circumstances where there is little, if any, market activity for a certain instrument, a valuator is required to develop internal valuation inputs based on the best available information.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies – continued

(e) *Fair value measurements continued*

Financial assets and liabilities included in level 3 are:

- The Company has shares in a private equity investment, the fair value of which is evaluated by the Company. The Company has set its valuation technique (DCF analysis) to reflect the expected annual cashflows and the expected repayment of the principal at the end of the term. The cashflows have been discounted using the risk free rate.

The fair value hierarchy is reviewed at the end of each reporting period to determine whether significant transfers between levels have occurred.

Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised investment gains and losses. It also includes investment expenses and charges and interest payable.

Interest income on debt securities and other fixed income securities, other loans and deposits with credit institutions is recognised using the effective interest method.

Other than for available-for-sale assets, the investment return arising in relation to investments which are directly connected with the carrying on of long-term business is recorded in the long-term business technical account. The Company's has no assets which are classified as available-for-sale. The investment return arising in relation to all other investments is dealt with in the non-technical account.

Dividends are included as investment income on the date that the shares become quoted ex-dividend. Rents and interest income and expenses are included on an accruals basis.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and purchase price.

Unrealised gains and losses on investments recognised in the year represent the difference between the fair value at the balance sheet date and their purchase price or, if they have previously been fair valued, their fair value at the last balance sheet date. The movement in unrealised gains and losses recognised in the year also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Reinsurance

Long-term business ceded to reinsurers is accounted for as insurance contracts provided that significant insurance risk is transferred. Reassurance premiums are accounted for when due for payment. Reinsurance recoveries are accounted for in the same period as the related claim. The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectability. The reinsurers' share of the technical provisions is calculated on a basis consistent with the calculation of the corresponding liabilities.

Post-employment benefits

The Company operates a defined benefit pension scheme and contributes to a defined contribution pension plan operated by Bank of Ireland Group.

The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise to the extent they are attributable to the shareholder.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies – continued

Post-employment benefits continued
The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past-service costs are recognised immediately in the income statement.

Management expenses
Management expenses, administration and non-acquisition costs are charged to the technical account for life assurance business when incurred.

Taxation
The Company is liable to Irish corporation tax on the basis applicable to a life assurance company and the provision for current taxation is charged in the profit and loss account. The Company is also subject to foreign taxation in respect of its overseas investments.

The balance on the long-term business technical account is computed on an after tax basis reflecting the taxation applicable to long-term business operations. In the non-technical account, the balance transferred from the long-term business technical account is grossed-up by the taxation attributable to profits from long--term business at the Company's effective rate of corporation tax.

Provision is made for deferred tax liabilities and deferred tax assets, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax is calculated at the rates at which it is expected that the tax will arise.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is recognised in the profit and loss account for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of comprehensive income.

Tangible assets
Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to amortise the cost of the assets over the period of their estimated useful lives at the following rates:

Computer equipment	20%-25% straight line
Office equipment	20%-25% straight line

Operating leases
Operating leases are charged to the profit and loss account as incurred over the lease term.

Foreign currencies
Items included in the financial statements of the Company are measured using Euro, the functional currency of the economic environment in which the Company operates.

Foreign currency transactions are translated into Euro using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account for the period.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Dividends
Dividends are recognised when paid.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Adoption of FRS 101
As noted above, the Company has adopted FRS 101 for the first time for the year ended 31 December 2015. The transition date is 1 January 2014. The adoption of FRS 101 has not resulted in any changes to previously reported profit or previously reported shareholders' funds at either 1 January 2014 or 31 December 2014. The adoption of FRS 101 has resulted in some reclassifications. The impact of these reclassifications on the prior year previously reported numbers are set out below.

In this note, the following headings are used as an abbreviation of the subsequent text:

- 2014 figures complying with the requirements of previous Irish GAAP (as applicable for years up to and including the year ended 31 December 2014) ("2014 as previously reported").
- Adjustments made to comply with the requirements of FRS 101 and improved consistency with the Company's group International Financial Reporting Standards ("IFRS") reporting requirements ("Adjustments").
- 2014 figures complying with the requirements of FRS 101 (an element of Irish GAAP newly applicable) ("2014 revised").

Designation of financial assets and financial liabilities
The designation of financial assets and financial liabilities at 31 December 2014 are consistent with those made for the same dates in accordance with '2014 as previously reported' (after adjustments to reflect any differences in accounting policies).

Accounting estimates
The accounting estimates at 31 December 2014 are consistent with those made for the same dates in accordance with '2014 as previously reported' (after adjustments to reflect any differences in accounting policies).

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Reconciliation of equity at 31 December 2014

Assets	Notes	As previously reported	Adjustments	Revised
		€m	€m	€m
Investments				
Land and buildings		17.1	-	17.1
Other financial investments		1,761.6	-	1,761.6
		1,778.7	-	1,778.7
Investments for the benefit of life assurance policyholders who bear the investment risk		13,142.3	-	13,142.3
Reinsurers' share of technical provisions				
Life assurance business provision		1,322.4	-	1,322.4
Claims outstanding		11.7	-	11.7
		1,334.1	-	1,334.1
Debtors				
Debtors arising out of direct insurance operations - policyholders		53.3	-	53.3
Due from fellow subsidiaries		0.9	-	0.9
Other debtors		5.1	-	5.1
		59.3	-	59.3
Other assets				
Tangible assets		6.0	-	6.0
Deferred taxation	(a)	-	12.7	12.7
Cash at bank	(b)	18.6	(0.2)	18.4
		24.6	12.5	37.1
Prepayments and accrued income				
Accrued interest and rent		37.5	-	37.5
Other prepayments and accrued income		0.8	-	0.8
Deferred acquisition costs		205.7	-	205.7
		244.0	-	244.0
Total assets		16,583.0	12.6	16,595.5

Adjustments
(a) Show pension deficit gross of deferred taxation.
(b) Reclassification.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Reconciliation of equity at 31 December 2014 – continued

Liabilities	Notes	As previously reported	Adjustments	Revised
		€m	€m	€m
Capital and reserves				
Called up share capital		22.8	-	22.8
Share premium account		25.7	-	25.7
Capital reserve		42.7	-	42.7
Non - distributable reserve		263.0	-	263.0
Profit and loss account		5.2	-	5.2
Shareholders' funds - equity interests		359.4	-	359.4
Technical provisions				
Life assurance business provision		2,573.0	-	2,573.0
Claims outstanding		121.8	-	121.8
		2,694.8	-	2,694.8
Technical provisions for linked liabilities		13,006.2	-	13,006.2
Accruals and deferred income		63.6	-	63.6
Deferred taxation		7.4	-	7.4
Creditors - Amounts falling due within one year				
Creditors arising out of direct insurance operations	(c)	44.3	31.6	75.9
Due to fellow subsidiaries		11.8	-	11.8
Bank overdraft	(b & c)	42.7	(12.3)	30.4
Other creditors including tax and social security	(c)	61.6	(19.5)	42.1
		160.4	(0.2)	160.2
Creditors - Amounts falling due after one year				
Loans and borrowings		202.6	-	202.6
Total liabilities before pension deficit		16,494.4	(0.2)	16,494.2
Pension deficit	(a)	88.6	12.7	101.3
Total liabilities		16,583.0	12.5	16,595.5

Adjustments
(a) Show pension deficit gross of deferred taxation.
(b) Reclassification.
(c) Reclassification.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Reconciliation of total comprehensive income for the year ended 31 December 2014

Technical account – life assurance business

	Notes	As previously reported	Adjustments	Revised
		€m	€m	€m
Earned premiums, net of reinsurance				
Gross premiums written		1,443.0	-	1,443.0
Outward reinsurance premiums		(103.2)	-	(103.2)
		1,339.8		1,339.8
Income and realised gains on investments	(d & e)	658.6	21.4	680.0
Unrealised gains on investments	(e)	887.3	(21.3)	866.0
Other technical income, net of reinsurance	(f)	57.8	(7.0)	50.8
Total technical income		2,943.5	(6.9)	2,936.6
Claims incurred, net of reinsurance				
Claims paid				
- Gross amount		(1,045.8)	-	(1,045.8)
- Reinsurers' share		76.0	-	76.0
		(969.8)	-	(969.8)
Change in the provision for claims				
- Gross amount		10.6	-	10.6
- Reinsurers' share		(1.0)	-	(1.0)
		9.6	-	9.6
		(960.2)	-	(960.2)
Change in other technical provisions, net of reinsurance				
- gross amount		(719.3)	-	(719.3)
- reinsurers' share		299.0	-	299.0
		(420.3)	-	(420.3)
Technical provisions for linked liabilities	(f)	(1,275.7)	7.0	(1,268.7)
		(1,696.0)	7.0	(1,689.0)
Net operating expenses		(167.6)	-	(167.6)
Investment charges	(d)	(15.6)	(0.1)	(15.7)
Interest on loans and borrowings		(2.6)	-	(2.6)
Tax charge attributable to the life assurance business		(36.6)	-	(36.6)
		(222.4)	(0.1)	(222.5)
Balance on the technical account - life assurance business		64.9	-	64.9

Adjustments
(d) Reclassification.
(e) Reclassification.
(f) Reclassification.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Reconciliation of total comprehensive income for the year ended 31 December 2014 - continued

Non-technical account

	Notes	As previously reported	Adjustments	Revised
		€m	€m	€m
Balance on the technical account - life assurance business		64.9	-	64.9
Tax attributable to shareholders' profit		9.3	-	9.3
Profit on ordinary activities before tax		74.2	-	74.2
Tax on profit on ordinary activities		(9.3)	-	(9.3)
Profit for the financial year		64.9	-	64.9

Statement of comprehensive income

	Notes	As previously reported	Adjustments	Revised
Profit for the financial year		64.9	-	64.9
Other comprehensive income: **Items that will not be classified to profit and loss**				
Remeasurement of post employment benefit obligations		(34.6)	-	(34.6)
Deferred tax related to these items		4.4	-	4.4
Total comprehensive income for the financial year		34.7	-	34.7

NOTES TO THE FINANCIAL STATEMENTS - continued

2. PREMIUMS WRITTEN - CONTRACTS CLASSIFIED AS INSURANCE

A. Gross Premiums Written

	Individual Life €m	Individual Pensions €m	Group Contracts €m	2015 Total €m	Individual Life €m	Individual Pensions €m	Group Contracts €m	2014 Total €m
Unit-linked	73.6	88.4	74.4	236.4	81.0	75.1	65.3	221.4
Non unit-linked	122.7	0.8	35.2	158.7	115.0	0.7	35.8	151.5
Periodic premiums	196.3	89.2	109.6	395.1	196.0	75.8	101.1	372.9
Unit-linked	449.0	469.9	45.4	964.3	444.6	352.9	40.3	837.8
Non unit-linked	-	55.9	16.3	72.2	-	90.0	142.3	232.3
Single premiums	449.0	525.8	61.7	1,036.5	444.6	442.9	182.6	1,070.1
Total premiums written	645.3	615.0	171.3	1,431.6	640.6	518.7	283.7	1,443.0

The written premiums above in 2015 and 2014 arise from contracts which meet the IFRS 4 definition of insurance.
All business is written in the Republic of Ireland.
The written premiums from insurance contracts is €1,431.6 million (2014 : €1,443.0 million)
The written premiums from insurance contracts and investment contracts is €1,933.7 million (2014: €1,832.6 million)

NOTES TO THE FINANCIAL STATEMENTS - continued

2. PREMIUMS WRITTEN continued

B. Gross New Business Premiums

	Individual Life €m	Individual Pensions €m	Group Contracts €m	2015 Total €m	Individual Life €m	Individual Pensions €m	Group Contracts €m	2014 Total €m
Unit-linked	4.2	42.8	17.6	64.6	5.0	36.9	19.5	61.4
Non unit-linked	17.5	-	-	17.5	19.3	-	-	19.3
Periodic premiums	21.7	42.8	17.6	82.1	24.3	36.9	19.5	80.7
Unit-linked	449.0	469.9	45.4	964.3	444.6	352.9	40.3	837.8
Non unit-linked	-	55.9	16.3	72.2	-	90.0	142.3	232.3
Single premiums	449.0	525.8	61.7	1,036.5	444.6	442.9	182.6	1,070.1
Total new business premiums	470.7	568.6	79.3	1,118.6	468.9	479.8	202.1	1,150.8

The new business premiums above in 2015 and 2014 arise from contracts which meet the IFRS 4 definition of insurance.
New business premiums from insurance contracts is €1,118.6 million (2014 : €1,150.8 million)
New business premiums from insurance contracts and investment contracts is €1,514.9 million (2014: €1,403.8 million)
All business is written in the Republic of Ireland.

C. Reinsurance Balance

The net reinsurance credit in the technical account for the year amounted to €2.9 million (2014: €270.8 million debit).

NOTES TO THE FINANCIAL STATEMENTS - continued

3. STAFF COSTS

	2015 €m	2014 €m
Wages and salaries	35.7	33.4
Social insurance costs	3.7	3.5
Defined benefit retirement benefit costs (note 24)	8.8	6.0
Other contribution retirement benefit costs	0.3	-
	48.5	42.9
The average number of employees during the year was as follows:		
Sales and marketing	138	146
Policy administration	289	296
Other administration	170	153
	597	595

Included in wages and salaries are sales commission payments to staff of €3.0 million (2014: €2.3 million). All staff costs have been treated as an expense in the profit and loss account and there were no staff costs capitalised as part of tangible fixed assets.

4. INVESTMENT INCOME

	2015 €m	2014 €m
Income from land and buildings	38.0	36.5
Income from listed investments	259.0	222.2
Income from other investments	42.4	51.9
	339.4	310.6
Net gains on realisation of investments	626.2	369.4
	965.6	680.0

Investment Activity Report

	2015 €m	2014 €m
Investment income	339.4	310.6
Investment management expenses	(15.6)	(15.7)
Net realised gains	626.2	369.4
Net unrealised (losses) / gains	(242.6)	866.0
Interest payable on financial liabilities	(6.0)	(2.6)
Total investment return	701.4	1,527.7

Included in the total investment return are net gains or losses on financial assets at fair value through profit or loss:

	2015 €m	2014 €m
Designated at FVTPL	626.2	369.4
Net unrealised (losses) / gains	(242.6)	866.0
Total net realised and unrealised gains included in investment return	383.6	1,235.4

None of the investment income is derived from investments in any other group undertakings of Bank of Ireland Life Holdings Limited, the Company's immediate parent.

NOTES TO THE FINANCIAL STATEMENTS - continued

4. INVESTMENT INCOME continued

Income from investment properties includes rental income of €44.9 million (2014: €45.4 million) and is net of property expenses of €6.9 million (2014: €8.9 million).

All of the net gains and losses arising on investments during the year are in respect of property and financial investments, classified at fair value through profit and loss. Included in the above is €383.6 million (2014: €1,235.4 million) in respect of assets designated as fair value through profit or loss on initial recognition.
The investment return arising in relation to investments which are directly connected with the carrying on of long-term business is credited to the long-term business technical account. This investment return arises both on investments of the long-term business funds and investments attributable to the shareholder.

5. OTHER TECHNICAL INCOME, NET OF REASSURANCE

Other technical income of €60.9 million (2014: €50.8 million) comprises fees for policy administration and asset management services arising from unit linked investment contracts and movement in the deferred income liability.

6. NET OPERATING EXPENSES

	2015 €m	2014 €m
Net operating expenses comprise:		
Acquisition expenses	81.7	79.7
Change in deferred acquisition costs	(0.2)	0.5
Administrative expenses	95.9	87.4
	177.4	167.6

	2015 €m	2014 €m
Net operating expenses include		
Commission payments (including to employees)	87.4	83.0
Other sales related costs	3.1	3.3
Operating lease rentals (land and buildings)	0.8	1.9
Depreciation	2.7	2.9
Core operating expenses	81.6	74.2
Non core costs	2.0	1.8
Change in deferred acquisition costs	(0.2)	0.5
Total operating expenses	177.4	167.6

Acquisition expenses include an allocation of commission on new business and operating expenses relating to the acquisition of new business.

Non-core costs in 2015 reflect the impact of back dated payments to staff relating to the resolution between the Company and staff on non-payment of salary increases in 2009. Non-core costs in 2014 reflect the impact of the payment relating to new career and reward framework.

7. COMMISSIONS

Total commissions for direct insurance incurred by the Company during the year, excluding payments to employees was €84.4 million (2014: 80.7 million).

NOTES TO THE FINANCIAL STATEMENTS - continued

8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation

This is stated after charging	2015 €m	2014 €m
Depreciation	2.7	2.9
Operating lease rentals other	0.5	0.5
Operating lease rentals property	0.8	1.9

Auditors' remuneration
Remuneration (including expenses) for the statutory audit and other services carried out for the company by the company's auditors is as follows :

	2015 €m	2014 €m
- Audit of entity financial statements	0.4	0.4
- Other assurance services	-	-
- Tax advisory services	-	-
- Other non audit services	-	-
Total auditors' remuneration	0.4	0.4

9. TAXATION

	2015 €m	2014 €m
Technical Account Charge		
Corporation tax charge for the year	14.2	9.8
Relief for double taxation	(1.9)	(1.8)
Overseas tax	16.5	14.5
Adjustments in respect of prior years	0.2	0.1
	29.0	22.6
Deferred tax charge (note 22): origination and reversal of timing differences	3.1	14.0
	32.1	36.6
Non-Technical Account Charge		
Irish corporation tax on profits for the financial year	12.4	9.3

The tax charge on the non-technical account for 2015 and 2014 is the same as the charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities. The statutory rate applied to profit before tax is 12.5%.

NOTES TO THE FINANCIAL STATEMENTS - continued

9. TAXATION continued

	2015 €m	2014 €m
Profit before tax		
Balance on the technical account - life assurance business	86.6	64.9
Add back tax charge attributable to the life assurance business	32.1	36.6
	118.7	101.5
Profit before tax multiplied by the rate of Irish corporation tax for the year of 12.5% (2014: 12.5%)	14.8	12.7
Effects of:		
Foreign tax	16.5	14.5
Non taxable items	3.5	8.1
Double tax relief	(1.9)	(1.8)
Foreign tax deduction	(1.7)	(1.7)
Other addbacks / deductions	(0.4)	(0.7)
Difference due to life sssurance tax rate	1.1	5.4
Prior year under provision	0.2	0.1
Tax charge attributable to the life assurance business	32.1	36.6

10. DIVIDEND

	2015 €m	2014 €m
Dividend paid	-	270.0
No of shares	175,500,001	175,500,001
Dividend per share	-	1.5400

No dividend was paid in 2015 (2014 : €1.54 per share).

NOTES TO THE FINANCIAL STATEMENTS - continued

11. LAND AND BUILDINGS

	2015 Fair Value €m	2015 Cost €m	2014 Fair Value €m	2014 Cost €m
Investment properties	0.1	0.2	0.1	0.2
Owner occupied properties	21.8	9.9	17.0	9.9
	21.9	10.1	17.1	10.1

A. Freehold	2015 Fair Value €m	2015 Cost €m	2014 Fair Value €m	2014 Cost €m
Investment properties	-	-	-	-
Owner occupied properties	1.8	1.2	1.4	1.2
	1.8	1.2	1.4	1.2

B. Leasehold	2015 Fair Value €m	2015 Cost €m	2014 Fair Value €m	2014 Cost €m
Investment properties	0.1	0.2	0.1	0.2
Owner occupied properties	20.0	8.7	15.6	8.7
	20.1	8.9	15.7	8.9
Total	21.9	10.1	17.1	10.1

Movement in land and buildings

	Investment Properties Fair Value	Owner Occupied Properties Fair Value	Total Properties Fair Value
Year ended 31 December 2015	€m	€m	€m
Balance at 1 January	0.1	17.0	17.1
Additions and improvements	-	-	-
Disposals	-	-	-
Net gains from fair value adjustments	-	4.8	4.8
Balance at 31 December	0.1	21.8	21.9
Year ended 31 December 2014			
Balance at 1 January	0.1	13.3	13.4
Additions and improvements	-	-	-
Disposals	-	-	-
Net gains from fair value adjustments	-	3.7	3.7
Balance at 31 December	0.1	17.0	17.1

Land and buildings are stated in the balance sheet at fair value. Movements in fair value are included in the total investment return. Valuations were made on the basis of open market value. The open market value of all properties was determined using recent market prices. All properties are located in Ireland.

The valuations have been undertaken by Lisney (Chartered Surveyors) in Ireland at a valuation date of 31 December 2015, in accordance with The Statements of Asset Valuation Practice and Guidance Notes issued by the Society of Chartered Surveyors in Ireland.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 LAND AND BUILDINGS continued

Property interests held under operating leases are not classified and accounted for as investment property.

The investment property does not generate rental income and there are no direct operating expenses arising from the investment property.

There are no restrictions in place on the realisibility of investment property.

There was no rental income generated from land and buildings and direct operating expenses of €1.7 million (2014: €1.9 million) arose on these land and buildings.

12. OTHER FINANCIAL INVESTMENTS

	2015 Fair Value €m	2015 Cost €m	2014 Fair Value €m	2014 Cost €m
Financial assets at fair value through profit and loss				
Designated upon initial recognition	1,649.6	1,436.5	1,593.3	1,314.4
Deposits with credit institutions	192.1	192.1	168.3	168.3
Total financial assets	1,841.7	1,628.6	1,761.6	1,482.7
Included in the balance sheet as follows:				
Shares and other variable yield securities	17.0	17.0	17.0	17.0
Debt securities and other fixed income securities	1,632.5	1,419.4	1,576.1	1,297.2
Loans secured by mortgages and other loans	0.1	0.1	0.2	0.2
Deposits with credit institutions	192.1	192.1	168.3	168.3
	1,841.7	1,628.6	1,761.6	1,482.7

	2015 Fair Value €m	2015 Cost €m	2014 Fair Value €m	2014 Cost €m
Listed investments included at fair value				
Debt securities and other fixed income securities	1,632.5	1,419.4	1576.1	1297.2
Other financial investments attributable to the shareholder include:				
Shares and other variable yield securities	17.0	17.0	17.0	17.0
Loans secured by mortgages and other loans	0.1	0.1	0.2	0.2
Deposits with credit institutions	192.1	192.1	168.3	168.3
	209.2	209.2	185.5	185.5
Total	1,841.7	1,628.6	1,761.6	1,482.7

NOTES TO THE FINANCIAL STATEMENTS - continued

13. INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK

	2015 Fair Value €m	2015 Cost €m	2014 Fair Value €m	2014 Cost €m
Assets held to cover :				
Unit - linked insurance contracts	7,967.8	7,436.5	7,458.9	6,823.7
Unit - linked investment contracts	5,734.2	5,351.8	5,683.4	5,199.5
	13,702.0	12,788.3	13,142.3	12,023.2

The carrying amounts disclosed above reasonably approximate the fair value at the balance sheet date. The market value of these assets, where the investment risk is borne by the policyholders, includes €2,245.0 million (2014: €2,080.9 million) in respect of group pension funds.

The difference between assets held to cover linked liabilities and the associated technical provisions, net of the reinsurers' share of technical provisions for linked liabilities, primarily represents amounts in respect of income tax and other charges which are not disclosed explicitly as linked liabilities in the Company's balance sheet.

Derivative financial instruments, at fair value through profit and loss, held for trading.

Included within assets held to cover linked liabilities are forward currency contracts with a fair value gain of €13.2 million (2014: €22.3 million loss). Movements in fair value arise due to variations in exchange rates prevailing at the dates on which contracts mature and are reflected in the profit and loss account. Losses for the year on foreign currency contracts amounted to €76.9 million (2014: €72.9 million loss).

14. DEBTORS

	2015 €m	2014 €m
Policyholders	39.1	37.7
Intermediaries	16.2	15.6
Debtors arising out of direct insurance operations	55.3	53.3
Due from fellow subsidiaries	1.2	0.9
Other debtors	5.4	5.1
	61.9	59.3

The carrying amounts disclosed above reasonably approximate fair value at the balance sheet date. There were no impairment losses recognised in the period on debtors arising from direct insurance operations. Amounts due from fellow subsidiaries are unsecured, interest free and have no fixed date of repayment.

NOTES TO THE FINANCIAL STATEMENTS - continued

15. TANGIBLE FIXED ASSETS

Year ended 31 December 2015

	Computer Equipment	Office Equipment	Total
Cost	**€m**	**€m**	**€m**
At 1st January 2015	88.0	0.8	88.8
Additions	2.0	-	2.0
Disposals and adjustments	(1.6)	-	(1.6)
At 31 December 2015	88.4	0.8	89.2
Accumulated Depreciation			
At 1st January 2015	(82.8)	-	(82.8)
Charge for the year	(2.6)	(0.1)	(2.7)
Disposals and adjustments	1.6	-	1.6
At 31 December 2015	(83.8)	(0.1)	(83.9)
Net Book Amounts			
31st December 2015	4.6	0.7	5.3

Year ended 31 December 2014

	Computer Equipment	Office Equipment	Total
Cost	**€m**	**€m**	**€m**
At 1st January 2014	92.1	0.6	92.7
Additions	0.6	0.8	1.4
Disposals and adjustments	(4.7)	(0.6)	(5.3)
At 31 December 2014	88.0	0.8	88.8
Accumulated Depreciation			
At 1st January 2014	(84.7)	(0.5)	(85.2)
Charge for the year	(2.8)	(0.1)	(2.9)
Disposals and adjustments	4.7	0.6	5.3
At 31 December 2014	(82.8)	-	(82.8)
Net Book Amounts			
31st December 2014	5.2	0.8	6.0

For year ended 31 December 2015 €1.6 million (2014: €4.7 million) of disposals and adjustments relates to computer equipment with book value of Nil and no longer in use and €Nil (2014: €0.6 million) refers to fixtures and fittings with book value of Nil and no longer in use.

NOTES TO THE FINANCIAL STATEMENTS - continued

16. DEFERRED ACQUISITION COSTS

	2015 €m	2014 €m
Deferred expenses at 1 January	205.7	206.2
Acquisition expenses incurred during the year	81.7	79.7
Charged to the technical account	(11.7)	(11.2)
Apportionment for the year	275.7	274.7
Amortisation of prior year acquisition expenses	(69.8)	(69.0)
Deferred expenses at 31 December	205.9	205.7

On insurance contracts	179.2	174.9
On investment contracts	26.7	30.8
	205.9	205.7

Acquisition expenses include an allocation of commission on new business and operating expenses relating to the acquisition of new business.

17. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL INSURANCE

	2015 €m	2014 €m
Creditors arising out of direct insurance operations	74.2	75.9
Due to fellow subsidaries	12.6	11.8
Bank overdraft	24.1	30.4
Other creditors including tax and social security		
Taxation and social security		
- PAYE	5.9	7.0
- PRSI	0.6	0.6
- VAT	1.3	0.3
Government duties and levies	42.7	26.5
Other	8.1	7.7
	58.6	42.1
Total creditors	169.5	160.2

Creditors arising out of direct insurance operations and other creditors including taxation and social insurance are current and are repayable within the next 12 months. The bank overdraft is payable on demand and amounts due to fellow subsidiaries are unsecured, interest free and have no fixed date of repayment.

NOTES TO THE FINANCIAL STATEMENTS - continued

18. ACTUARIAL VALUATION AND UNIT LINKED LIABILITIES

An actuarial valuation of the Company's liabilities was carried out at 31 December 2015 which disclosed a surplus within the fund. The amount of surplus applied to meet the total cost of policyholders' bonus was €0.5 million (2014: €0.5 million). The shareholders' share of the distributed surplus was €65.0 million (2014: €175.0 million).
The technical provisions relating to insurance and investment contracts are:

	Unit linked Investment contracts	Unit linked Insurance contracts	Total
	2015	**2015**	**2015**
	€m	**€m**	**€m**
At 1 January	5,680.0	7,326.2	13,006.2
Deposits received from policyholders under investment contracts	502.1	-	502.1
Payments made to policyholders of, and fees deducted from investment contracts	(703.0)	-	(703.0)
Gross policy fees	(55.7)	-	(55.7)
Change in technical provision as shown in the technical account	305.7	515.5	821.2
At 31 December	5,729.1	7,841.7	13,570.8

	2014 €m	2014 €m	2014 €m
At 1 January	5,463.1	6,628.9	12,092.0
Deposits received from policyholders under investment contracts	389.6	-	389.6
Payments made to policyholders of, and fees deducted from investment contracts	(699.7)	-	(699.7)
Gross policy fees	(44.4)	-	(44.4)
Change in technical provision as shown in the technical account	571.4	697.3	1,268.7
At 31 December	5,680.0	7,326.2	13,006.2

The market value of investments held to cover linked liabilities was €13,702.0 million (2014: €13,142.3 million). The cost of investments held to cover linked liabilities was €12,788.3 million (2014: €12,023.2 million).

Financial liabilities in respect of unit-linked contracts designated as investment are carried on the balance sheet at fair value. The related fair value of these financial liabilities is €5,729.1 million (2014: €5,680.0 million), which is equivalent to the amount payable under the contract.

The difference between assets held to cover linked liabilities and the associated technical provisions, net of the reinsurers' share of technical provisions for linked liabilities, primarily represents amounts in respect of income tax and other charges which are not disclosed explicitly as linked liabilities in the Company's balance sheet.

Prior year numbers have been restated and the detail of these changes is included in note 1.

NOTES TO THE FINANCIAL STATEMENTS - continued

19. POLICYHOLDERS' LIABILITIES

	Life Assurance Provision €m	Claims Outstanding €m
Year ended 31 December 2015		
Gross:		
At 1 January	2,573.0	121.8
Change in technical provision	(29.4)	14.6
At 31 December	2,543.6	136.4
Reinsurers share:		
At 1 January	(1,322.4)	(11.7)
Change in technical provision	(0.9)	(5.4)
At 31 December	(1,323.3)	(17.1)
Net Amount:		
At 31 December 2015	1,220.3	119.3

	Life Assurance Provision €m	Claims Outstanding €m
Year ended 31 December 2014		
Gross:		
At 1 January	1,853.7	132.4
Change in technical provision	719.3	(10.6)
At 31 December	2,573.0	121.8
Reinsurers share:		
At 1 January	(1,023.4)	(12.7)
Change in technical provision	(299.0)	1.0
At 31 December	(1,322.4)	(11.7)
Net Amount:		
At 31 December 2014	1,250.6	110.1

20. TECHNICAL PROVISIONS

Unit-Linked Contracts

Technical provisions for linked liabilities are determined by reference to the value of assets held to provide linked benefits to the relevant policyholders. Additional technical provisions arising in respect of linked contracts are held within the life assurance business provision.

The principal assumptions used in the calculation of the technical provision for linked liabilities are set out below:

	Interest Rate		Mortality Table	
Class of business	**2015**	**2014**	**2015**	**2014**
Unit Linked Pensions	1.35%	1.30%	110% AM00/AF00	110% AM00/AF00
Unit Linked Life	0.65%	0.85%	110% AM00/AF00	110% AM00/AF00

	2015	2014
Expense Inflation	4.5% p.a	4.5% p.a

NOTES TO THE FINANCIAL STATEMENTS - continued

20. TECHNICAL PROVISIONS continued

The principal assumptions used in the calculation of the technical provisions for the life assurance provision are set out below

	Interest Rate		Mortality Table	
Class of business	**2015**	**2014**	**2015**	**2014**
Industrial assurance	-0.05%	0.95%	A1967 - 70 + 1	A1967 - 70 + 1
Non profit life assurance	1.35%	1.30%	90% AM00/AF00	90% AM00/AF00
Life Choice	1.35%	1.30%	80% AM00/AF00	80% AM00/AF00
Pension immediate annuity	1.32%	1.38%	95% PMA00 MC/2.0%	95% PMA00 MC/2.0%

Expense Inflation	**2015**	**2014**
Industrial assurance	0% p.a.	0% p.a.
Non profit life assurance	4.5% p.a	4.5% p.a
Life Choice	4.5% p.a	4.5% p.a
Pension immediate annuity	4.5% p.a	4.5% p.a

Renewal Expenses	**2015**	**2014**	Expenses as % Reserves
	€pa	€pa	
Industrial Assurance	60% of premium income	60% of premium income	0.10% p.a.
Non-linked Protection	€35	€47	0.10% p.a.
Life Choice	€35	€47	0.10% p.a.
Pension immediate annuity	€26	€43	0.10% p.a.

A reduction in fixed interest yields would reduce the impact of discounting on the life assurance provision, resulting in an increased provision.

Unit growth rate
Unit growth before charges is assumed to be 2.6% gross, 2.9% net (2014: 2.4% gross, 1.9% net).

Expenses
Expense loadings are based on a prudent assessment of the expected cost of administering existing contracts including allowance for future inflation.

Explicit provision is made in the life assurance provision for vested reversionary bonuses and a level of future bonus. Also included in the life assurance provision is an amount of €2.3 million (2014: €2.3 million) for terminal bonuses.

NOTES TO THE FINANCIAL STATEMENTS - continued

21. SHAREHOLDER'S FUNDS – EQUITY INTERESTS

Called up share capital

	2015 €m	2014 €m
Authorised		
200,000,000 ordinary shares of 13 cents each	26.0	26.0
(2014 : 200,000,000)		
Issued and fully paid - presented as equity		
175,000,001 ordinary shares of 13 cents each	22.8	22.8
(2014 : 175,000,001)		

Share premium account
This reserve includes the authorisation and issue of 1 ordinary share of €0.13 in 2011 to Bank of Ireland Life Holdings Limited ("the immediate parent company") in consideration for the sum of €25 million.

Capital reserve
This reserve represents capital contributions received from Bank of Ireland Life Holdings Limited ("the immediate parent company") with no obligation to repay. The directors consider the capital reserve to be unencumbered and form part of the Company's own funds.

Non-distributable reserve
This reserve represents the non distributable amounts in the profit and loss - non technical account which are not available for distribution, as determined by the Appointed Actuary.

Profit and loss account
This reserve represents the surplus which is available for distribution as determined by the Appointed Actuary. This surplus is released from the non technical reserve and retained in the profit and loss account.

Distributable reserves
At 31 December 2015 there were distributable reserves of €70.2 million (2014: €5.2 million).

NOTES TO THE FINANCIAL STATEMENTS - continued

22. PROVISION FOR OTHER RISKS AND CHARGES – Deferred taxation

	2015	2014
	€m	€m
Deferred taxation 1 January	5.3	14.8
Net change for the year - pensions	0.3	4.5
Net change for the year - origination and reversal of timing differences	(3.1)	(14.0)
Deferred taxation at 31 December	2.5	5.3

The provision for deferred taxation comprises		
Pension deficit	13.0	12.7
Unrealised gains on investments	(10.2)	(7.3)
Other timing differences	(0.3)	(0.1)
Deferred taxation at 31 December	2.5	5.3

Represented on the balance sheet as follows		
Deferred taxation asset	13.0	12.7
Deferred taxation liability	(10.5)	(7.4)
	2.5	5.3

23. DIRECTORS REMUNERATION

	2015	2014
	€m	€m
Fees	0.3	0.3
Salaries for management services	1.2	1.3
Contributions to retirement benefit schemes		
- Defined benefit scheme	0.2	0.2
	1.7	1.8

Retirement benefits are accruing to three directors (2014: three directors) under a defined benefit scheme and one director (2014: one director) under a defined contribution scheme.

24. PENSION COSTS

The Company operates a group defined benefit pension scheme, which is closed to new members and covers the majority of the Company's employees and directors. The assets of the scheme are held in separate trustee administered fund. The pension cost is assessed in accordance with the advice of an independent actuary using the Projected Unit Credit method.

The latest actuarial assessment of the New Ireland Assurance pension scheme was at 31 March 2013. The principal assumption used in the actuarial valuation was that the difference between the investment return and pensionable remuneration increases would average 3.5%. At the date of the latest actuarial valuation, the market value of the scheme's assets was €174.9 million and the actuarial value of the assets was less than the accrued liabilities based on current earnings, and was equivalent to 95% of the liabilities allowing for expected future increases in earnings. At that date, actuarial advice confirmed that the scheme did not meet the required Funding Standard. However a subsequent valuation at 31 May 2013 indicated that the fund met the Funding Standard at that date due mainly to a strong asset performance over the intervening period from 31 March 2013.

The actuarial report is available for inspection by members of the scheme, but not for public inspection. No contributions are outstanding at the year end.

NOTES TO THE FINANCIAL STATEMENTS - continued

24. PENSION COSTS continued

The following are the major assumptions used by the actuary in the calculation of the amounts recognised in the financial statements.

	2015	2014
Inflation	1.60%	1.50%
Salary increases	2.10%	2.00%
Pension payment increases	1.35%	1.25%
Pension increases for deferred benefits	1.55%	1.45%
Discount rate	2.30%	2.20%

The assumption for price inflation is set by reference to the European Central Bank inflation target for Eurozone countries.

The discount rate at 31 December 2015 has been determined with reference to market yields at the balance sheet date on high quality corporate bonds (AA rated or equivalent) of a duration appropriate to the scheme.

The annual expenses which relate to active members are recorded within the service cost. The impact is not material.

The mortality tables adopted are:

62% PNML00 for males
70% PNFL00 for females.

	2015 Males	2015 Females	2014 Males	2014 Females
Longevity at age 60 for members currently aged 60 years	26.9	28.7	26.8	28.6
Longevity at age 60 for members currently aged 40 years	29.4	30.9	29.3	30.8

The sensitivity of overall pension liability to changes in the weighted principle assumptions is:

	Change in assumption	Impact on scheme liabilites (€m)
Factor		
Discount rate	0.25% decrease	17.9
Rate of inflation	0.10% decrease	(6.3)
Rate of salary growth	0.10% decrease	(2.2)
Life expectancy	1 year increase	10.6

NOTES TO THE FINANCIAL STATEMENTS - continued

24. PENSION COSTS continued

The balance recognised in the balance sheet is:

	2015 €m	2014 €m
Actuarial value of liabilities	(324.4)	(310.2)
Fair value of scheme assets	220.2	208.9
Deficit in scheme	(104.2)	(101.3)

The reconciliation of the movements to the balance sheet is as follows:

	2015 €m	2014 €m
Deficit at 1 January	(101.3)	(65.9)
Employer contributions	5.3	5.2
Net benefit expense for period	(8.8)	(6.0)
Actuarial gain / (loss)	0.6	(34.6)
Deficit at 31 December	(104.2)	(101.3)

The following discloses the changes in the scheme's liabilities and assets

	2015 €m	2014 €m
Scheme liabilities at 1 January	310.2	252.8
Employer service cost	6.6	4.9
Interest cost	6.8	9.1
Scheme participants contribution	1.0	1.0
Actuarial loss	7.2	49.7
Benefits paid	(7.4)	(7.3)
Scheme liabilities at 31 December	324.4	310.2

	2015 €m	2014 €m
Scheme assets at 1 January	208.9	186.9
Actual return on assets	12.4	23.1
Employer contribution	5.3	5.2
Scheme participants contribution	1.0	1.0
Benefits paid	(7.4)	(7.3)
Scheme assets at 31 December	220.2	208.9

NOTES TO THE FINANCIAL STATEMENTS - continued

24. PENSION COSTS continued

The major categories of plan assets as a percentage of total plan assets are as follows

	2015	2014
Equities	56%	56%
Fixed Interest	26%	26%
Property	10%	10%
Cash	8%	8%

The assets do not include any of New Ireland Assurance Company plc own financial instruments or any property occupied by New Ireland Assurance Company plc.

Analysis of amounts recognised in the profit and loss

	2015 €m	2014 €m
Expected return on scheme assets	4.6	8.0
Less interest on scheme liabilities	(6.8)	(9.1)
Employer service cost	(6.6)	(4.9)
Total charge to Profit and Loss (note 3)	(8.8)	(6.0)

Analysis of amounts recognised in statement of comprehensive income

	2015 €m	2014 €m
Gains on assets	7.8	15.1
(Increase) / decrease in liabilities	(6.2)	1.5
Change in assumptions	(1.0)	(51.2)
	0.6	(34.6)

The total estimated charge to the profit and loss account for 2016 is €9.2 million. Expected employer contributions for the year ended 31 December 2016 are €5.3 million. Expected employee contributions for the year ended 31 December 2016 are €1.1 million.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT

Risk management objectives

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from non-linked insurance policies as they fall due. The most important components of this financial risk are insurance risk, interest rate risk, equity risk, liquidity risk and credit risk.

The principal technique of the Company's Asset Liability management policy is to match assets to the non-linked liabilities by reference to the type of benefits payable to contract holders. The Company invests in a portfolio of sovereign and corporate bonds to match these liabilities. The Company is exposed to market risk on this business to the extent that the discounted value of the liabilities differs from the market value of the assets.

The Company has not changed the processes used to manage its risks from previous periods.

The investment return on assets backing unit-linked liabilities flows directly to the policyholders and they bear the investment risk on these assets. There is little in the way of options in the portfolio. Where guarantees have been granted (typically a minimum return of the amount invested), these guarantees have been provided by Bank of Ireland Global Markets.

The following tables reconcile the balance sheet (excluding capital and reserves) to each distinct category of liability:

Classification at 31 December 2015

	Unit Linked Contracts	Non-linked Contracts	Other	Total
	€m	€m	€m	€m
Shares and other variable yield securities and units in unit trusts				
at fair value through the profit and loss: - Listed securities	8,012.2	-	103.1	8,115.3
- Unlisted securities	570.3	-	17.0	587.3
Debt securities and other fixed income securities - at fair value				
through profit and loss: - Listed	2,001.5	1,229.8	327.1	3,558.4
Derivative financial instruments, at FVTPL	1,475.0	-	-	1,475.0
Loans and receivables	-	-	0.1	0.1
Deposits and cash balances	792.8	-	196.7	989.5
Property	841.0	-	21.9	862.9
Reinsurance assets	-	1,366.5	-	1,366.5
Other assets	9.2	-	269.2	278.4
Total assets	13,702.0	2,596.3	935.1	17,233.4
Long term business provision	-	2,543.6	-	2,543.6
Claims outstanding	-	-	136.4	136.4
Technical provisions for linked liabilities	13,570.8	-	-	13,570.8
Deposits received from reinsurers	-	17.5	-	17.5
Loans and borrowings	-	-	227.2	227.2
Provisions for other risks and charges	-	-	10.5	10.5
Other liabilities	131.2	35.2	114.4	280.8
Total liabilities	13,702.0	2,596.3	488.5	16,786.8

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

Classification at 31 December 2014

	Unit Linked Contracts	Non-linked Contracts	Other	Total
	€m	€m	€m	€m
Shares and other variable yield securities and units in unit trusts				
at fair value through the profit and loss: - Listed securities	7,961.3	-	59.6	8,020.9
- Unlisted securities	585.9	-	17.0	602.9
Debt securities and other fixed income securities - at fair value				
through profit and loss: - Listed	1,375.5	1,228.2	319.3	2,923.0
Derivative financial instruments, at FVTPL	1,709.3	-	-	1,709.3
Loans and receivables	-	-	0.2	0.2
Deposits and cash balances	768.0	-	186.7	954.7
Property	741.4	-	17.1	758.5
Reinsurance assets	-	1,359.5	-	1,359.5
Other assets	0.9	4.1	261.5	266.5
Total assets	13,142.3	2,591.8	861.4	16,595.5
Long term business provision	-	2,573.0	-	2,573.0
Claims outstanding	-	-	121.8	121.8
Technical provisions for linked liabilities	13,006.2	-	-	13,006.2
Deposits received from reinsurers	-	18.8	-	18.8
Loans and borrowings	-	-	233.0	233.0
Provisions for other risks and charges	-	-	7.4	7.4
Other liabilities	136.1	-	139.8	275.9
Total liabilities	13,142.3	2,591.8	502.0	16,236.1

Prior year numbers have been restated and the detail of these changes is included in note 1.

Insurance Risk

Life insurance risk is defined as the volatility in the amount and timing of claims caused by an unexpected change in mortality, longevity, persistency or morbidity. Mortality risk is the risk of deviations in timing and amounts of cash flows due to the incidence of death. Longevity risk is the risk of such deviations due to increasing life expectancy trends among policyholders and pensioners, resulting in higher than normal payout ratios. Morbidity risk, primarily critical illness risk, is the risk of deviations in timing and amount of cash flows (such as claims) due to incidence or non-incidence of disability and sickness. Persistency or lapse risk is the risk to profitability if policies surrender early as the Company will lose the future income streams on these contracts.
The management of insurance risk is the responsibility of the Board of the Company. Responsibilities delegated by the Board to the Reinsurance Committee include completing a review of the reinsurance arrangements at least annually and reporting on this review to the Board Risk Committee. This includes a review of the panel of reinsurers that may be used and the optimal structure of its reinsurance arrangements. The Reinsurance Committee comprises senior members of the management team with actuarial and underwriting expertise.

The Company mitigates the potential impact of insurance risk through a number of measures. These include reinsurance, underwriting, contract design and diversification.

The Company manages insurance risk by underwriting protection new business at the application stage, claims management and the use of reinsurance. This involves reviewing medical information supplied on the application form and may involve the collection and review of further medical information, or requirement for a medical examination. Depending on this review applications may be accepted on standard terms, enhanced terms or declined.

The Company has in place a regular monitoring system which reports on the mortality and morbidity experience of the business. This is used to help determine the rates at which new business is accepted. The Company also transacts many of its insurance contracts where risk rates charged under policies can be reviewed and hence alter in line with emerging experience.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

The table below shows the composition of policyholder liabilities and reserves by product type for all contracts, net of reinsurance. This illustrates the relative level of insurance risk the Company is exposed to.

	Policyholder liabilities and reserves 2015 %	Sum assured 2015 %	Policyholder liabilities and reserves 2014 %	Sum assured 2014 %
Pension				
Linked	54.3%	17.3%	52.5%	17.2%
Non linked (non profit)	0.0%	0.0%	0.0%	0.0%
With profits	0.0%	0.0%	0.0%	0.0%
Annuities	6.0%	0.1%	6.3%	0.1%
Life				
Linked	37.8%	36.9%	39.3%	44.3%
Non linked (non profit)	1.9%	45.7%	1.9%	38.4%
With profits	0.0%	0.0%	0.0%	0.0%
Annuities	0.0%	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%

The total sum at risk, net of reinsurance, is €26,394 million (2014: €23,065 million).

Market Risk

Market risk is the risk of loss arising from movements in interest rates, foreign exchange rates and equity market prices.
Market risk arises from the structure of the balance sheet, and the Company's mix of business.

(a) Interest rate risk
Interest rate risk arises primarily from investments in fixed interest securities. In addition to the extent that the present value of future claim costs are related to interest rates, liabilities to policyholders are exposed to interest rate risk. Insurance contracts may have benefit payments that are fixed and guaranteed at the inception of the contract. The financial component of these benefits is usually a guaranteed fixed interest rate (for the insurance contracts, this rate may apply to maturity and/or death benefits) and hence the Company's primary financial risk on these contracts is the risk that interest income and capital redemptions from the financial assets backing the liabilities is insufficient to fund the guaranteed benefits payable. The Company monitors interest rate risk by calculating the mean duration of the investment portfolio and of the liabilities to policyholders under insurance contracts. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in current interest rates. The mean duration of the liabilities is determined by means of projecting expected cash flows from the contracts using prudent estimates of mortality and voluntary terminations. This is calculated in a consistent manner with the prior year. Any gap between the mean duration of the assets and the estimated mean duration of the liabilities is minimised by means of buying and selling fixed interest securities of different durations.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

(a) Interest rate risk continued
The Company invests in sovereign and corporate bonds of appropriate term to secure the promised benefits. The Company is not exposed to stock market movements on this business. As a result typical interest rate movements are matched by equivalent movements in liabilities. To the extent however, that interest rate movements are risk related, this will have an impact on the Company's capital position.

The sovereign bonds are diversified between Irish, French, Belgian, Italian and Austrian bonds. The corporate bonds are predominantly made up of a portfolio in excess of 100 different bonds and there is maximum exposure to any issuer of 5%. The fund is spread across a number of different countries (according to countries of risk). There is also a spread among industries but the guidelines explicitly exclude any investment in bank bonds as a way of diversifying from the Company's sovereign risk exposure. Asset backed securities are also excluded from this fund.

Information about the maturity dates for those financial assets and/or liabilities exposed to significant interest rate risk is an indicator of the sensitivity of the financial assets and/or liabilities to changes in current interest rates. The maturity profiles of debt securities and other fixed-income securities and deposits with credit institutions are set out in the tables below.

Debt securities and other fixed-income securities maturity schedule

	Fair value through profit and loss 2015 €m	Fair value through profit and loss 2014 €m
Within one year	28.0	29.4
More than one year - within five years	89.4	46.5
More than five year - within ten years	401.1	363.0
More than ten year	1,038.4	1,108.6
Total	1,556.9	1,547.5

The fair values of debt securities through profit or loss are shown by contract maturity. Actual maturities may differ from contractual maturities because certain borrowers have the right to call or pre-pay certain obligations with or without call or pre-payment penalties.

Deposits with credit institutions maturity information

	2015 €m	2014 €m
With in one year	168.5	140.7
More than one year - within five years	28.2	46.0
More than five year - within ten years	-	-
More than ten year	-	-
Total	196.7	186.7

A maturity analysis for unit-linked investment contracts amounting to €13,702.0 million (2014: €13,142.3 million) has not been produced as policyholders can generally surrender their contracts at any time, at which point the underlying unit-linked assets would be liquidated. Risks from the liquidation of unit-linked assets are largely borne by the policyholders of unit-linked contracts.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

(a) Interest rate risk continued
The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. Management monitors the sensitivity of interest rate movements by assessing the expected changes in the different portfolios due to parallel movements of 50 basis points in all yield curves.

The following table demonstrates the sensitivity to a possible change in interest rates, with all other variables held constant, of the Company's profit and net assets.

Impact on Profit and Net Assets

	2015 €m	2014 €m
Increase in yield curve +50 bps	5.1	7.7
Decrease in yield curve – 50bps	(10.8)	(12.8)

The above sensitivities do not include any impact in respect of the Company's pension schemes.

(b) Equity price Risk
The Company does not bear any of the equity price risk directly – this is borne by the policyholders who receive the gains or losses associated with the equities. The Company does indirectly derive income from management fees arising from the value of funds under management. A 5% increase in equity markets half way through the year will increase profits by €1.6 million (2014: €1.4 million).

(c) Currency Risk
The Company does not bear any currency risk directly – this is borne by the policyholders. All assets held to match non linked liabilities are denominated in Euro. The Company does indirectly derive income from management fees arising from the value of funds under management. A 5% movement in exchange rates half way through the year will change profits by €0.6 million (2014: €0.6 million).

(d) Lapse Risk
Lapse risk is the risk that a greater than anticipated number of policies cease paying premiums or surrender from the Company. The Company derives income from the management fees, premium charges and other cash flows from its contracts. When a higher number of policies lapse than anticipated this will have a negative impact on the profit of the year.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

(e) Liquidity Risk
Liquidity risk is the risk that cash may not be available at a reasonable cost to pay obligations when due. The Company is exposed to daily calls on its available cash resources mainly from claims arising from non linked insurance contracts. The Company holds sufficient short term cash deposits to cover such claims.

The Company manages its liquidity risk by adopting a policy of matching assets and liabilities. Of the financial assets at fair value through profit or loss, €11.6 billion (2014: €10.9 billion) are listed on recognised exchanges and are regularly traded and therefore these financial assets could be realised on demand if required to cover liabilities under insurance and investment contracts which due to surrender options could be payable on demand.

	Demand	0 - 3 mths	3 - 12 mths	1 - 5 years	5 years +	Total
	€m	€m	€m	€m	€m	€m
31 December 2015						
Financial liabilities under investment contract	5,729.1	-	-	-	-	5,729.1
Due to fellow subsidiaries	-	12.6	-	-	-	12.6
Creditors and accruals	-	141.5	-	-	-	141.5
Bank overdraft	-	24.1	-	-	-	24.1
Loans and borrowings	-	-	63.2	59.9	80.0	203.1
Total	5,729.1	178.2	63.2	59.9	80.0	6,110.4

	Demand	0 - 3 mths	3 - 12 mths	1 - 5 years	5 years +	Total
	€m	€m	€m	€m	€m	€m
31 December 2014						
Financial liabilities under investment contract	5,680.0	-	-	-	-	5,680.0
Due to fellow subsidiaries	-	11.8	-	-	-	11.8
Creditors and accruals	-	126.5	-	-	-	126.5
Bank overdraft	-	30.4	-	-	-	30.4
Loans and borrowings	-	-	2.6	120.0	80.0	202.6
Total	5,680.0	168.7	2.6	120.0	80.0	6,051.3

(f) Credit Risk
Credit Risk is the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Company. Key areas where the Company is exposed to credit risk are:

- amounts due from insurance intermediaries;
- amounts due from sovereign and corporate bond issuers;
- amounts due from insurance contract holders;
- amounts on deposit with other credit institutions:
- reinsurers' share of insurance liabilities; and,
- amounts due from reinsurers in respect of claims already paid.

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or groups of counterparties. Such risks are subject to regular review.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

(f) Credit Risk continued

The Company has a material credit risk exposure to a number of reinsurance companies. Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. An analysis of reinsurers by Standard & Poors rating (or equivalent) is produced periodically.

The Company uses a panel of highly rated reinsurance companies to diversify credit risk. The Company also operates a Reinsurance Committee that reports to the Risk Committee at least annually and in addition on material items as they arise. Inter alia, the Committee considers retention levels across the business lines, the credit rating of the reinsurance companies and the extent of our exposure to each reinsurance company. Reinsurance in respect of annuity business is on a collateralised basis.

The assets bearing credit risk are summarised below:

	Unit Linked Contracts	Non-linked Contracts	Other	Total
	€m	€m	€m	€m
31 December 2015				
Debt Securities and other fixed Income securities - at fair value through profit and loss:- Listed	2,001.5	1,229.8	327.1	3,558.4
Derivative financial instruments, at FVTPL	1,475.0	-	-	1,475.0
Loans and receivables	-	-	0.1	0.1
Deposits and cash balances	792.8	-	196.7	989.5
Reinsurance assets	-	1,366.5	-	1,366.5
Total Assets	4,269.3	2,596.3	523.9	7,389.5
31 December 2014				
Debt Securities and other fixed Income securities - at fair value through profit and loss:- Listed	1,375.5	1,228.2	319.3	2,923.0
Derivative financial instruments, at FVTPL	1,709.3	-	-	1,709.3
Loans and receivables	-	-	0.2	0.2
Deposits and cash balances	768.0	-	186.7	954.7
Reinsurance assets	-	1,359.5	-	1,359.5
Total Assets	3,852.8	2,587.7	506.2	6,946.7

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

(f) Credit Risk continued
An analysis of the credit rating of assets bearing credit risk which includes the reinsurance asset, Irish sovereign bonds, Euro sovereign bonds, corporate bonds and cash deposits are summarised below:

	Unit Linked Contracts		Non-linked / Other Contracts	
	2015	**2014**	**2015**	**2014**
	€m	**€m**	**€m**	**€m**
AAA	489.4	271.9	2.2	-
AA+	147.2	232.9	211.9	246.3
AA	545.9	428.3	566.5	532.1
AA -	15.5	0.6	1,180.9	1,207.0
A+	510.6	178.0	694.2	236.1
A	186.5	379.5	110.8	580.8
A -	83.4	2.2	58.9	69.5
BBB+	262.2	168.5	59.3	30.6
BBB	10.0	-	62.7	66.2
BBB-	2,008.4	19.3	126.7	52.1
BB+	-	2171.6	1.1	73.2
BB	-	-	45.0	-
BB-	10.2	-	-	-
	4,269.3	3,852.8	3,120.2	3,093.9

No credit limits were exceeded during the period. No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

The Company maintains strict control limits on open derivative positions, by both amount and term. The amount subject to credit risk at any one time is limited to the current fair value of derivative financial assets.

Sensitivity to an increase in credit spreads is shown in the table below.

Impact on Profit and Net Assets

	2015	**2014**
	€m	**€m**
Credit spreads +0.50%	(32.3)	(29.9)

(g) Unit linked contracts
For unit–linked contracts the Company matches all the liabilities with assets in the portfolio on which the unit prices are based. Therefore there is no interest, price, currency or credit risk attaching to these assets for the Company as all risk is borne by the policyholder. However the Company does carry the reputational risk of managing these amounts on behalf of policyholders and receives investment management fees based on the unit-linked assets under management. The Company therefore has an indirect exposure to the performance of world equity markets. The amount related to unit linked contracts included in the assets bearing credit risk was €13.7 billion (2014: €13.1 billion).

(h) Operational risk
Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
The Company faces operational risks in the normal pursuit of its business objectives. The primary goals of operational risk management and assurance are ensuring the sustainability and integrity of the Company's operations and the protection of its reputation by controlling, mitigating or transferring the risk of financial losses. By its nature, operational risk cannot be fully eliminated, however the Company has established a formal approach to the management of operational risk in the form of an 'Operational Risk Management Framework' which defines the Company's approach to identifying, assessing, managing, monitoring and reporting the operational risks which may impact the achievement of the Company's business objectives.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

FAIR VALUE HIERARCHY

The table below shows, for the Company's financial assets and liabilities that are recognised and measured at fair value, their classification within a three – level fair value hierarchy.

Level 1 comprises financial assets and liabilities valued using quoted market prices in active markets. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2 comprises financial assets and liabilities valued using techniques based significantly on observable market data.

Level 3 comprises financial assets and liabilities valued using techniques where the impact of the non observable market data is significant in determining the fair value of the instrument. Non observable market data is not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on observable inputs of a similar nature, or analytical techniques.

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Category				
Financial assets held at fair value at 31 December 2015				
Equities and unit trusts	8,115.3	570.3	17.0	8,702.6
Debt securities	3,558.4	-	-	3,558.4
Derivative instruments	-	1,475.0	-	1,475.0
Non financial assets held at fair value at 31 December 2015				
Investment property	-	-	841.1	841.1
Owner occupied property	-	-	21.8	21.8
	11,673.7	2,045.3	879.9	14,598.9
Financial liabilities held at fair value at 31 December 2015				
Liabilities to customers :				
Under insurance contracts	-	7,841.7	-	7,841.7
Under investment contracts	-	5,729.1	-	5,729.1
	-	13,570.8	-	13,570.8

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

Fair Value Hierarchy of Financial Assets and Liabilities (Continued)

	Level 1	Level 2	Level 3	Total
	€m	€m	€m	€m
Category				
Financial assets held at fair value at 31 December 2014				
Equities and unit trusts	8,020.9	585.9	17.0	8,623.8
Debt securities	2,923.0	-	-	2,923.0
Derivative instruments	-	1,709.3	-	1,709.3
Non financial assets held at fair value at 31 December 2014				
Investment property	-	-	741.4	741.4
Owner occupied property	-	-	17.1	17.1
	10,943.9	2,295.2	775.5	14,014.6
Financial liabilities held at fair value at 31 December 2014				
Liabilities to customers :				
Under insurance contracts	-	7,326.2	-	7,326.2
Under investment contracts	-	5,680.0	-	5,680.0
	-	13,006.2	-	13,006.2

Movements in Level 3 assets

	Equities and Unit Trusts	Investment Property	Owner Occupied Property	Total
Year ended 31 December 2015	€m	€m	€m	€m
Opening balance	17.0	741.4	17.1	775.5
Investment gains	-	93.3	4.7	98.0
Additions	-	80.9	-	80.9
Disposals	-	(34.5)	-	(34.5)
Reclassification	-	(40.0)	-	(40.0)
Closing Balance	17.0	841.1	21.8	879.9

NOTES TO THE FINANCIAL STATEMENTS - continued

25. RISK AND CAPITAL MANAGEMENT continued

Movements in Level 3 Assets continued

Year ended 31 December 2014	Equities and Unit Trusts €m	Investment Property €m	Owner Occupied Property €m	Total €m
Opening balance	17.7	717.0	13.4	748.1
Investment gains	-	106.9	3.7	110.6
Additions	-	57.1	-	57.1
Disposals	-	(139.6)	-	(139.6)
Reclassification	(0.7)	-	-	(0.7)
Closing Balance	17.0	741.4	17.1	775.5

The key assumptions driving the valuation of the level 3 investments are;

Equities
Equities are valued using the valuation technique, discounted cash flow analysis, to reflect the expected annual coupon on the investment and the expected repayment of the principal at the end of the fixed term of the investment. The cashflows have been discounted using the risk free rate (the 10 year government bond rate). Using reasonable possible alternative assumptions would not have a material impact on the value of this asset.

Investment properties
Investment properties are carried at fair value as determined by external qualified property surveyors appropriate to the properties held. Fair values have been calculated using current trends in the market of property sales and rental yields in the retail, office and industrial property markets (level 2 inputs). Other inputs take into consideration occupancy rate forecasts, sales price expectations and letting prospects (level 3 inputs). Using reasonably possible alternative assumptions would not have a material impact on the value of these assets. All properties are valued based on highest and best use.

Owner occupied property
A revaluation of the Company's owner occupied property was carried out as at 31 December 2015. All freehold and long leasehold properties were valued by Lisney as external valuers. Lisney valuations were made on the basis of observable inputs such as comparable lettings and sales (level 2 inputs). Unobservable inputs such as profile, lot size, layout and presentation of accommodation are also used (level 3 inputs). Using reasonably possible alternative assumptions would not have a material impact on the value of these assets. All properties are valued based on highest and best use.

NOTES TO THE FINANCIAL STATEMENTS - continued

CAPITAL MANAGEMENT

The Company maintains an efficient capital structure from a combination of equity shareholders' funds and borrowings consistent with the Company's risk profile and the regulatory and market requirements of its business.

The Company holds technical reserves to meet its liabilities to policyholders based on prudent actuarial assumptions. In addition, the Central Bank of Ireland requires the Company to hold an excess of assets over liabilities to meet a required minimum statutory solvency margin.

In reporting our financial strength, capital and solvency is measured using the regulations prescribed by the Central Bank of Ireland. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written by the Company.

(a) Capital management objectives

The Company's objectives in managing its capital are:

- to meet the requirements of the Central Bank of Ireland;
- to provide security for policyholders;
- to maintain sufficient financial strength to support new business growth; and
- to manage the interests of the Company within the risk appetite approved by the Board.

(b) Restrictions on available capital resources

The Company must maintain sufficient capital to meet the threshold of the required minimum statutory solvency margin requirement. The Central Bank of Ireland would expect the Company to exceed the minimum amount and this is reflected in the Company's capital management policy. Subject to the above, surplus that has been transferred to the shareholders fund is unencumbered. Surplus retained within the life assurance fund is not available for distribution to shareholders.

The capital held within the shareholders' funds is generally available to meet any requirements. It remains the intention of the Board and management to ensure that there is adequate capital to exceed the Company's regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS - continued

25. CAPITAL MANAGEMENT continued

(c) Available capital resources

The table below sets out the levels of free assets held by the Company compared to the minimum required by regulation ('regulatory basis').

	2015 €m	2014 €m
Total shareholder funds	446.6	359.4
Adjustments to regulatory basis :		
Regulatory reserve	(53.5)	(55.9)
Adjustment for investment contract reserves	(35.1)	(52.0)
Deferred acquisition costs / deferred income liability	(181.2)	(175.8)
Deferred tax	2.2	(21.1)
Asset valuation adjustment	(18.4)	(18.0)
Financial reinsurance	59.9	120.0
Capital restructure : subordinated debt	80.0	80.0
Pension scheme	91.2	88.6
Total free assets available for regulatory solvency purposes	391.7	325.2
Minimum statutory solvency requirement	(192.6)	(190.6)
Excess assets over solvency margin requirement	199.1	134.6
Total policyholder liabilities on regulatory basis		
Unit linked liabilities	13,711.9	13,217.5
Non linked liabilities	1,198.7	1,198.7
Total liabilities	14,910.6	14,416.2
Cost of bonus	0.5	0.5
	14,911.1	14,416.7

The cover for the required minimum statutory solvency margin at 31 December 2015 was satisfactory, with assets of €391.7 million available to cover a solvency margin requirement of €192.6 million, representing cover of 2.03 (2014: 1.71) times the required amount.

NOTES TO THE FINANCIAL STATEMENTS - continued

25.CAPITAL MANAGEMENT continued

(d) Movements in capital resources

	2015 €m	2014 €m
Balance at 1 January	325.2	355.2
Cash generated (after new business strain)	55.9	44.0
Risk benefits	8.2	8.2
Interest rates and market movements	14.8	(4.5)
Basis changes / other	67.9	7.2
Tax	(14.2)	(12.3)
Capital restructure : subordinated debt	-	80.0
Capital restructure : financial reinsurance	(60.1)	120.0
Interest on capital instrument	(6.0)	(2.6)
Dividend	-	(270.0)
Balance at 31 December	391.7	325.2

(e) Capital resource sensitivities

The Company carries out regular assessments of the projected future solvency position, under a number of different scenarios, which are documented in the Own Risk and Solvency Assessment (ORSA) Report. This report is made available to the Central Bank of Ireland. As part of this Report, a projection of the Company's solvency position over the next five years is documented. This Report has confirmed the financial strength of the Company's capital position and the resilience of this capital position under the stress tests examined. An examination of the risks to which the Company is exposed, and the steps we have taken to mitigate these risks, is set out below.

Market risk:
The Company's capital position is relatively insensitive to market movements as the bulk of our liabilities are unit linked with policyholders bearing the investment risk. Non-linked liabilities are closely matched by sovereign and corporate bonds of appropriate duration as outlined above. The Company's free assets are mainly held in cash, short-term sovereign and corporate bonds and a combination of risk managed funds. To the extent that yield increases on the sovereign and corporate bonds are risk related, this represents a market risk for the Company.

The Company's pension schemes contain an exposure to market risk which can impact on the capital position of the Company.

Insurance risk:
The Company uses reinsurance to mitigate the impact of mortality and morbidity risks. Our current policy is to reinsure up to 90% of new guaranteed protection business, to reinsure only a small part of flexible protection unit-linked contracts and to reinsure 75% of new income protection business.

Credit risk:
The Company uses a number of different reinsurance companies of appropriate financial strength in managing its life assurance business. The Company's asset liability matching policy includes significant holdings of corporate bonds and sovereign debt of a number of Euro zone countries. The most significant holding of sovereign debt is French sovereign debt.

(f) Options & Guarantees

The Company has a very limited range of options and guarantees in its business portfolio as the bulk of the business is unit linked without investment guarantees. Where investment guarantees have been given on unit linked business they have been fully hedged.

The Company has not granted guaranteed annuity options on any of its business.

NOTES TO THE FINANCIAL STATEMENTS - continued

26. FUTURE CAPITAL COMMITMENTS NOT PROVIDED FOR

	2015 €m	2014 €m
Authorised but not contracted	6.9	0.2
Contracted	0.2	-

27. OTHER FINANCIAL COMMITMENTS

At 31 December 2015 the Company had total commitments under non-cancellable operating leases of €6.4 million (2014: €8.8 million). The leases are due to expire as follows:

	2015 €m	2014 €m
Total		
Within one year	1.0	1.2
More than one year - within five years	3.4	4.0
More than five years	2.0	3.6
	6.4	8.8
Property		
Within one year	1.0	1.1
More than one year - within five years	3.0	3.8
More than five years	2.0	3.6
	6.0	8.5
Other		
Within one year	-	0.1
More than one year - within five years	0.4	0.2
More than five years	-	-
	0.4	0.3

NOTES TO THE FINANCIAL STATEMENTS - continued

28. LOANS AND BORROWINGS

	2015	2014
	€m	€m
Financial reinsurance	121.4	120.9
Subordinated debt	81.7	81.7
	203.1	202.6

Movement in loans and borrowings

	Financial reinsurance	Subordinated debt	Total
	€m	€m	€m
Year ended 31 December 2015			
At 1 January	120.9	81.7	202.6
Interest charged	2.1	3.9	6.0
Interest paid	(1.6)	(3.9)	(5.5)
At 31 December	121.4	81.7	203.1
Year ended 31 December 2014			
At 1 January	-	-	-
Issued	120.0	80.0	200.0
Interest charged	0.9	1.7	2.6
Interest paid	-	-	-
At 31 December	120.9	81.7	202.6

The subordinated debt of €80 million was issued by New Ireland Assurance plc to Bank of Ireland Governor & Co at a fixed rate up to the first call date in 2019. The subordinated debt terms include mandatory interest payments to the note holder, a step up in the rate charged after a defined period and a block on dividend payments to shareholders whilst any interest repayments are outstanding. The interest rate is fixed at 4.9% per annum until 29 July 2019 (the first reset date).

New Ireland Assurance plc and an external third party executed a Financial Reassurance agreement whereby the Company received ceding commission of €120 million secured against a defined block of the in force book of business. Under the agreement, New Ireland has an obligation to repay the loan along with a risk premium over the term of agreement but the obligation is contingent on the surpluses arising from the defined portion of the value of in force emerging in the future. The risk premium was set at 1.75% in 2014 and the first repayment of ceding commission will be made in 2016.

NOTES TO THE FINANCIAL STATEMENTS - continued

29. SUBSIDIARIES

	Nature of Business	Percentage Owned	Country
General Investment Trust Limited	Pension Trustee Company	100%	Ireland
Leopardstown Offices Management Limited	Property Company	100%	Ireland
Weesperplein 6 Holding BV	Holding Company	100%	Netherlands
Weesperplein 6 BV	Property Company	100%	Netherlands
Life Fund Syndication Holding BV	Holding Company	100%	Netherlands
Life Fund Syndication BV	Property Company	100%	Netherlands
SCI Jupiter Immeuble	Property Company	100%	France
Noisy Le Grand Paris SARL	Holding Company	100%	Luxembourg
Rue Saint George SARL	Holding Company	100%	Luxembourg
SCI Immeuble Saint George	Property Company	100%	France
Les Borromees SARL	Holding Company	100%	Luxembourg
SCI Sang Rouge	Property Company	100%	France
BSQ Limited	Property Company	100%	Ireland

General Investment Trust is a company which offers pension trustee services to corporate pension clients of New Ireland Assurance plc.

The other companies are vehicles with respect to property funds.

The registered office of General Investment Trust Limited is situated at 11-12 Dawson Street, Dublin 2.

The registered office of Leopardstown Offices Management Limited is situated at Bank of Ireland, 40 Mespil Road, Dublin 4.

The registered office of the Netherlands subsidiaries is TMF Group, Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam P.O. Box 23393, 1100 DW Amsterdam.

The registered office of the Luxembourg subsidiaries except Lisbonne Lux SARL, is TMF Group, L 1855 Luxembourg, 46A Avenue JF Kennedy.

The registered office of the French subsidiaries is Grandite & Ardoise, 4 Rue Cambon, 75001, Paris.

The Company’s investment in these subsidiaries consists of ordinary shares.

BSQ Limited is in receivership with KPMG Dublin.

30. HOLDING COMPANY

The Company is a wholly-owned subsidiary of Bank of Ireland Life Holdings Ltd which is incorporated in the Republic of Ireland. The Company’s immediate holding company is Bank of Ireland Life Holdings. The holding company is the Governor and Company of the Bank of Ireland which is also incorporated in the Republic of Ireland. The Governor and Company of the Bank of Ireland is the holding company of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Copies of the group financial statements of the Governor and Company of the Bank of Ireland are available from Bank of Ireland, 40 Mespil Road, Dublin 4.

NOTES TO THE FINANCIAL STATEMENTS - continued

31. RELATED PARTY TRANSACTIONS

The Company has taken advantage of an exemption from IAS 24 Related Party Disclosures not to disclose transactions with Group undertakings.
No contract of significance existed at any time during the year in which a director or key manager was materially interested or which requires disclosures as a related transaction as defined under IAS 24.

32. SUBSEQUENT EVENTS

No significant events which require disclosure or adjustment to the financial statements, affecting the Company or any of its subsidiary undertakings, have occurred since the balance sheet date.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Directors on 26 April 2016.