

Davy Irish Equity Market Conference, London May 2005



Irish Life Retail

Denis Casey, Chief Executive

AGENDA



- **Mission**
- **Business Model - Distribution & Products**
- **Market Overview**
- **Business Priorities**
 - *Superior Sales Growth*
 - *Margin & Costs - Horizon Programme*
 - *Customer Satisfaction*


Mission :

“To build a World Class life and pensions company that delivers outstanding products and service to customers and achieves superior growth and returns for its shareholders”

Irish Life

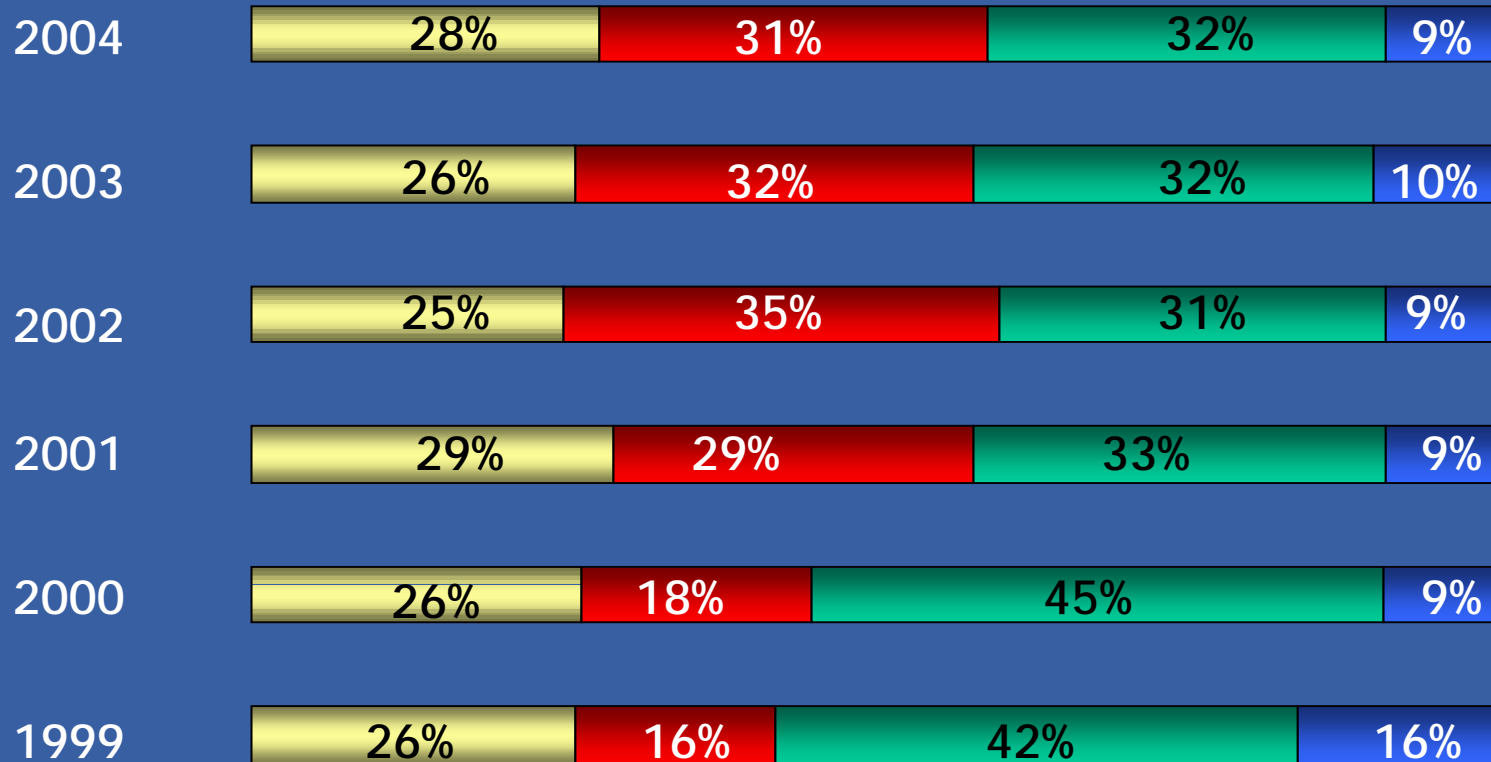


Multi-Channel Distribution

CHANNEL	DIRECT BUSINESS	BANCASSURANCE	IFAs / BROKERS	PARTNERSHIPS
Size	250 Advisers 130  Franchises	100 ptsb branches 70 Consultants 400 Branch Staff	1,000 brokers - multi agents & authorised advisers	Credit Institutions
Market	Broad middle market	ptsb customers	Mass affluent	Broad middle market
Products	Protection PRSA Investments	Protection Investments PRSA	Investments Pensions	Protection



Changing Distribution Mix



Direct



Bancassurance



IFAs



Partnerships

Multi-Product Range



PROTECTION

GUARANTEED

- Life & Serious Illness Cover
- Mortgage Protection
- Term Insurance

REVIEWABLE

- Life & Serious Illness Cover
- Unit Linked Whole of Life
- Permanent Health Insurance

INVESTMENT

Trackers

Unit-linked Bonds

- *Index tracking*
- *Active*

Commercial Property

Guaranteed Growth Bonds

Geared Trackers (niche)

PENSIONS

PRSA

- *standard*
- *non standard*

Personal Pensions

- *Directors*
- *Self Employed*

Approved Retirement Funds (ARF)

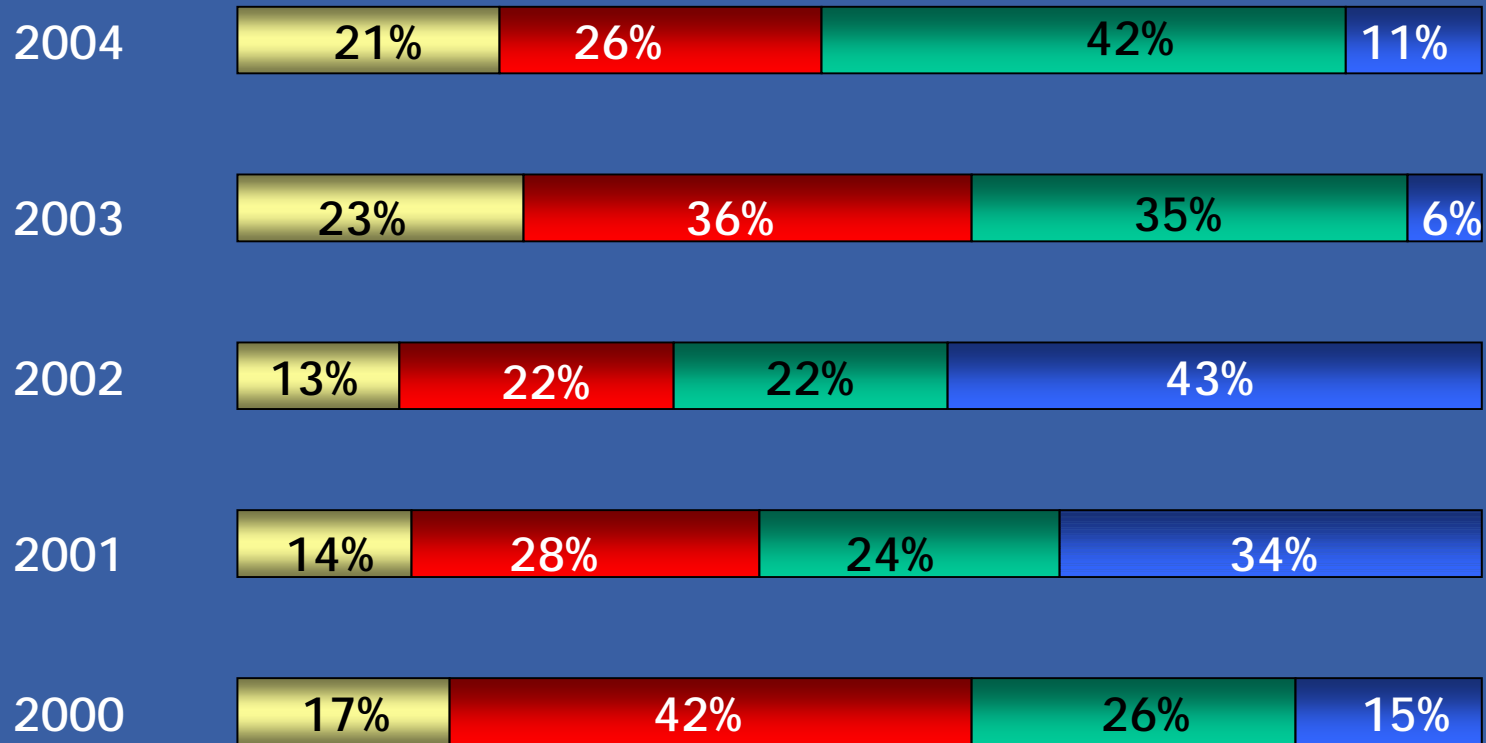
SAVINGS

Regular Savings

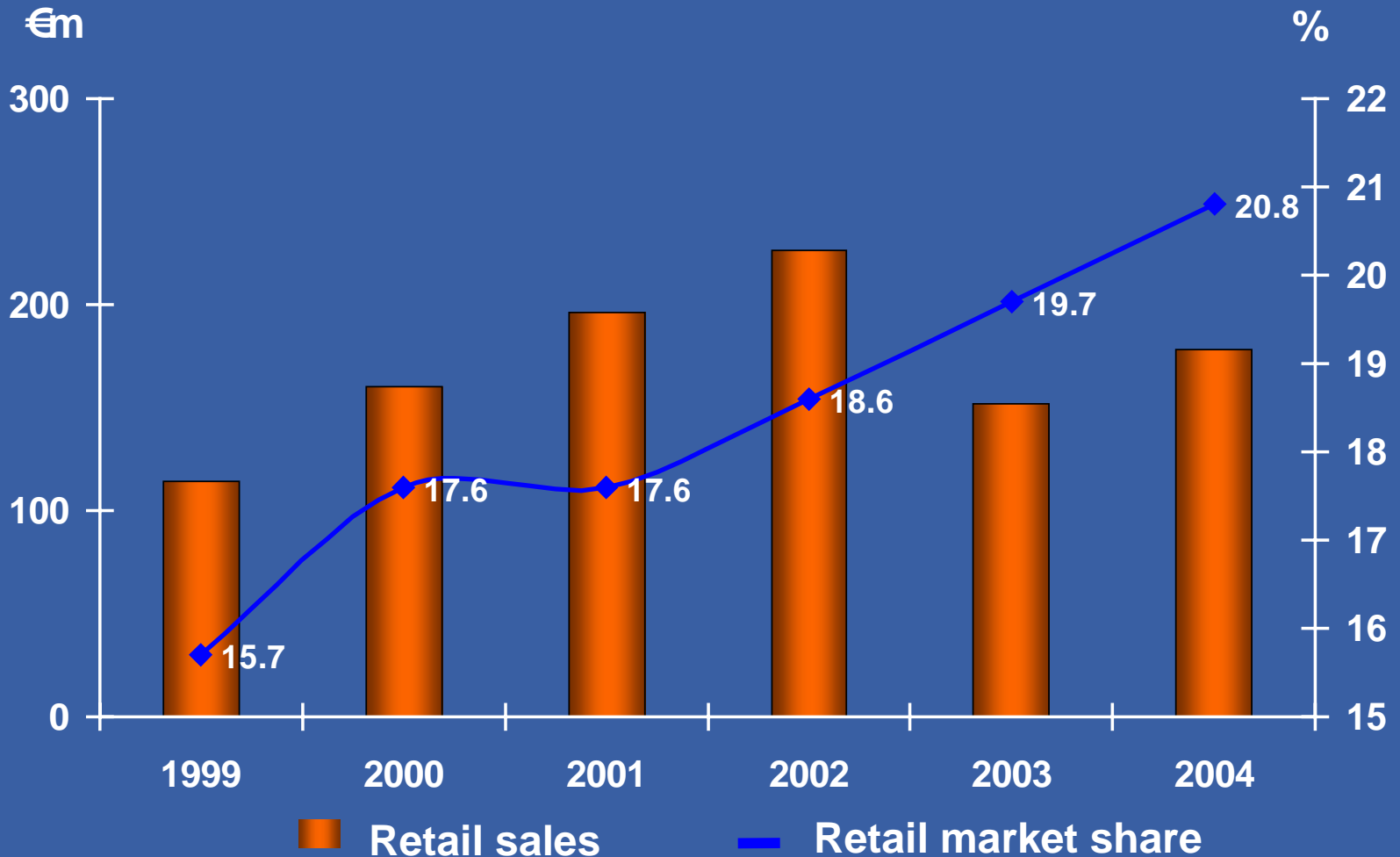
- BonusSave



Flexible Product Range



Irish Life Retail Market Share



Market Overview - Drivers



- Positive operating environment supports growth



Demographics



Economy

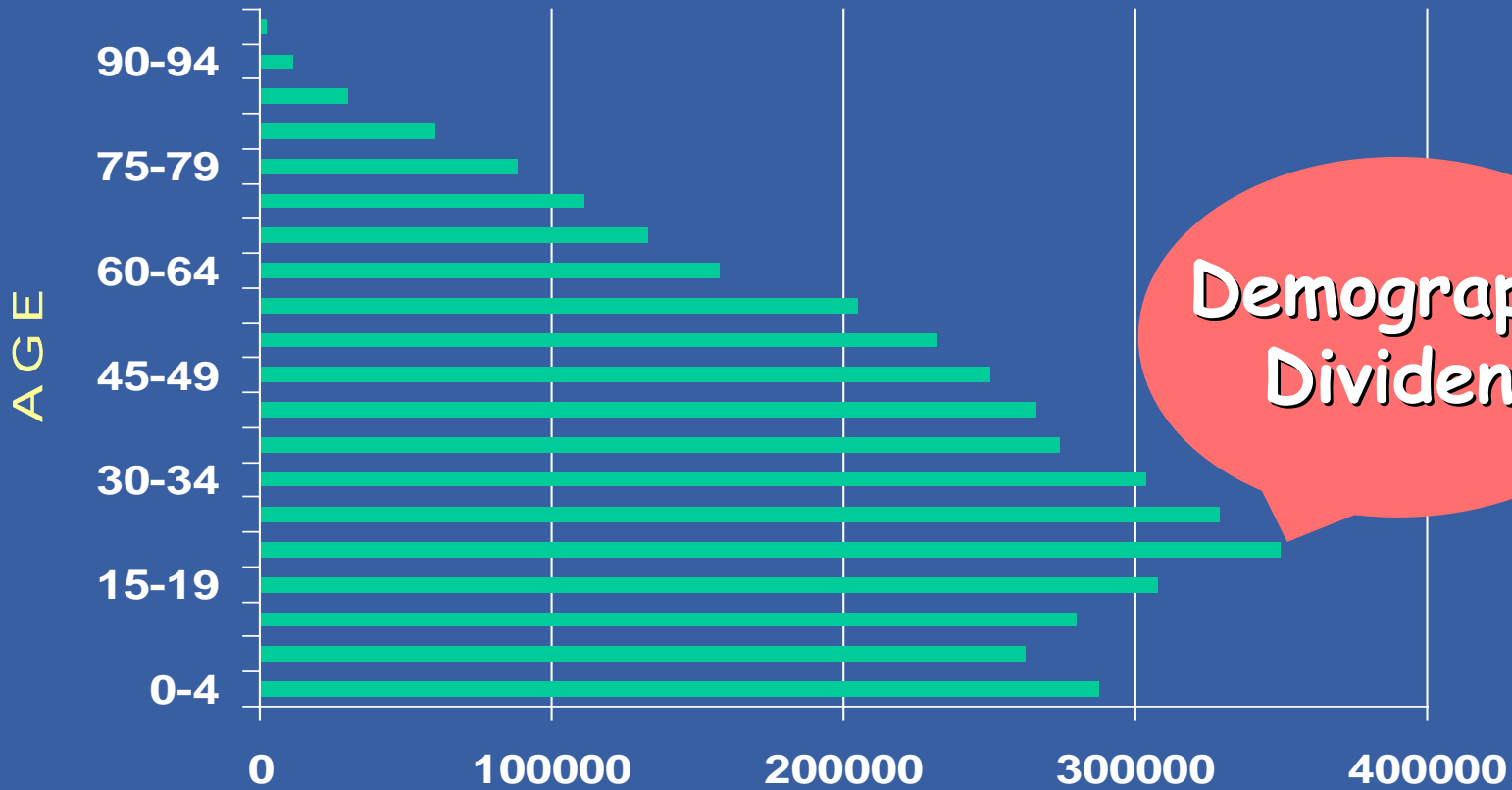


Pensions



Low Interest Rates

Ireland's Population Structure



Demographic Dividend

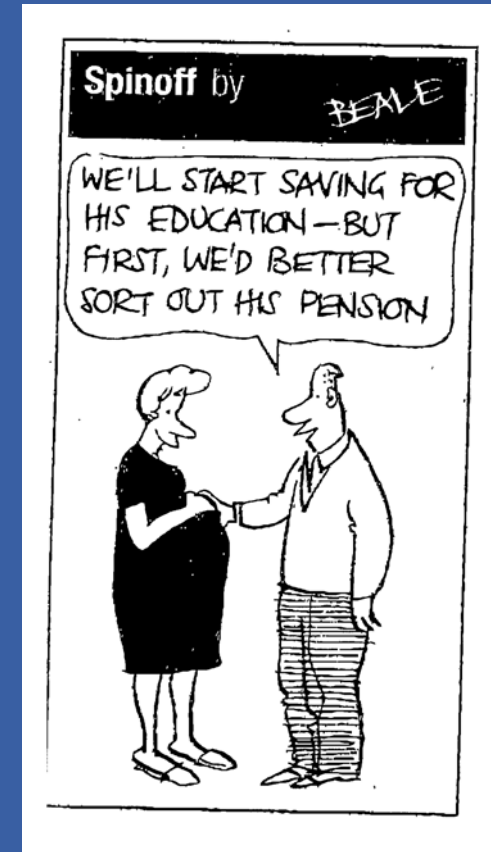


Strong Economy Creating Profits & Wealth

- 5% GDP growth over medium term achievable
- Full employment
- High disposable incomes
- Significant inherited wealth from asset appreciation
- High levels of consumer confidence

Pensions

- 50% of Irish workers have no pension
- Annual savings gap estimated at €6 billion*
- Equates to €3,300 per worker per annum
- Growing public awareness
- SSIA reinvestment opportunity ??



Pensions



- Strong public policy support for Private Pension funding
- Policy objective to increase coverage from 50% to 70%

Generous Tax Breaks

Age	% of Earnings
Up to 30	15%
30 to 40	20%
40 to 50	25%
50 plus	30%

ARF Initiative

- Freedom to recapture pension fund at retirement
- No requirement to purchase an annuity

PRSA Initiative

- Low cost simple pension
- Mandatory employer designation
- Worksite access to employees



Low Interest Rates

- Now a permanent feature of Irish economy
- A headache for savers
- Traditional deposits not providing a real rate of return
- Shift to broader range of investment products inevitable
- But low level of customer confidence in equities



Market Overview - Trends

- The rise of Bancassurance
 - *Now 40% of Retail market*
- Consolidation
 - *Top 4 control 67% of Retail market*
 - *Top 2 control 45%*
- Margin Pressure
 - *Price capped pensions (PRSA)*
 - *Competition*
 - *Consumer / media pressure*

Market Shares*



<u>Company</u>	<u>Retail Share</u>	<u>Retail & Corporate Share</u>	<u>Distribution Method</u>		
Irish Life	20.8%	24.6%	Bancassurance	IFA	DSF
Bol Life	25.0%	23.5%	Bancassurance	IFA	DSF
Ark Life	11.3%	8.6%	Bancassurance		
Hibernian (Aviva)	10.2%	10.6%	IFA		
Eagle Star (Zurich)	7.8%	8.0%	IFA		
Canada Life	6.8%	6.3%	IFA	DSF	
Friends First	5.0%	6.7%	IFA	First Active	
Standard Life	4.9%	5.0%	IFA		
Royal Liver	3.8%	2.8%	IFA	DSF	
Anglo Irish	2.5%	2.8%	Bancassurance		
Others	1.9%	1.1%			

Key Goals / Objectives



- Superior sales growth
- Horizon Programme completion
- Customer satisfaction



Sales Growth - Distribution

- Strong Sales performance by all channels in 2004 - sales up 17%
- On track to achieve 22% market share objective

Bancassurance

- Focus on pensions
- New 'Smart Sales' system rolled out
- Emerging savings market opportunity in 2005

Salesforce

- Transitioned into high growth pensions market
- PRSAs worksite opportunity

onesource

- Franchise numbers continue to build
- Big ticket signings

IFAs/Brokers

- Winning in key pensions market
- Major opportunity to leverage ILIM performance
- Addition of P.I. Investment Managers

Sales Growth - Pensions



Pensions - the growth engine for the life assurance market

Irish Life traditionally underweight in Retail pensions

Key 3 Year Plan Objective to better position our business to exploit this opportunity

■ Significant progress in 2004

- *Pensions our biggest product (42%) for first time*
- *Building competence in bancassurance channel - 38% increase in sales*
- *Salesforce successfully transitioned into pension market - 56% of 2004 sales*
- *Growing Head Office expertise - 52 staff passed Pensions Foundation exam*
- *Major advertising spend to improve investment reputation*
- *Quantum shift in Broker perceptions achieved*
- *Brokerage regular premium pension sales up 79%*
- *PRSA Designation campaign disappointing - employer apathy the obstacle*



Horizon
the way to the future

Programme



Radical Business transformation programme Initiated in 2002 to create a world class life assurer

- Drive significant productivity increases in every business activity
- Improve service experience for customers
- Protect new business profitability as product margins fall
- Instal a leading edge technology platform
- Improve financial control environment

Self Financing : Renewal cost savings pay for capital cost of programme

Life Sales & Margins



* excl ILIM sales



Siebel - Electronic Sales Process



- Professional consultation replaces traditional sales process
- Consistent & compliant advice
- Collects rich customer data
- Fully integrated with Call Centre

ePOS - Point of Sale Fullfilment



- High quality service experience
- Avoids adviser down time chasing paper
- Improves data quality

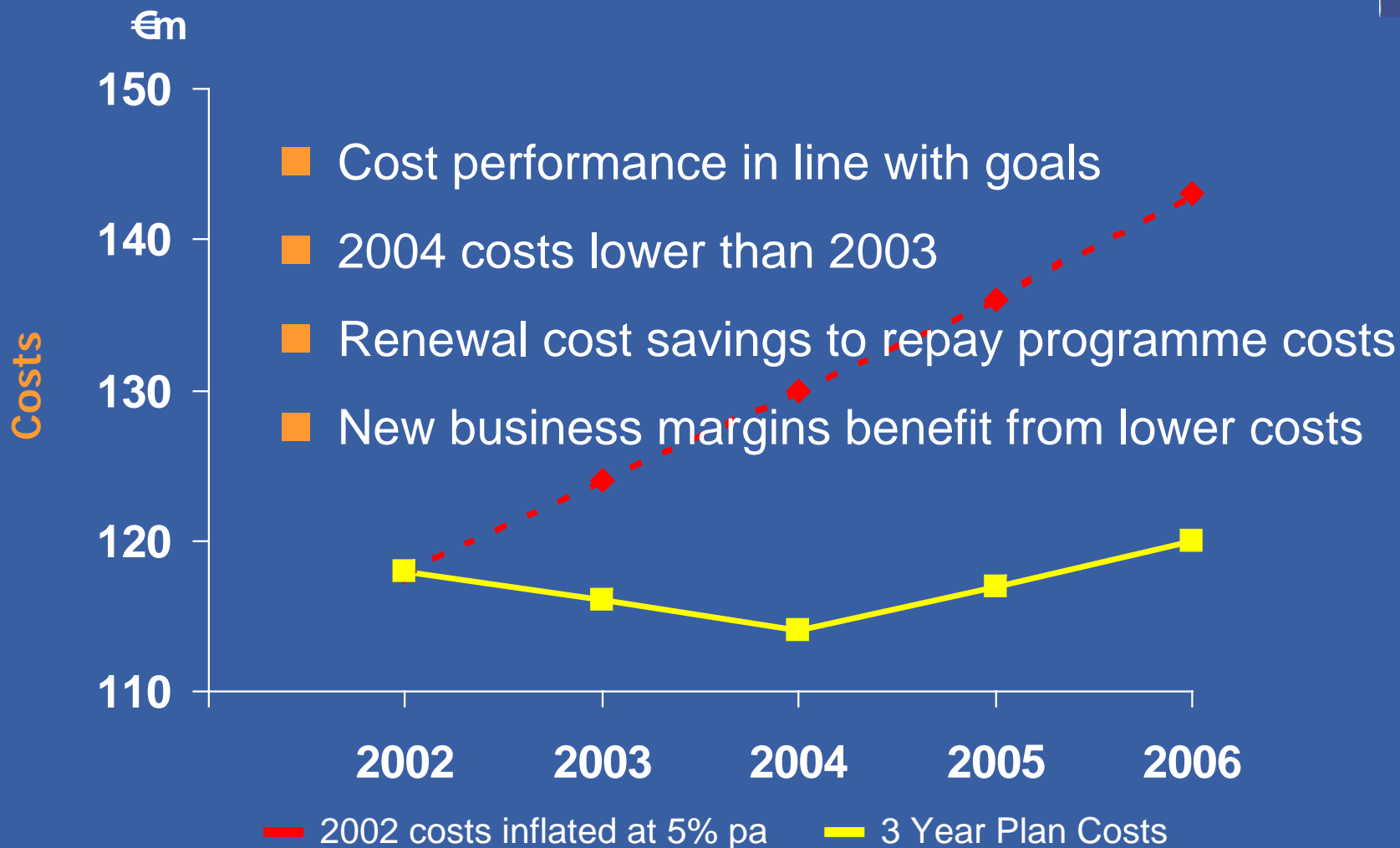
Trebling new business processing productivity

CLOAS - Integrated Back Office



- One and done processing
- Customer centric data
- Enable launch of self service facilities

Doubling existing business productivity



Commitment to Horizon Phase II

Customer Satisfaction

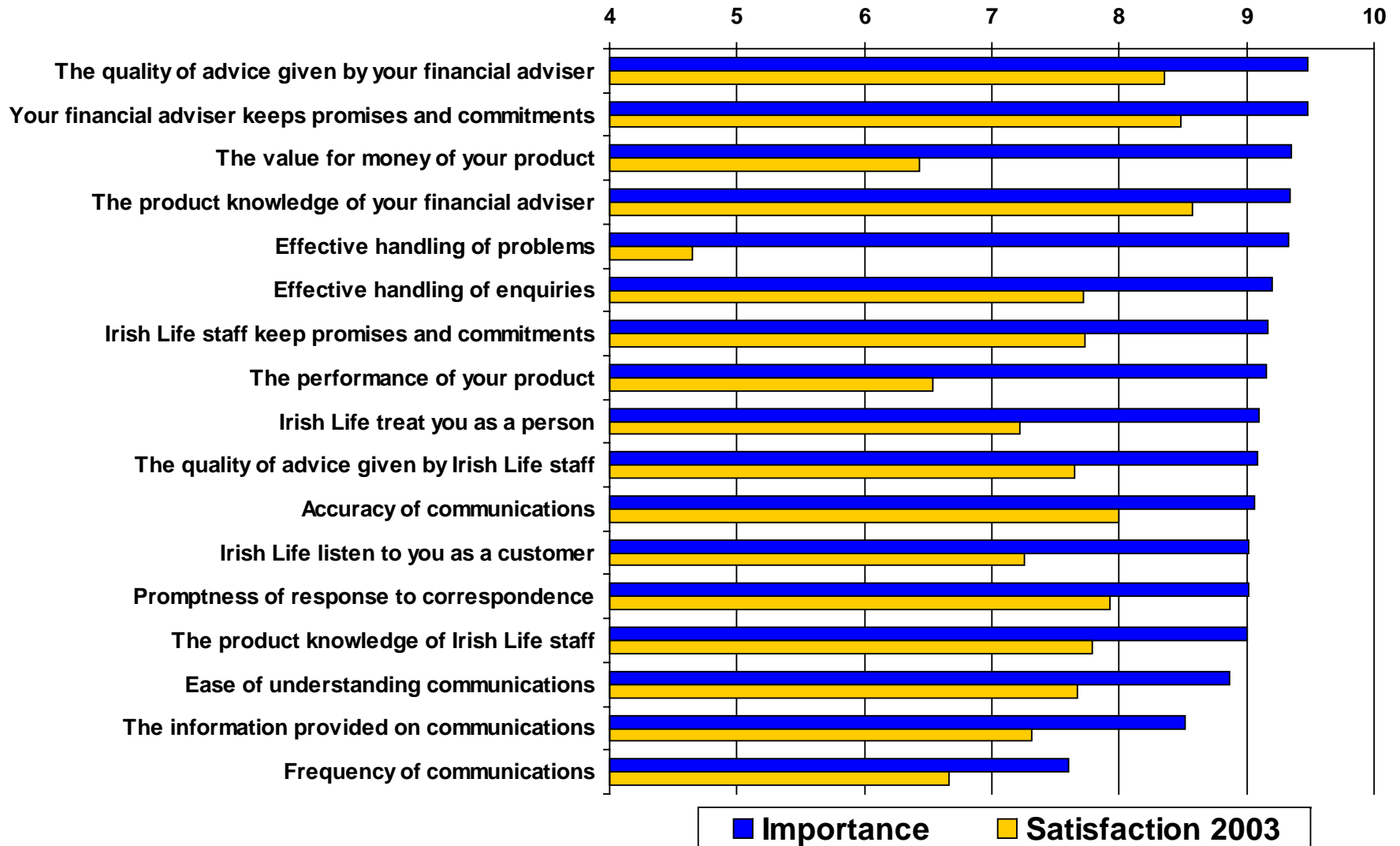


- Intouch initiative launched in 2004
- Staff Profit Share linked to improvements in customer satisfaction
- Major annual research exercise to measure customer satisfaction levels
- Excellent progress in 2004

Make **CUSTOMER SATISFACTION** an
Obsession for all Retail staff

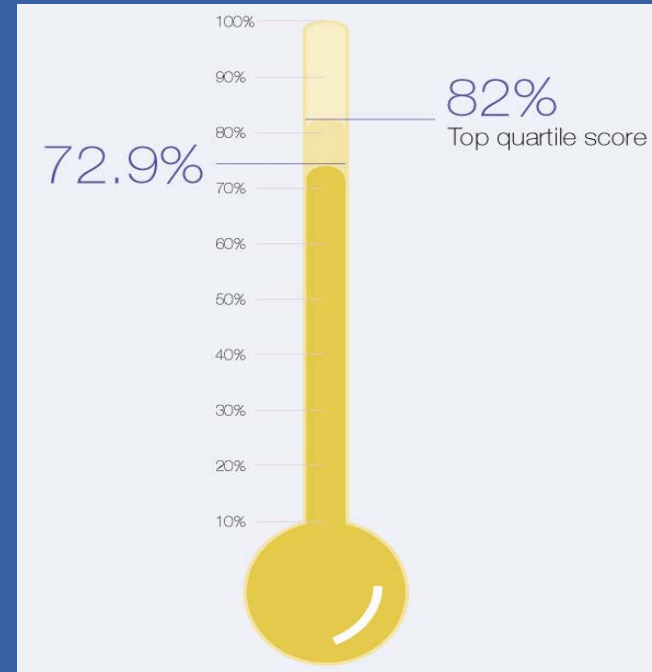
The text is overlaid on a white rectangular box. In the background of this box, there is a logo featuring a green frog sitting on a lily pad, with several other lily pads floating in the water below it. To the right of the frog, the word "Intouch" is written in a light purple, sans-serif font, with the word "keeping..." in a smaller, grey font above it.

2003 Customer Satisfaction Scores





2003 Satisfaction Index



keeping... **into**touch



2004 Intouch Actions

- Engagement Workshop sessions for all staff to launch initiative
- Local Intouch champions appointed
- Honesty Mark secured for key product literature
- Significant customer service training undertaken
- 100 service improvement “hops” achieved



keeping... **intouch**

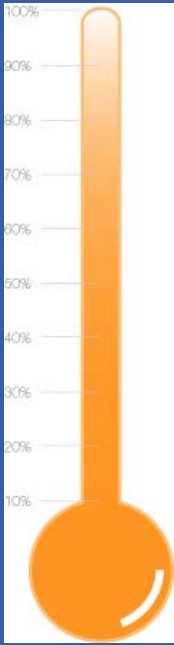


Satisfaction Index

2004 76.5%



2003 72.9%



keeping... **intouch**

Summary



**Positive
Operating Environment**

**Unrivalled Array of high performing
distribution channels**

World Class technology and processes

Leading position in a consolidating market

Proven ability to execute and drive change

Strategic Focus on Customer Satisfaction

A Winning Proposition !



A copy of this presentation, the 2004 annual report and other financial information are available on our group website www.irishlifepermanent.ie

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