

Irish Life & Permanent plc

INTERIM RESULTS 2005 PRESENTATION SCRIPT

Slide 1 Introduction [G. Bowler]

Good morning ladies and gentlemen. And good morning in particular to those of you who are listening in to this presentation through our teleconferencing facility.

My name is Gillian Bowler – Chairman of the Group – and I'm delighted to welcome you all here this morning/

On behalf of the Board I'm happy to say that we're reporting a very satisfactory six-month performance.

When we met in March I spoke in particular about our focus on business transformation programmes in our key businesses. I think this morning you will see the benefits which that investment has wrought in our life business in particular.

Our priority now is to progress a similar transformation of our banking business – where competition is now stronger than it has ever been.

Over the past six months that banking business has demonstrated loud and clear that it is –without doubt – THE competitive force in Irish banking. The response from the general public to our various innovations and the challenges which we've set down to our competitors has been extremely encouraging and gives us confidence that we can aim for equal success in this sector as we are currently enjoying in the life side of our business.

For now however let me hand you over to David Went and Peter Fitzpatrick to take us through the performance of the Group during the first half of this year.... starting with David.

Slide 2 Forward Looking Statement [D. Went]

Thank you Gillian. Good morning everybody.

Well as Gillian has said we're reporting another satisfactory six months this morning.

I think the performance can be summed up in two parts;

Firstly we had another exceptional performance out of the life & pensions business – a business which is now operating with near maximum efficiency and effectiveness and where our market position and the market environment are hugely supportive.

And secondly we had a solid performance from the banking business in a very competitive and tough market and good progress on a business transformation programme that has another 12-18 months to run.

In a moment I'm going to run through the highlights of the sales and financial performance but before I do it might be useful to reflect briefly on the key factors that have shaped the performance.

Let's start with the life business.

Slide 3 Background

Life

Firstly the Irish market is now one where size definitely matters.

The market is concentrating around a small number of key players – ourselves included – who have the scale to compete strongly and effectively and the resources and the metal to withstand market pressure. We've proven our ability to do so and now we're beginning to see the benefits of that as some of the smaller inefficient players have been forced into retreat.

Secondly we're reaping the benefits of the investment we made over recent years in transforming our businesses – particularly retail.

Thirdly, we've got the continuing..... outstanding investment performance from Irish Life Investment Managers. This puts our product offerings particularly on the pension side head and shoulders above the competition.

The final factor shaping the life performance has been our success in growing our margin beyond our target figure – which gives the basis for a very satisfactory financial performance.

Banking

There are some different dynamics at work in the banking arena.

The competition here is intense with new entrants coming to town and old friends trying hard to put down some roots!

In many respects the banking market is now where the life business was about five years ago or so; lots of jockeying for position , highly competitive and tough.

Our response is two pronged; on the one hand we're strongly pushing our transformation programme to increase our efficiency and our sales focus. This transformation programme which follows on from the successful integration of TSB is as important to the bank now as it was to the life business and so far we have hit all the targets that we have talked about.

Allied to that, we're committed to taking a lead position in this new competitive marketplace; over the last eight months for example, while some competitors have talked of their future plans for "Hero" products, we've actually gone out and created them – and we're seeing the fruits of that with tens of thousands of new customers, a growing reputation as the real force for innovation and competition in the market.

That's important to us particularly in the context of the opportunities it will give us for cross-selling products to that growing customer base down the line, using the tried and tested model proven in our bancassurance business.

So if that's the context, what's the performance been like.

Slide 4 Sales Highlights

On the sales side, the figures over the first six months of the year have been very strong.

- We grew our Irish Mortgage book by 19% year on year.
- We have opened 42,000 new current accounts in the first 8 months of this year and our current account balances are up by 20% year on year.
- On the life side retail sales grew by 24% and individual pension sales by a very encouraging 29%.
- ILIM had investment inflows of $\frac{3}{4}$ of a billion euro – 123% increase over last year.

Slide 5 Financial Highlights

On the financials, that performance led to:

- An increase in the value of new business of 61%.
- An increase in underlying banking profits of 12%.
- A rise of 21% in total earnings per share and 6% in operating earnings per share.
- And reflecting all that we're declaring an interim dividend of 17.7 cent – a rise of 7%.

Now to take us through those figures in more detail, I'll hand you over to our Group Finance Director, Peter Fitzpatrick.

Slide 6 Financial Review [Peter Fitzpatrick]

Good morning and, again, welcome.

Just before going into the detailed numbers, I think it would be useful in the light of IFRS to briefly emphasise the accounting basis on which we will be presenting this morning.

Slide 7 2005 Interim Results

In keeping with our previous announcements regarding the impact of implementing IFRS, we are presenting bank numbers which reflect the full implementation of the new standards, whilst in respect of the life business we are introducing the new embedded value methodology, European embedded value, and extending it to the entire of our life and funds management businesses.

This presents a more meaningful measure of the progress being made in developing shareholder value within our life operations, as compared to the narrow application of EV's allowed under IFRS.

So, this presentation is around the "supplementary information" which we have published today and I will not be covering the full IFRS numbers, which are, of course, fully reported upon in our interim announcement.

Lastly, we have recently issued our restated first half 2004 numbers so, you will recognise the comparative numbers used in this presentation.

Slide 8 Total Profit After Tax

So, moving into the summarised profit and loss account, total profit after tax at €220m for the six months is up by 21% on the 2004 performance.

This actually increases to a 32% growth at the pre-tax level since, under the IFRS disclosure requirements, we now show the impact of any disposals below the pre-tax earnings line. In 2005, we sold our UK life subsidiary, City of Westminster Assurance, or "CWA", being our last life business outside of Ireland, for a consideration of €65m which gave rise to a reported loss of €24m when compared to our embedded value for this company. Generally, we were pleased with the price achieved and, as you will see in a later slide, it has produced a significant capital release.

On the tax line, which includes the bank levy, the effective rate of tax appears to be low, but remember that the profits relating to our associated company, Allianz Ireland, are included in operating profits on a post tax basis under IFRS, which distorts the tax charge. I'll show you this tax charge on a later slide. Secondly, positive investment fluctuations produce a tax benefit in allowing us to claim a higher than anticipated amount of expenses. Setting these aside, the effective rate of tax at operating profit level in the bank is 15% reflecting higher UK tax rates for CHL, and in the life business, the effective rate is closer to the standard rate at 11%.

Continuing onto profit before tax, two items, being investment fluctuations and economic assumptions have, between them, added an extra €57m to profits over 2004's earnings.

Economic assumptions have moved principally because we reduced the risk discount rate at June 2005 to 6.1% from its 2004 level of 6.7% and this arises from a corresponding fall in medium term gilt yields.

The investment fluctuations mainly reflect the impact of stronger than expected unit linked fund growth which gives us an uplift in the value of management fees. The value of this uplift in embedded value terms is €42m.

That deals with all of the items outside of operating profit, which is the main focus for the rest of this presentation and where growth, period on period is 5%.

Slide 9 Operating Profit

Looking at where this increase arises;

- the life business is showing growth of 7% with new business earnings very strongly ahead and offsetting a reduction in the profits earned from variances and assumption changes.
- a good performance by the retail bank and, indeed, by Treasury in the first six months is being masked by an accounting anomaly arising from the introduction of the new IFRS rules resulting in a once off adverse impact and I will explain this in more detail when we look at the bank.
- our general insurance associate, Allianz, produced a stronger than expected number at the half-year – much of this uplift is coming through within investment

returns and I have more commentary on this, together with some guidance for the rest of the year, in a later slide.

Turning now to the individual divisional results, starting with the life businesses.

Slide 10 Life Operating Profit

Overall, earnings at €109m are up by 7% or €7m on the previous half year and within that new business earnings have really forged ahead by €17m. We are also seeing close to 10% growth from the unwind of inforce business, being the expected return of €38m. These two lines combined are bringing in an additional €20m of earnings or some 32% growth which more than offsets a reduction of €13m in experience variances and assumption changes. This reduction in these once off gains was to be expected as we have, for a number of years, been capitalising positive variances, such as the €10m of mortality risk within the 2004 comparative numbers and that inevitably means that the recurrence of such variances will fall off and the opportunity for big gains from assumption changes also reduces. So, it is important to recognise that these reductions are happening at a time when they have been replaced by higher quality earnings and this is a very positive trend.

Looking back up at those new business earnings which I have analysed as between life and funds management.

Slide 11 Life New Business

Firstly, on the life side, there are a number of factors driving the growth of €12m being;

- firstly, a strong sales performance, in the retail side in particular, combined with a more profitable mix of products, which David will be analysing a little later.
- a continuing strong focus on cost management which is continuing to give us productivity gains as we scale up our sales levels.
- the beginning of the end, as we see it, of uneconomic pricing strategies by competitors particularly in respect of protection business.
- and lastly, the impact of lowering the risk discount rate.

In turn, this has translated into a higher new business margin measured on an APE basis, moving from 16% for 2004, as restated under the new EEV methodology, to 20% for the current year. 1% of that 4% increase in the period is coming through from the reduction in the risk discount rate, so the additional 3% growth reflects all of the positive issues which I have just outlined. The margin is comfortably ahead of our target which under the EEV methodology moves to 17% from the 15% which we previously referred to.

Looking forward and building in the anticipated growth and mix of business for the second half of the year, we expect the full year margin to be in the region of 19 - 20% - so effectively we are saying that the first half positives will by and large persist.

With regard to ILIM, we have seen a marked increase in margins on the back of sales growth of 120% and a better mix of sales, combined, again as in the main life businesses, with a continuation of productivity gains through tight cost management.

For the sake of completeness, we have included, on this slide, the new IFRS measure of margin based on sales as expressed as the present value of new business premiums. The upward trend which we see here, for both the life and ILIM businesses, is consistent with the APE basis. The publication of both of these bases will allow a wider comparison with the rest of the market, which further reinforces the strength of our performance in this area.

Slide 12 Life Costs

Finally on the life side, operating costs are up by just over 7%, driven particularly by salary inflation which has averaged around 6%, plus sales related incentives which given our strong performance have added 3% to 4% to costs. In turn we have captured productivity gains across all of the businesses, but especially within retail arising from the Horizon Project, which amount to between 2% to 3%. So underlying cost growth has been restricted to around 4%.

Acquisition costs have grown by 24% and this reflects the very strong growth in broker and institutional sales which you will see in a later slide in David's presentation.

Slide 13 Banking Operating Profit

Turning now to the bank, a reported 2% growth in earnings is heavily distorted by a €7m negative impact arising within the trading line. Excluding this item, underlying growth in the bank would have been 12%. We flagged this at the pre-close trading update, so, if you would bear with me, I'd like to take you through the background to this.

You may recall that, last November, when we presented on the impacts of introducing IFRS, we highlighted the risk of volatility in earnings which could arise under the new standards in relation to our investments which support the bank's liquidity.

The risk reflected the fact that, whereas in the past we could hold all of this investment portfolio at amortised cost, the new rules require a mark to market valuation for a substantial portion of this portfolio.

The first quarter turned out to be very positive as we unwound positions and generally transitioned into IFRS as a result of which we made a gain of €12m.

There was, however, as you know, enormous volatility in the Second Quarter in bond yields even in the short end of the curve where we were positioned. Losses arose on a mark to market basis which in turn ran up against stop loss limits and resulted in disposals.

Losses totalling €7m were incurred in the second Quarter, leaving us with a net overall profit of €5m for the half year.

This is where the accounting anomaly came in. Our first interpretation of IAS 39 was that all such gains and losses would be taken through the P + L in the period.

As guidance emerged it didn't support that view for the Quarter 1 earnings which, instead, are to be amortised over a 3 year period through the net interest income line. This left us in the unhappy position of booking a €7m trading loss without the €12m of earnings cover being available.

So all of that is a little disappointing in terms of the negative impact on our P & L account, as opposed to the overall increase in actual earnings and reserves.

Slide 14 Banking Net Interest Margin

Elsewhere in the bank's P & L account, net interest income has grown by 8% in the period and that translates into a margin of 1.34% and there are some interesting dynamics within the movement from 1.4% for the entire of 2004.

Firstly, in the retail bank, we have seen no margin erosion in the period. This is the first reporting period for a number of years when we have not had an impact from falling interest rates. In addition, whilst there was a slight reduction in retail margins coming through from increased volumes of new business written at a discount and some pricing moves, these were broadly neutralised by a pick-up in margin coming from the strong growth in current account balances.

Treasury margins have gone down reflecting firstly, some gains in our investment book in 2004 which were permitted to be included in net interest income but which are absent in the current year. Secondly, in the current market conditions there are unattractive returns being earned on our required level of liquidity, which at 25%, is excessively high and is really causing us some pain. Compared to June 2004, we have an additional €800m of liquidity on our balance sheet which is creating a drag on earnings and depressing our margins. The Financial Regulator is looking at this issue across the entire of the Irish banking sector, there seems to be an acceptance that a lower requirement is appropriate, so we are hopeful that we will see some action on this in the short term. So the impact of these two issues reduces margins by 3 bps or €4m to €5m in total.

The final issue on margins is the additional cost of wholesale funding where we have the usual ongoing dilution which has been highlighted in the past. A 3 bps reduction also reflects the largest ever securitisation completed in CHL last year of £1 billion, plus additional Tier 2 capital raised to support the mortgage growth.

With regards to the outlook for the year overall, we estimate that the margin should be in the high 120's bps.

Slide 15 Banking Bad Debts

Asset quality remains very strong right across all of our loan portfolios. The charge in both periods reflects a specific bad debt charge and there are no dramatic movements, half year on half year on either the charge or the level of write offs.

Total arrears are continuing to trend downwards as a percentage of the total book, and in absolute terms are flat over a 12 month period at €39m. Glancing across to the UK, the quality of the business which we are writing within CHL remains very attractive and arrears are only 2.6 bps as a % of the total book and that is translating into a strong demand from investors for CHL's securitised assets.

Our overall mortgage LTV here in Ireland was down to 67% from 68% for the entire of 2004 and David will return to this.

Slide 16 Banking Operating Profit [Repeat Slide 13]

Some of the other lines of the bank's operating results merit comment.

Non interest income shows a modest level of growth. With regards to insurance commissions we are continuing to see premium rate reductions which depresses our commission income, we expect this to reverse, starting in the second half of this year. On banking fees, we are majoring on a low cost or no cost current account product, so this income line can hardly be expected to grow, but we are benefiting from the growth of 20% in current account balances through our net interest income lines, as I mentioned earlier.

On expenses, we had flagged the fact that there would be something of a time lag before the benefits of the next stage of our change programme are achieved. This has been somewhat delayed as we negotiate certain aspects with the Unions, but we expect to be back on track by Quarter 4 this year, and, as we explained in our last presentation, this will give rise to about €14m of exceptional restructuring costs in the second half.

In reality therefore, the benefits of these changes will not emerge until 2006, and so we are looking at inflation of around 3% in total for the year as salary inflation of just ahead of 6% is offset by other costs running close to flat year on year.

Slide 17 Associate Operating Profit

Moving on to our Associate, Allianz which recorded an increase of €2m in pre-tax earnings as compared to our expectations of a significant decrease.

In total, we are some €9m ahead of our best estimates at the pre-close stage. An additional €3m has come through in the underwriting result due to a release in reserves, together with, a surge in equities and bonds in late May and June pushing overall investment returns up by €6m.

Notwithstanding the better outcome in the underwriting result, the trend is clear with the effects of premium reductions, reflecting an attractive claims experience, and trending more towards a normalised result.

For this year in full, if the current trends continue and we have a normal investment return in the second half, then we are comfortably looking at post tax earnings in the early €40m's for the full year.

In the absence of a catastrophe event and with the possibility of some additional release in prior year reserves, this estimate could be exceeded.

So all of that is good news.

Slide 18 Life Capital

Before moving on to look at our dividend - let's look at where we are in respect to capital generation.

Starting with the life company where the existing inforce business continues to spill out a very healthy level of capital, generating €100m, a large part of which, being €59m has been applied to cover the new business strain. That figure of €59m is

capable of being managed down, for example, through a greater use of reinsurance. The other big item here is that we have sold CWA and released €43m of capital.

Finally then we pay up all surplus capital above a solvency cover of 170% of the minimum required, to support the capital requirement of the bank.

Slide 19 Bank Capital

Within the bank, risk weighted assets continue to grow and are up by €1.8bn in the 12 months. Capital to support this growth has all come through on the Tier 2 line, since the half-year earnings are not included in capital until they have been audited.

We have a risk asset ratio of 10.67%, ahead of the regulatory minimum of 9.5% as we have warehoused some capital to cover us during the busy summer months in the mortgage sector.

Slide 20 Dividend & EPS

So, a very solid and comfortable capital position at the half-year and projected for the year overall, allows us to disregard once off issues such as the trading issues booked in the first half and the restructuring costs of €14m projected in the second half and to grow our dividend back in line with the real underlying growth in the business which we expect to see.

Accordingly, we are proposing an increase of 7% in the interim dividend which reflects a full year dividend of 59 cent per share. Obviously, if we exceed our expectations for the full year, we will revisit this.

Finally then, we have shown the two EPS numbers which include all shares held within our policy holder funds, which are excluded from the official published numbers and these show growth in line with the operating and after tax profits which I have analysed.

And now, back to David for a review of the group business.

Slide 21 Business Review [D. Went]

Thank you Peter.

So let's look at how the key divisions performed in a bit more detail. Starting with the life business.

Slide 22 Life Business.

Its been another very strong performance on the life side.

The key themes in this business during the six months were:

- Distribution power – critical as the market becomes more concentrated
- Excellence in service delivery and quality – the benefits of the transformation programme coming through
- A richer and more profitable product mix

- And all of the above lead to improved profitability – so we're seeing more buck for our bang!

Slide 23 Life & Investment Sales

Taken as a whole life sales were 33% ahead of the same period last year with an outstanding return from the retail business in particular and a great result in ILIM.

Let me put those numbers in context for a moment.

In the first six months of the year 2000 – just five years ago - we clocked up €140 million in sales in the life business in Ireland. In the same period this year, we have done almost double that - €260 million. And we have real momentum into the second half of this year.

Of course the retail business is the key driver of the life business so let's look at that in a bit more detail.

Slide 24 Retail Life – Products.

The key thing to remember in relation to product sales is the influence of the product mix on overall profitability. All sales are valuable...but some are more valuable than others!

And what we see is a welcome jump in the sale of Protection and Risk products on the one hand and Pension products on the other contributing to a significant improvement in profitability.

Sales of savings products – relatively low margin as we know – were very strong buoyed up in particular by people increasing their equity SSIA investments in anticipation of the maturity of those products which will begin from next year.

Investment sales saw a very small increase – just 3%. But if you recall in March when we were reporting on the performance during 2004, we were reporting a decline in investment sales during that year of some 14%. In that context a rise of 3% is encouraging, especially as the sales mix includes good volumes of higher margin products and less plain vanilla low risk/low profit bonds such as guaranteed rate bonds – these are good for top line growth but earn little margin.

There is also increasing evidence that investors are regaining their appetite for equity investments reflecting a growing confidence internationally.

Last week, for example, the Investment Management Association in the UK reported a jump in sales of unit trusts and open ended investment companies during July echoing similar trends in the US.

And here at home, we see that investors looking for less capital guaranteed products and greater exposure to unit linked products particularly in property, but also equities, so the signs are quite positive going into the second half for these sales.

Slide 25 Retail Life – Distribution

Looking at the performance of our various distribution channels, we see that distribution is still pretty evenly divided between bancassurance, our direct sales

force and the broker channel. While bancassurance looks slower it was here that the reduction in low margin capital guaranteed bond sales was most marked. It's also noteworthy here to see the excellent growth in broker sales – the market strength that I alluded to earlier is showing through here and our broker business, unlike the last couple of years, was now solidly profitable.

Our various arrangements with third party institutions are also performing well with an increase in sales through these offices of some 63% - we are now the dominant player in this market and more developments on this front to come. The Retail business had a very strong second half of 2004 but we expect at least mid teens growth for the full year.

Slide 26 Corporate Life – Products

Turning to Corporate Business, we had a steady as she goes kind of performance.

Overall sales up 4% to €74 million with a very strong performance in protection and risk products offset somewhat by a lower demand for PRB's and a relatively small 2% rise in DC sales, where we had no single large new scheme in the period.

By its nature, the performance of this division can be impacted significantly by the timing of individual scheme wins and based on sales booked to date we expect growth for the year overall in the 10% area.

Slide 27 ILIM Fund Performance

In Irish Life Investment Managers, the business revolves to a large degree around the industry performance tables.

Happily our fund management performance has been a major strength of the business now for some years.

Looking at the league tables up to the end of June, we've seen a significant out-performance in both the active and passive categories over each of the periods, one year, three years and five years. In particular our dominant consensus funds continues to do what it says on the tin – giving confidence to consultants and customers alike.

That gives us a fantastic base from which to fight for business. And as we saw at the outset it was a very successful six months with inflows of ¾ billion euro – some 123% ahead of the same period last year.

Slide 28 Banking Review

In respect of our banking business, as Peter explained we've seen growth in the underlying pre tax contribution at the bank of some 12% which is a solid outcome in a competitive market.

The key themes here during the period were:

- The increasing level and intensity of competition in the mortgage sector
- Our success in developing new innovative and competitive products for the personal banking market.
- And our focus on transforming our business.

We've made progress in this agenda and in particular we are on track to deliver the benefits we have discussed before but we do have more work to do.

The next few slides look at this business in a bit more detailstarting with New Lending.

Slide 29 Banking New Lending

Total gross new lending in the bank was amounted to €4.2 bln – some 13% ahead of the figure advanced in the first half of 2004.

Within this, the key figure is the 12% rise in new mortgage lending in Ireland during the period – representing new mortgage lending of some €2.5 bln.

That's a significant figure but we did experience some market share slippage in quarter one, grew faster than the market in quarter 2, and plan to do the same in quarters 3 and 4. This is now an extremely competitive market and we have made a number of adjustments both to products and processes which seem to be working based on results so far.

Clearly the 100% first time buyer mortgage is a major feature of the year but had no influence in the first half. It has generated a lot of heat and media coverage and we expect over time it will account for between 5-10% of new business. We have been pleased with customer reaction to our offer and activity overall in the mortgage area has been very strong in July and August. One point to make now is that this product continues to be subject to our standard cash flow test so from this key perspective these loans do not dilute credit quality.

In other areas, we saw a very strong 16% rise in new lending for UK mortgages to just under £stg700 million perhaps ahead of the market perhaps ahead of the market and a 19% rise in consumer finance lending over the period - reflecting share gains in a strong new car finance market in the first half of the year.

Slide 30 Banking Loan Book

Looking at the impact of this new lending on the overall loan book, we see total loans at €23.3 bln – an increase of 22% on the figure 12 months earlier and 10% on the outstanding balances as of 31st December last.

The largest element of that loan book is of course Irish residential mortgages – up 19% on the figure outstanding 12 months ago.

There was a significant rise of 45% in the value of the loan book for UK residential mortgages and rises of 6% and 7% respectively for outstanding commercial loans and consumer finance loans.

Slide 31 Banking Credit Quality.

Its worth pausing for a moment to look at the quality of our mortgage lending in Ireland.

This slide compares key Loan to Value figures for Irish mortgage lending completed over the first six months of this year and compares it to the equivalent figures for the first six months of 2004.

And you'll see that the measures have hardly moved at all – underlining the continuing quality of this loan book at inception and of course Peter has dealt with the historical quality issue of arrears. Incidentally, our First Time Buyer arrears experience has not significantly differed from that of other borrowers. Given that we are maintaining our cash flow test for 100% mortgages we expect no deterioration in overall quality from this product.

Slide 32 Banking – Product Initiatives

Of course if competition has been tough on the mortgage front, we've been to the fore in making it tougher in other lines in the banking business.

One of our objectives for this year was to grow our customer base for personal banking products. We set out on this course because we think that it will enable us to develop more intimate and sophisticated relationships with those customers over time and will create valuable opportunities to cross sell other group products into that customer base.

With that in mind and with the coincidence of the introduction of the switching code last January, we focussed our attention on becoming THE recognised alternative

provider for current accounts and credit cards. And so far we've enjoyed enormous success in this regard.

Over the year to date we've secured 42,000 converts to our unique Current Account Offering; that equates to our target of roughly 1,000 new current account customers a week. Around 70% are completely new customers, the remainder represent upgrades from ATM accounts etc.

We've complemented that current account offering with the launch of the country's most competitive Credit Card – the ICE Card – which is the only credit card in the country with an APR of less than 10% and most recently we've reinforced our reputation for innovation and competition with the launch of the country's first and only disposable credit voucher.

That product will begin its nationwide roll out from the end of this month – but after last week's launch customers began registering with the service. And to each of those customers, we've demonstrated our relevance for their personal finance products and we've begun what we believe will be a mutually beneficial relationship.

Slide 33 Summary & Outlook

So that's a review of the business. Looking ahead

Firstly on the life side, we expect really good top line growth, at least mid teens, from our Retail and Corporate Business combined for the year and a continuation of a similar margin environment in the second half. Our existing book is running off very satisfactorily and we continue to out perform assumptions and would expect to do at least the same in the second half of the year.

On the banking side we expect to see the momentum of the second quarter carrying through the full year and growing faster than the market. Loan growth for the full year will be pretty close to the first half performance. Margins as Peter has indicated will be high 120s but we see the impact as being primarily around cost of liquidity/funding. From an operational perspective, we anticipate reaching a conclusion to our staff discussion and implementing the necessary changes by year end, with a phased capture of benefits through 2006.

For Allianz, I guess Katrina shows that general insurance is a risky and potentially volatile business. We expect a net of tax result here between €40 and 50 million depending on claims experience in the last 3-4 months. The absence of a catastrophe will mean profits at the upper end of that range.

So we face the remainder of 2005 with great confidence – our life insurance business has never been in such good shape, the bank is moving forward confidently on its transformation journey while still delivering solid business as usual results (no mean achievement). The market outlook and demand for our products has never looked so bright and we expect 2006/2007 to be years of great opportunity for us.

Slide 34 Questions and Answers

So that completes our formal presentation and Peter and I will be happy to take your questions. We propose to first take questions from those analysts participating via conference call and then from the audience here in Dublin. Can you please state your name and the company you represent when asking your question.

Thank you.