

**Irish Life & Permanent plc**  
**2005 Preliminary Results – Analyst Presentation Script**

**Gillian Bowler, Chairman**

**SLIDE 1 INTRODUCTION**

Good morning Ladies & Gentlemen. You are all very welcome to this presentation of our Annual Results for 2005.

I'm delighted to see that we're joined by so many people this morning – both here in person and via Conference Call. You are all very welcome.

In a moment David and Peter will take you through the details of our performance during the year and then they will take whatever questions you might wish to ask of them.

For my part, let me just say that it's been another year of strong performance and high achievement in each of the key businesses.

Its also been a year of innovation and initiative particularly in respect of customer service initiatives like free current account banking, the launch of the 3V disposable credit card and a host of customer service initiatives in Irish Life.

Finally it should be noted that during the year in review we undertook a significant reconfiguration of our senior management team across the key businesses.

That we could undertake such an exercise while maintaining the pace and momentum that's evident in each of the businesses is testimony not just to the strength of our management team but to the underlying strength of our key businesses. It certainly gives us great optimism going forward.

Now without further ado, let me hand you over to David Went who will begin this formal presentation.

David

**David Went, CEO**

**SLIDE 2 FORWARD LOOKING STATEMENT**

Good morning everybody and thank you very much for taking the time to join us this morning.

**SLIDE 3 STRONGLY PERFORMING BUSINESS**

When we released our interims we indicated that both our life and banking businesses were experiencing strong trading in buoyant but competitive markets and I'm delighted to say that all parts of our business increased momentum as the year progressed and indeed that momentum has even gathered pace as we moved into 2006. We are particularly pleased since this progress was made at a time when we had made significant senior management changes in Irish Life Retail, ILIM and

**permanent tsb.** Not to miss a business beat is a testament to the quality of our senior management group.

Our multi channel, multi product life business with the operational and productivity gains that we have spoken about is really executing a bear hug on the competition and the headline figures set the tone for the whole presentation today:

- Retail Life sales up 34% in the year – across ALL products and distribution channels, against an ESTIMATED market growth of low twenties
- Sales in the Corporate Business Division - where there should be a natural growth rate of around 10% related to employment and salary growth – up a very strong 17%.
- And the New Business Contribution from the Life Business up 62% - to €94million with Life margins over 20%.
- ILIM number one performing fund manager over 3 and 5 years.

And a similarly strong performance in the banking business:

- Mortgage lending up 28% - reflecting a very good performance in the second half of the year in particular, clearly recovering share.
- Consumer finance – up 28% reflecting another exceptional performance in car finance.
- 67,000 current accounts opened during the year – opening up an invaluable long term strategic opportunity for us in this important sector. Balances were up 27%.
- Bancassurance sales up 20% and the overall contribution from the bancassurance business up 26%.

#### **SLIDE 4 FINANCIAL HIGHLIGHTS**

That top line performance has fed through to another strong financial performance:

- A 15% Return on Equity
- An 11% increase in Profit After Tax
- And a 9% increase in operating EPS
- All leading to a proposed increase in the dividend of 10%.

In a moment I'm going to take you through the details of the performances in the individual businesses in more detail. In the meantime, Peter Fitzpatrick will talk to us about the financial performance.

Peter.

**Peter Fitzpatrick, Finance Director**

Good morning and, again, welcome.

## **SLIDE 5 FINANCIAL REVIEW**

Following on from David's introduction, we have a great set of numbers to present this morning. They are somewhat ahead of our guidance when we last spoke to you in early December and I'll refer to this outperformance, as we go through the presentation. But, before we start, can I just emphasise the accounting basis which we are using for this presentation. This is consistent with that used at the interim results stage and is the full IFRS basis for everything except our Life operations where we are presenting on a European embedded value basis for both our insurance and investment business, being what I think we all agree, is the most appropriate measure of Shareholder value for our Life operations.

We do, of course, publish full IFRS accounts for the entire Group and these are in the preliminary announcement which you have this morning and will indeed be the primary accounts within our Annual Report to Shareholders.

## **SLIDE 6 GROUP PROFIT AFTER TAX**

So having said that, let's look at the numbers, starting with total profit after tax which, at €475m is up 11% on 2004 and is producing an EPS of 176 cents, up from 158 cents per share for the prior year.

This performance includes a post tax loss of €26m on the disposal of our last overseas life operation, City of Westminster Assurance where the business was in run off and this loss was included in our interim results.

Profit after tax in respect of our continuing operations is up by 20% and has, for the first time, topped the half billion level, coming in at €503m. Key drivers of this performance have been a 9% growth in operating profits and a very strong out performance in the investment markets, which together, have contributed to a 14% increase in profit before tax. This in turn, stretches to a 20% growth after tax, courtesy of a lower effective rate of tax.

Let me comment on some of the numbers on this chart before dwelling in some detail on the analysis of our operating profit.

Working from the bottom up there is the tax charge of €28m which contains two components, being corporation tax of €16m and the bank levy of €12m. This is the last time that the Bank levy will feature as a charge in our accounts since it has now been abolished. Regarding corporation tax, as you will see on the next slide the tax charge on operating profits, excluding the €12m levy, is €42m and this reduces to a total charge of €16m principally as a result of the claw back of very significant deferred tax credits which we can now recognise given the rebound in investment markets. As you can see from the investment variances line, we have very substantially outperformed against our assumptions for investment returns in 2005. This has produced a capitalised gain of €94m and the associated tax benefit up some €30m.

These investment variances represent the capitalised effect of an increased ability to generate unit linked management fee income out into future years and arose in 2005 as the investment growth was around 20%, compared to our base case assumption of 5.6%. This income is very important as a generator of both profit and capital, so a positive variance of €94m really does reinforce the strength of the Group in regard to fee income going forward.

Two items on this chart show a reduction in earnings over 2004 being, firstly, economic assumptions. The gain of €13m principally reflects the reduction of the risk discount rate of 0.2% to 6.5% at the end of 2005 and compares to a €30m gain for 2004 when the reduction was 0.6%.

Secondly under the heading of disposals, the principal item in 2004 was a profit arising from the sale of Irish Estates Management, our facilities management subsidiary - creating a once off gain of €19m. In 2005 we realised €4m from the disposal of a number of surplus properties held within the Group.

Moving onto operating profit and looking at the make up of the €420m of pre-tax earnings.

### **SLIDE 7 GROUP OPERATING PROFIT**

Life Assurance earnings have grown by 16% to €222m, driven by new business earnings, where we have recorded an excellent result and which helped produce a very attractive operating return on embedded value of 13%.

A 6% increase in the bank's earnings is dampened by the impact of accounting anomalies within our Treasury Division following the implementation of IFRS and which we reported at the interim stage. In addition, 2005 saw very weak returns from our liquidity holdings. Both of these factors have masked a super performance within the retail bank where profit growth was in the order of 20%.

Once again, our general insurance associate Allianz produced an excellent result which was comfortably ahead of where we expected it to be and which largely reflects a continuing strong performance in underwriting, together with a release of some prior year reserves.

Lastly on this slide, taxation on our operating profit in Life Assurance and Banking was €42m, excluding the €12m levy. This equates to an effective rate of tax of just over 11% remembering, of course, that the €54m of earnings from Allianz is a post tax number, as required under IFRS.

### **SLIDE 8 LIFE OPERATING PROFIT**

Moving on to look at each of the areas of operating profit, starting with the Life Divisions.

In the first instance, there is an important message to get across about the overall composition of the earnings number of €222m. In effect, what we have seen, in the course of 2005, is a marked increase in earnings from new business which, together with the expected return from the in force business, contributed an additional €42m of earnings, and more than compensated for a marked reduction in the value of assumption changes.

The fact that we have now substantially replaced such once off assumption changes with a higher quality earnings stream coming through particularly the new business line, really emphasises the transformation which has been completed within our Life business. The growth in sales volumes and market share, together with cost restructuring programmes, such as Project Horizon, have allowed us to maximise the profitability of the new business written.

So, today affords us the opportunity to display just how well our strategy, which we have been describing for some years, has come together.

Whilst our dependence upon once off gains has diminished, we have continued to enjoy a positive outcome in the areas of both experience variances and assumption changes in 2005. This principally relates to morbidity (illness) risk where we very actively manage the claims aspect of these products. This accounts for most of the experience variances of €15m in 2005 and has, in turn, allowed us to capitalise elements of that positive experience, accounting for most of the €19m of assumption changes.

But, as I said, the stellar performance is coming through the new business earnings line which topped €94m and has grown by 62% over 2004's level.

### **SLIDE 9 LIFE NEW BUSINESS**

From this analysis of the new business performance you will see that the major element of the growth is coming through the main Life Divisions. These have produced a margin, on an APE basis, of 20.4% up from 14.9% in 2004 and comfortably ahead of our internal benchmark of 17%.

The big driver here was sales where we recorded an increase of 25% which provides us with a gearing effect as we better absorb our fixed costs and generate higher margins. Within these sales, we achieved a sharper focus on the profitability of products sold through our highest margin channel, being the bank, together with a continuation of the return to more normal pricing momentum for protection products. Thanks to the progress made on various cost initiatives - notably our Horizon Project all new business in 2005 was written on the basis of lower unit cost assumptions which has also helped us to improve our margins.

So a very positive story in respect of Life margins. If we look at ILIM, the performance looks a bit odd in that sales are down by €28m, but new business contribution and margins have both improved. Again, this is down to sales mix effect. In 2004 we had a higher proportion of large mandate sales which attracted a lower margin. In 2005, the average value of individual mandates was lower and a better margin emerged - but here, again, margins have benefited from an improved cost productivity within the business.

The margin outcome is a bit ahead of where we guided at the pre-close stage in December. This arose largely within the Retail division where, in December, we enjoyed a huge surge in sales, well above our expectations. These additional sales were equally divided between pension sales - perhaps spurred on by the budget - and a quite unexpected volume of bond sales which came through the bank channel. So a higher volume of good margin business, coming as it did once we had absorbed our fixed costs added an additional €7m to new business earnings over and above our expectations.

With regards to the sustainability of the Life margins, if we were to replicate exactly the volumes, distribution mix and product mix of 2005 in the current year, then there would be no good reason for not achieving close to a 20% margin. Whilst the outlook for sales is very positive for 2006, the SSIA maturities could, potentially, create new sales in tighter margin products - for example PRSAs. Whilst these sales might tighten in our margins, overall they will contribute positively to the absolute growth in the value of new business in the year and ultimately to the growth in earnings per share.

So, the moral of the story is that we are confident about growing the profitability of the business despite what may prove to be a tightening of the excellent margins achieved in 2005.

#### **SLIDE 10 LIFE COSTS**

I have already made a number of references to costs in the Life business and this slide shows some of the detail. Overall, costs are up by 9% which, at first look, would appear to contradict much of what I have said about cost efficiencies. However, there are a number of factors behind the increase. Firstly, IFRS based charges in relation to share option costs account for about 2% of the increase. Secondly, and more significantly, most of the remaining cost growth of 7% was driven by variable costs on the back of sales growth and in the light of sales growth achieved of 34% in Retail, our largest division, and of 17% in Corporate Business, that cost increase is very modest and didn't stand in the way of achieving excellent new business margins. To further reinforce this point, if we look at Retail, total servicing or renewal costs were flat year on year and, courtesy of the increase in policy count, average unit servicing costs fell by 6% in 2005.

Within Corporate Business and ILIM, we have an equally strong focus on costs and, as a Group, we are remarkably well positioned to benefit from this productivity out into the future. Versus the competition, this leaves us in a position of tremendous strength.

#### **SLIDE 11 BANKING OPERATING PROFIT**

Next to the Bank where operating profits have grown by 6% and working up from the bottom of this slide.

We have exceptional items which are a net €2m positive and which are analysed on the right hand side of the slide. We had, at the interim results stage, flagged a restructuring provision of €14m, but in the event our auditors only allowed us to book €11m of this in 2005. The provision relates to the costs for the next stage of our transformation or change programme in the Bank, designed to produce higher sales and lower costs. Offsetting this is a revaluation of the investment property portfolio of the Bank and this uplift of €13m very usefully covers the restructuring provision.

Impairment provisions are in line with the growth in the various loan books. Asset quality in all of our loan portfolios both in Ireland and in the UK, remains very strong. Arrears numbers and the balances in arrears have both shown a reduction over the end 2004 levels, despite a significant growth in lending, and the ultimate test of asset quality being write offs is coming in pretty well flat year on year. With regards to general bad debt provisions, these are no longer permitted under IFRS but, in those books for example, consumer finance, where you do have an experience of losses arising, you can create a collective provision which recognises the credit risks inherent in those blocks of business. At the end of 2005, we had total reserves of €52m, which includes €20m of such collective provisions. So, at the end of the day we feel that our total provisions, amounting to 20 bps of the loan portfolio, are quite prudent.

Total expenses are up by 4% which is significantly less than the real underlying rate of inflation in areas such as, for example, payroll costs. About 1% of this reflects the IFRS cost of share options within the bank. In 2005, we are seeing a full year benefit of the changes introduced in 2004. The next stage of our change programme is being rolled out somewhat later than we had expected and

accordingly, the benefits will be captured in the course of 2006 with a full year impact in 2007.

The cost income ratio for 2005 was 62%, unchanged from 2004. However if earnings from the bancassurance book were included the ratio would fall to 56%.

Total income at €413m is 5% up on 2004. At the interim stage we highlighted trading losses which arose in the Treasury Division of €7m and explained that whilst these were charged off against 2005's profits, gains of €12m generated by Treasury were, under the IFRS rules not allowed to be accounted for in full, but amortised over a three to four year period.

That unfortunate anomaly depressed the Bank's earnings and those €7m of losses, if adjusted, would have brought earnings up by 10% instead of the reported 6%. That's all water under the bridge and second-half produced trading gains of €3m which reduced the level of those losses recorded at the interim stage.

### **SLIDE 12 NET INTEREST MARGIN**

On the net interest line we have a growth of 8% up to €377m and producing a margin of 129 bps, down from 140 bps in 2004. The main movements in the margin are firstly in Retail where a 2 bps reduction reflects the increased proportion of mortgage lending in the loan portfolio partially offset by the income from increased current account balances.

Treasury, its fair to say, had a tough job on its hands throughout 2005 trying to generate a return on the high levels of liquidity which we are required to hold. Given where interest rates were in 2005, cash holdings actually lost money and with the volatility in bond returns and the mark to market required under the new IFRS rules, unless you wanted to hold a bond to maturity, you simply didn't go near the bond markets. The good news is that the Regulator is moving quite quickly to introduce a new basis for the liquidity requirements of Irish Banks. Under the new regime, we will hold approximately 40 – 50% less liquidity which, in 2005, would have added an additional €5m to €6m to earnings.

This is a positive issue to look forward to in 2006.

On the funding side, we continue to look substantially to the wholesale markets to satisfy our needs for mortgage and other lending. That funding obviously increases the blended cost of total funding and, will continue to do so as long as lending demand remains as buoyant as it has been in the past.

### **SLIDE 13 BANK FUNDING**

The profile of our wholesale funding is analysed here and there are two comments to make. Firstly, the diversification of the book is seen as positive by the rating agencies and they have no issues around mix or duration of this funding. Secondly, the markets are very much open, with plenty of opportunities for us to continue to fund through the wholesale markets and, given the relentless search by cash rich markets for quality credits, we are being offered funding at very attractive rates.

### **SLIDE 14 GENERAL INSURANCE OPERATING PROFIT**

Allianz has had another exceptionally strong year.

In the underwriting account, we are, without doubt, continuing to see the very best of the cycle in that claims experience across all the business lines are pretty attractive and we have had yet another year without a weather related catastrophe event.

On the other hand, premium rates have continued to soften to reflect both the good claims record and competition in the market. 2005's results have been buoyed up by a significant level of prior year reserves being released and, whilst this is great news for us in terms of our profit share and dividends, we can't expect to see such releases of prior year reserves continuing indefinitely.

Having said that, the company is well positioned in the market and has plenty of capital to sustain a healthy growth level. But as I have to do every year around this time, I need to guide you back down to around the mid €30ms to €40m mark for our share of 2006 earnings.

### **SLIDE 15 BANK CAPITAL**

Now a few comments on capital which lead to a closing comment on the final dividend proposed.

We continue to be strongly capitalised at Tier 1 level with excellent potential to raise our capital requirement for risk asset growth from the Tier 2 markets.

Within the bank, we finished the year with a risk asset ratio of 12.6%, comfortably ahead of our Regulatory requirement of 9.50%. During 2005 we raised an additional €403m of tier 2 capital to support lending growth. Of this €200m was raised in December in a private deal at an attractive cost and effectively we took it in order to advance fund the capital required to support mortgage growth in 2006.

With regards to potential changes under Basle 2, these will not lead to a significantly different treatment of the Bank's investment in the Life Group from that which you see on the right hand side of the slide. However, over time it will produce a lower requirement for capital in respect of mortgage lending, than under the existing protocol.

So capital for both business growth and dividends is not a constraint.

### **SLIDE 16 LIFE CAPITAL**

That message is reinforced when we look at the Life business. Solvency or capital within the Life Group continues to be very strong at €750m at the end of 2005, producing a solvency cover of close to 1.7 times the minimum required.

Again, the Life Group is totally un-g geared and, given the recent developments with regards to the availability of debt capital for Life companies, we have a remarkable opportunity for capital flexibility within our Life business.

The movements for the year reflect a very substantial €202m being generated from the existing book of business, supplemented by capital released from the disposal of CWA in the UK. New business strain amounts to €118m and we have paid up €151m of a distribution to the bank and parent company for dividend support.

### **SLIDE 17 EPS & DIVIDEND**

So, factoring in this strong capital position on top of operating EPS growth of 9% and total EPS growth of 11%, we would propose to recommend a final dividend of 42.8 cents which would bring our total payment for the year to 60.5 cents, reflecting a 10% growth in dividend versus 2004 and comfortably ahead of the interim indicative growth of 7 – 8%, reflecting what was a strong second half to the year.

On that positive note I will hand you back to David for a review of the business.

### **SLIDE 18 BUSINESS REVIEW**

Thank you Peter.

So let's take a moment to look at the main business units in a bit more detail and we'll start – as usual – with the life business, where we are reporting on a Goldilocks scenario.

### **SLIDE 19 LIFE BUSINESS**

On the one hand you had a great market backdrop;

- buoyant economy
- favourable demographics
- strong job creation
- good wealth creation

And on the other hand, you've got the culmination of a number of year's strategic work within the life business to position itself appropriately for this marketplace, with:

- A powerful range and mix of distribution channels
- The right product mix with an excellent performance record

And

- Significantly improved customer service and operational efficiency.

Now we may not be able to claim much credit for the broader economy. But I think it's fair to say that when we set out to transform the Retail life business some 3 – 4 years ago, it's now clear that we set out on the right track.

### **SLIDE 20 LIFE & INVESTMENT SALES**

And we've got a model that's perfectly pitched for the Irish market right now and we're seeing the pay off in the 2005 performance.

Lets start looking at that performance by analysing sales. Life sales overall up 25%, Retail up 34%, Corporate Business up 17%.

Retail sales were up 34% to €238 million last year with a strong performance across all product lines and all distribution channels....we'll see these in a bit more detail in a moment.

In Corporate Business, sales rose 17%, to €130 million with a particularly strong second half. This is a really good performance in a business where the work we have put in is not just cementing its dominant position in the Group market but is turning it into a high growth business.

In ILIM, sales during the year were down somewhat on the previous year at €1.3 billion. But this reflected - more than anything - the presence of a number of very large mandates won in 2004. In fact it was the 3<sup>rd</sup> year in a row that we sold over €1 billion in ILIM and they continue to set the pace in fund management performance

and dominate the market in terms of new mandates being won. At year end funds under management were up 20% on 2004 to over €25 billion.

### **SLIDE 21 RETAIL LIFE PRODUCTS**

I mentioned that sales had been strong across the Retail division.

Here we see that in each of the key product categories Protection....Investments...Pension... and savings, we saw very significant growth:

- Savings up 47%, admittedly from a relatively low base.
- Pensions up 36% - now clearly our core product.
- Investment Bonds up 29%.
- Protection and Risk sales up 26% - important for profitability.

But of course sales alone are only one side of the story, the real kicker here has been the cost efficiency generated in the Retail business through the successful implementation of the Horizon programme over the past 4 years.

This programme was effectively completed in 2005 and unit costs of both sales and servicing have been driven down. This, combined with strong volumes and good product and distribution mix, has meant that we have been able to absorb competitive pressure on gross margins and record very significant increases in the overall net margin.

### **SLIDE 22 RETAIL LIFE DISTRIBUTION**

All channels performed strongly. In particular, sales through our broker channel rose by 41% and we clearly gained share in this segment, which is now solidly profitable for us.

We're continuing to make progress in expanding our presence in the institutional area (up 67%) – you can see our product on the shelves of nearly all Irish retail banking businesses. Our OneSource franchisees are now an important component of our new business efforts while the Direct salesforce continues to make sales productivity gains.

Sales in bancassurance rose by 20%, in line with the market. One of the initiatives which we've successfully introduced in bancassurance is the introduction of a reward model, based on margin produced, not just volume. Branches are also targeted to produce a minimum level of protection business margin relative to mortgage lending.

and all That's reflected in the overall contribution from bancassurance which was up 26% during the year.

### **SLIDE 23 CORPORATE LIFE**

I've already mentioned that we had a really great performance from Corporate Business with just an outstanding second half of 2005. Sales were up 17% to €130 million.

The real dynamic in sales here was provided by a very strong uptake in respect of Protection and Risk products – up 33% while Defined Contribution sales continued to perform strongly with a good boost from AVCs and Defined Contribution increments.

This is a highly intermediated business but Cornmarket and Direct sales stand out with a 24% increase. In addition to the sales success Corporate Business continues its relentless productivity drive, controlling costs and improving quality for a 7% increase in productivity.

#### **SLIDE 24 ILIM**

It's important to acknowledge not just the investment performance of Irish Life Investment Managers but its contribution to the overall performance of the life business.

ILIM has changed out of all recognition over the last 5 years – from being a millstone we have turned it into one of the core components of Irish Life's sales success.

During 2005 ILIM was again acknowledged as the top performing pension manager over the key time frames of 3 and 5 years.

The Consensus Fund – which marks its 10<sup>th</sup> anniversary this year and which is now the largest unitised fund in the Irish market place – continued its consistent performance and ended the year as the No 2 ranked fund over 10 years against the entire universe of Irish funds both active and indexed/passive.

#### **SLIDE 25 BANKING BUSINESS**

Moving now to banking.....

If we have the Life Business in perfect shape for this market, that journey began some time later in the banking business after the integration of tsb. we made real progress in 2005 and particularly in the second half, and importantly we took full advantage of extremely favourable market conditions.

The key achievements in this sector during the year were:

- Our success in accelerating new lending in the mortgage market. (13% growth at June 30 had increased to 28% for the full year with an all time record pipeline at year end 2005).
- Our success in becoming the destination of choice for switching current account customers, a position which we continue to hold in 2006.
- Our success in bancassurance which I mentioned earlier – just the most productive branch network bar none.
- Our car finance business has added franchises and continues to outperform the market while CHL continues as a nice tidy performer in its selected UK niche.

and

- Our continuing change programme aimed at boosting the sales focus in our branch network, improving our operating efficiency and delivering a top class service experience to our customers.

#### **SLIDE 26 BANKING LENDING**

We'll start with bank lending where new lending rose to just under €10 billion for the year

The Irish mortgage market continued to be extremely buoyant in 2005. Total gross new mortgages were €6.3 billion – a 28% increase on the €5 billion in the previous year and Irish residential mortgage balances outstanding increased by 22% to €17.8 billion. And as I said a record pipeline at year end which is being reflected in the first couple of months new lending in 2006.

In the UK, we issued STG£1.4 Billion gross new mortgages up around 7% while the value of the UK mortgage book rose 35% (39% in euro terms) to STG£3.7 billion.

Consumer finance loans mostly for cars totalled €954 million – a 28% rise on the previous year. Commercial loans were 8% up on the year and the commercial loan book was up 13% to €1.4 billion.

### **SLIDE 27 LENDING CREDIT QUALITY**

Turning to credit quality in the loan book. On the left hand side, you'll see that there's been no significant movement in the overall average loan to value ratio; while First Time Buyers are borrowing a bit more, the average still has 16% deposit as equity in the new home.

There is also a very small movement between the different LTV ranges; even the introduction of 100% mortgages mid year last year has not had any really significant impact on the overall LTV breakdown and our arrears experience continues to be excellent. In fact in 2005 the overall amount of arrears in the group actually fell despite a growth in the loan book of over 20%.

### **SLIDE 28 CURRENT ACCOUNTS**

Of course one of the great successes in the bank last year was the attack on the current account market where we've really made a very significant impact.

During the course of the year we opened 67,000 new current accounts with almost 50,000 of those being opened by customers who had not previously had any sort of current account relationship with us.

And its important to emphasis that these are real, genuine, functioning accounts.

Indeed in independent research which we carried out at the end of the year, it was confirmed that 95% of people who opened up these current accounts now regard **permanent tsb** as "their main financial institution".

1 in 3 of these customers moved one or more other products to **permanent tsb** when they moved their current account – so we are opening up real cross selling opportunities for these accounts both initially and into the future.

Of course, perhaps the greatest testimony to our success in this area has been the reaction of the other banks who have created their own versions of free current account banking.....so you might ask whether or not this has had any impact on our own progress in this area.

Happily the answer is no. In fact in the year to date, we've had three of our most successful ever weeks in terms of new account openings – three weeks where the number of accounts opened topped the 1,500 mark compared to an average 1,250

accounts per week during 2005. So we firmly believe that we continue to lead the market in this product area.

In summary, I'd again emphasize that 2005 was a year of out-performance by each of our key businesses.

**SLIDE 29 SUMMARY 2005**

I won't go over it all again but suffice to say that the life business is at perfect pitch at present and that allows us to generate maximum value from a very attractive marketplace.

The banking business has made real progress and we're more than holding our own in key market segments while we complete the transformation which will enable us to maximise the effectiveness of that business – as we have done on the life side already. As Peter said, Retail Bank profits were up around 20%.

**SLIDE 30 OUTLOOK**

The broader environment in which we're operating remains pretty much perfect for our business.

And of course in the months ahead we've the huge opportunity created by the SSIA initiative now coming to maturity. There is clearly a competitive maelstrom ahead as everyone fights for their share of the pie – but one thing we have proved in the past is that we have good sharp elbows. So we're confident of success in this battle.

Overall very much a perfect set of conditions for a bancassurer like us and we're very optimistic that we can make further progress on all our strategic and financial ambitions for the year ahead. We are targeting double digit growth in operating earnings for 2006.

Thank you for your attention.