

# Update on the Future Ownership of Irish Life

Dear Broker

I'd like to update you on the impact of the recent Bank stress tests on the future ownership of Irish Life.

Irish Life & Permanent has been proud to have been the only Irish financial institution not to avail of state-aid or participate in NAMA to date. Unfortunately, the assumptions used in the recent stress tests give rise to additional capital requirements for the Bank. These can only be achieved by the Group accepting state aid, and disposing of its interest in the Life Company. This process has also resulted in the dilution of the value of stock held by our shareholders and we very much regret this.

Irish Life has a market leading position and some very valuable assets – Retail Business, Corporate Business, Irish Life Investment Managers, Cornmarket & IPSI (the third party service provider). We have received many expressions of interest in these assets in recent months.

Irish Life is proud to be a publically quoted, Irish owned company. We intend to re-list as an independent entity on the Dublin and London stock exchanges. This process will start immediately.

Irish Life will continue as a strong Irish business, 100% focussed on Life and Pensions, and meeting the needs of our customers and brokers through innovation and investment.

It's important to remember that the ownership of the business is different from the business itself. Irish Life remains a well capitalised, low risk business which is financially secure. We have surplus capital of €704m which is 175% of the statutory requirement. We expect the new entity to be A rated, in line with S&P's current rating of the Life Company on a stand-alone basis.

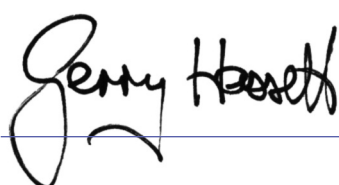
This has clearly been a difficult time for customers and brokers, who have understandably been concerned about the impact of these developments on their policies with us. I must emphasise that there is absolutely no risk to your customers' funds or policies arising out of these transactions. All of the assets of the business are ring-fenced and customer funds are totally secure.

Irish Life is a key player in the Irish economy

- We paid out over €1 billion in protection benefits to thousands of Irish families over the last 5 years alone
- It manages €31 billion of assets on behalf of Irish investors
- 7 of the top 10 U.S. companies based in Ireland choose Irish Life for pensions for their Irish employees

Our new ownership structure will strengthen Irish Life's leadership position and allow us to progress to a new chapter in the evolution of the business.

Finally, I'd like to thank the many Brokers who have expressed their support and confidence in us in recent weeks. Your support is very much appreciated by everyone in Irish Life.



Gerry Hassett  
Chief Executive – Irish Life Retail



**Irish Life**