

# Irish Life - our strength, your security

Irish Life has been helping Irish people to manage their finances for over 70 years. We were formed in 1939, just a couple of years after the constitution, so we've been a part of Irish life for a long time.

In more recent times Irish Life has been a part of the Irish Life and Permanent (IL&P) Group which also included permanent tsb. IL&P 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 IL&P Group accepting state aid, and in order to minimise the burden on tax payers, disposing of its interest in Irish Life.

Irish Life will re-list as an independent entity on the Dublin and London stock exchanges. These changes will only impact the ownership of the business and will no have impact on Irish Life customers' policies. In fact, this will allow Irish Life to continue as a strong Irish business, 100% focussed on Life and Pensions, and meeting the needs of all of our customers.

## Safety in real numbers

As Ireland's biggest life and pension company we could go on about our size. But size isn't everything when it comes to choosing someone to look after your long term financial interests.

- Over 700,000 personal customers now rely on our products and services to help them build better futures. We also have 200,000 people who have company pension schemes with us through their employer.
- 7 of the 10 biggest U.S. companies choose Irish Life for pensions for their Irish employees.
- Ireland's No. 1 Investment Manager when it comes to the amount of money we manage for Irish people - over €31 billion of assets.
- Irish Life paid out €1 billion in protection benefits over the last five years to thousands of Irish families.
- No. 1 Life Company - voted Best in Ireland by Independent Brokers (IBA) in February 2011.
- Irish Life is a financially strong and profitable business with operating profits of €160 million in 2010 - up 57% on 2009.

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.



**We could fill  
Croke Park 10  
times over with  
our customers**



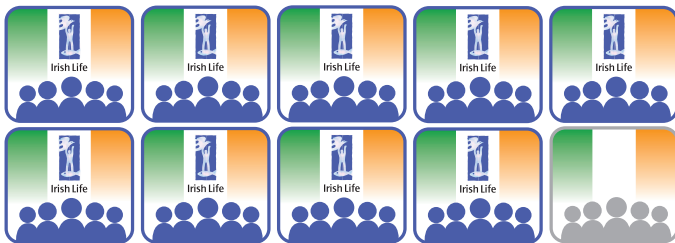
**Irish Life**

# You're in good company with Irish Life

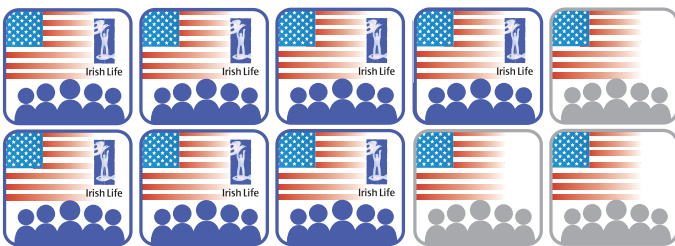
## Pensions

When you choose Irish Life to help look after your pension planning, you can rely on Ireland's leading pension experts. We are the Ireland's biggest pension provider.

- **Thousands of organisations** including leading companies, state bodies and unions choose us to look after their pension needs.
- **9 of the 10 biggest Irish Companies** (listed on the Irish stock exchange) have pensions with us.



- **7 of the 10 biggest U.S. companies** choose Irish Life to look after pensions for their Irish employees. These are some of the most successful companies in the world – including for example many of the global super-powers in technology and finance.

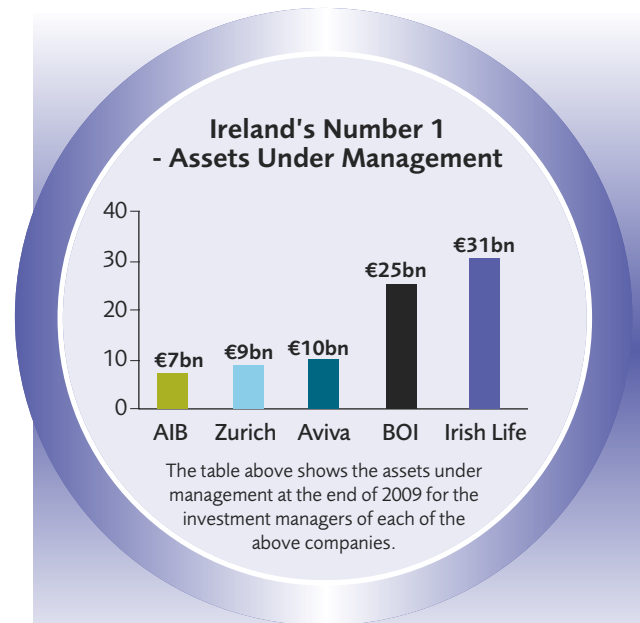


Information above is based on market capitalisations at 31 December 2010.

- **Ireland's most popular** – our **Consensus Fund** has over **€5.7 billion** invested. That's probably because it has consistently done what we said it would do - be in the top half of the performance league table.

## Investments

- **We are Ireland's Number 1 Investment Manager** when it comes to the amount of money we manage for Irish people. Overall we manage more than **€31 billion** of assets.



- **Irish Life Investment Managers** received **€2.5 billion** in new investments in 2010 - up over 30% on 2009. So even though we are the market leaders, we're consistently continuing to grow our market share.

**New  
investments  
of €2.5 billion  
in 2010**

- **Investment solutions for all needs.** We have an extensive range of investment options from deposits right through to specialist equity funds. We are leaders in Ireland at delivering innovative risk management solutions across a range of multi asset funds.

## Extra financial security of Life Companies

Life assurance companies like Irish Life are low risk organisations that have layers of protection to give financial security to policyholders. There's also additional protection from the oversight and regulation of life companies. The range of safeguards to protect policyholders includes the following:

### 1. Unit linked funds

Policyholder funds are usually invested by the life company in unit-linked funds. A customer buys units in a fund. If you wish to withdraw your investment the life company sell your units and pays the value at that time.

### 2. Assets to match policyholder liabilities

A life company is required to hold all the assets underlying its unit linked policies at all times (plus an additional amount for solvency margin which is described below). A key difference between a life company and a bank, from a regulatory standpoint, is that a bank is not required to hold the full amount of its deposits as liquid assets. As a result, there is no equivalent concept to a 'run on a bank' for a life company, since insurance companies hold matching assets at all times.

### 3. Ring Fenced Assets

Life companies must be self sufficient - their assets must be separate from any parent company. In the case of Irish Life, our assets have always been separate to those of permanent tsb or any other part of the IL&P Group.

### 4. Capital Reserves – Solvency Margin

Under E.U.regulations, in addition to having to hold all the assets (units) underlying its policies, life companies must hold additional reserves on top of this. This is known as 'solvency margin' and it gives an additional layer of safety.

On top of the amount of the reserves (capital) a life company must hold under E.U regulations, the Central Bank of Ireland requires companies to hold a further 50% of reserves. So a life company must have:

Assets to fully match policyholder liabilities

**PLUS**

E.U. solvency reserves.

**PLUS**

50% extra reserves for the Central Bank of Ireland

**A life company must hold the matching value of its unit linked liabilities PLUS additional solvency reserves.**

**Irish Life currently has solvency reserves of €704 million – 175% of the amount required under regulation.**



**Irish Life**