



Interim Results 2005

A special **Guide to Financial Reporting - European Embedded Value & IFRS**, which explains the impact of the changes in financial reporting on the group's results, is available on the group's website

www.irishlifepermanent.ie
investor relations section

Index

Section	Page
Background & Highlights	3
Total profit after tax	8
Life operating profit	10
Bank operating profit	13
Associate operating profit	16
Capital	17
Review of Life Business	21
Review of Banking Business	27
Additional Information	
Embedded Value	34
Analysis of PAT & EPS	35
Other activities operating profit	38
Bank non-interest income	39
Group costs	40
Life variances & assumptions	41
Life & investment sales	42

Background

Life

- Market concentration
- Retail transformation complete
- Outstanding investment mgt.
- Margin target exceeded

Banking

- Increasing competition
- Transformation programme ongoing
- Customer acquisition / cross-selling strategy

2005 Interim Results

Sales Highlights

■ RoI mortgage balances	↑	19%
■ Current account balances	↑	20%
■ Retail life sales	↑	24%
■ Individual pension sales	↑	29%
■ ILIM inflows €750m	↑	123%

2005 Interim Results

Financial Highlights

■ Life & Investment - value of new business	↑	61%
■ Underlying banking profits *	↑	12%
■ Total EPS of 81.5c	↑	21%
■ Operating EPS of 62.3c	↑	6%
■ Interim dividend of 17.7c	↑	7%

* excluding trading loss of €7m



Financial Review

Peter Fitzpatrick

2005 Interim Results

- EEV applied to “covered” business
 - Life assurance - insurance & investment contracts
 - Investment management



- IFRS applied to other activities
 - Banking
 - Associate
 - Other activities

Total Profit After Tax

	H1 05 €m	H1 04 €m	Change %
Operating Profit	196	187	5
Investment fluctuations	42	15	
Economic assumptions / other	32	2	
Profit before tax	270	204	32
Taxation & Levy	(25)	(23)	
Discontinued activities / minority	(25)	1	-
37 Total profit after tax	220	182	21

Operating Profit

	H1 05 €m	H1 04 €m	Change %
10 Life Assurance	109	102	7
13 Banking	66	65	2
16 Associate	24	22	9
38 Other activities	(3)	(2)	
35 Operating profit	196	187	5

Life Operating Profit

	H1 05 €m	H1 04 €m	Change %
11 New Business	45	28	61
In-force business			
• Expected return	38	35	
41 • Experience variances	9	12	
41 • Assumption changes	7	17	
Expected investment return	10	10	
Total	109	102	7

Life New Business

	H1 05	H1 04
<u>New Business Contribution</u>		
Life	€37m	€25m
ILIM	€8m	€3m
<u>Margin - APE basis</u>		
Life	20%	16%
ILIM	11%	9%
<u>Margin - PVNBP Basis</u>		
Life	3.2%	2.5%
ILIM	1.1%	0.9%

Target life margin : 17% (APE) / 2.7% (PVNBP)

Life Costs

	H1 05 €m	H1 04 €m	Change %
Operating	87	82	7
Acquisition	47	38	24

Banking Operating Profit

	H1 05 €m	H1 04 €m	Change %
Net Interest Income	184	171	8
39 Non-interest income	22	21	
Trading	<u>(7)</u>	<u>-</u>	
Expenses	199	192	
15 Bad debts	(127)	(122)	
	(6)	(5)	
Total operating profit	66	65	2

Banking Net Interest Margin

	%
FY 04	1.40
Retail	-
Treasury	(0.03)
Funding	(0.03)
H1 05	1.34

Banking Bad Debts

	H1 05 €m	H1 04 €m
Opening balance	47	43
Charge for period	6	5
Amounts written-off	(3)	(3)
Closing balance	50	45
Arrears ratio	0.18%	0.19%
Arrears value	€39m	€39m

Associate Operating Profit

	H1 05 €m	H1 04 €m
Underwriting result	15	20
Investment return	14	7
	29	27
Taxation	(5)	(5)
Operating profit after tax	24	22

Life Capital

34	Net Worth	€m
	31 December 2004	749
	Existing business	100
	New business	(59)
	Investment / economic assumptions	8
	CWA disposal	43
	Dividends to bank	(150)
	30 June 2005	691

EU Solvency cover 170%

Bank Capital

	H1 05 €bn	FY 04 €bn
Tier 1	2.10	2.09
Tier 2	1.12	1.04
Total capital	3.22	3.13
<i>less EV deduction</i>	<i>(1.63)</i>	<i>(1.65)</i>
Available capital	1.59	1.48
Risk Weighted Assets	14.95	13.16
Risk Asset Ratio	10.6%	11.2%

Dividend & EPS

	H1 05	H1 04	Change %
Dividend	17.7c	16.5c	7
EPS * (Total PAT)	81.5c	67.5c	21
36 EPS * (Operating)	62.3c	58.9c	6

* Includes shares held by policyholder funds



Business Review

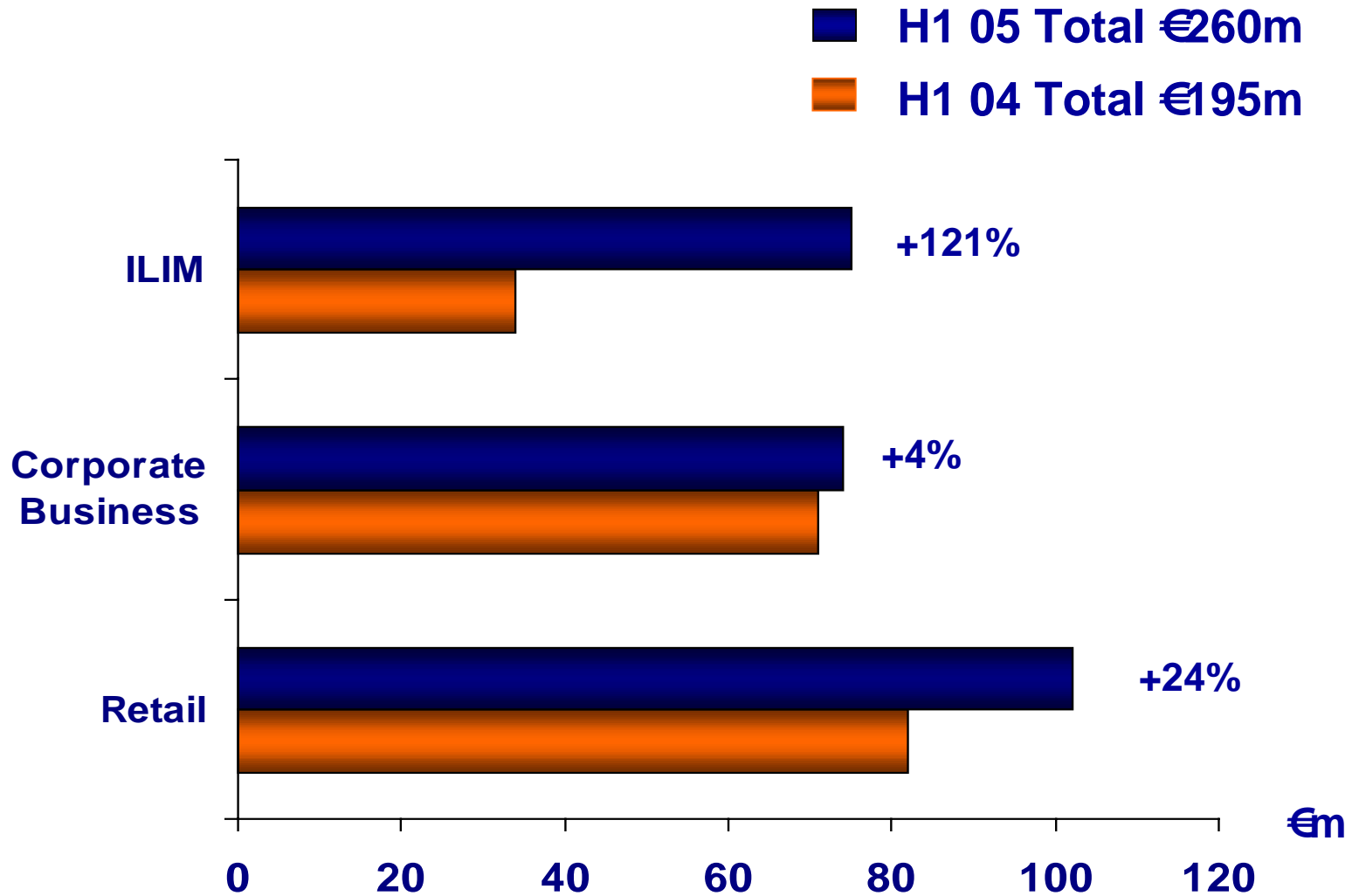
David Went

Life Business

- Distribution power
- Service delivery / quality
- Product mix
- Improved profitability

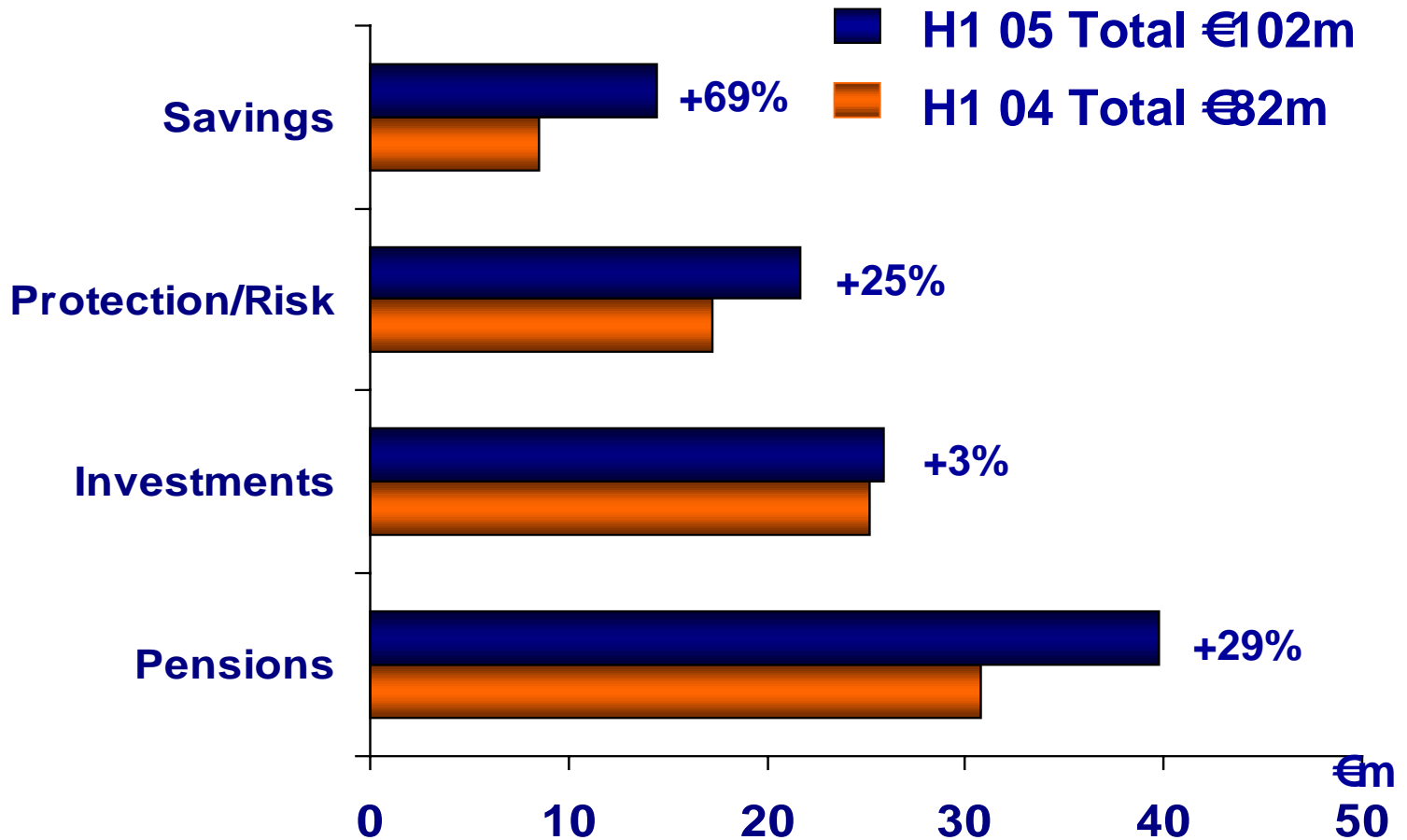


Life & Investment Sales



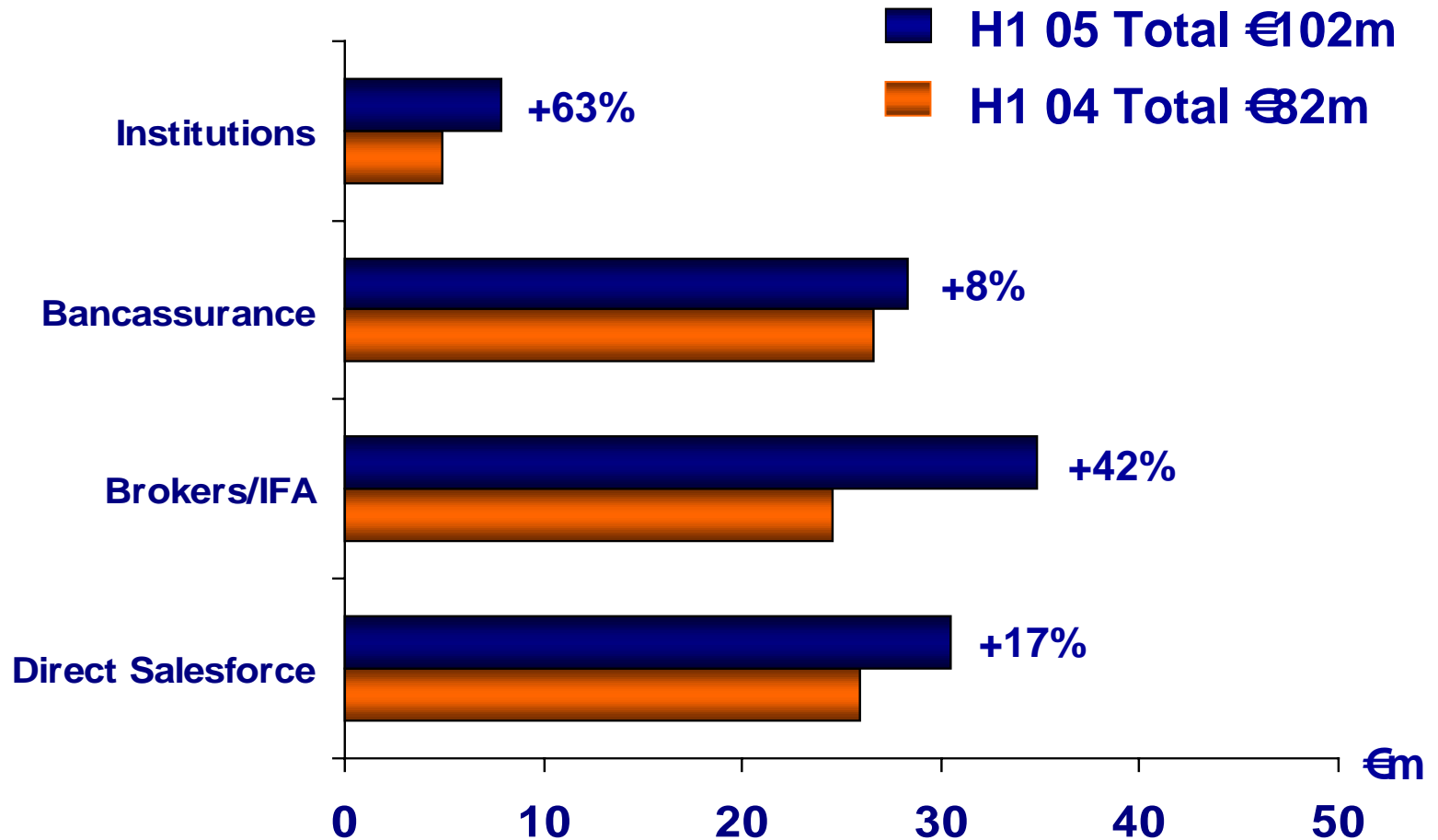
* APE basis

Retail Life - Products



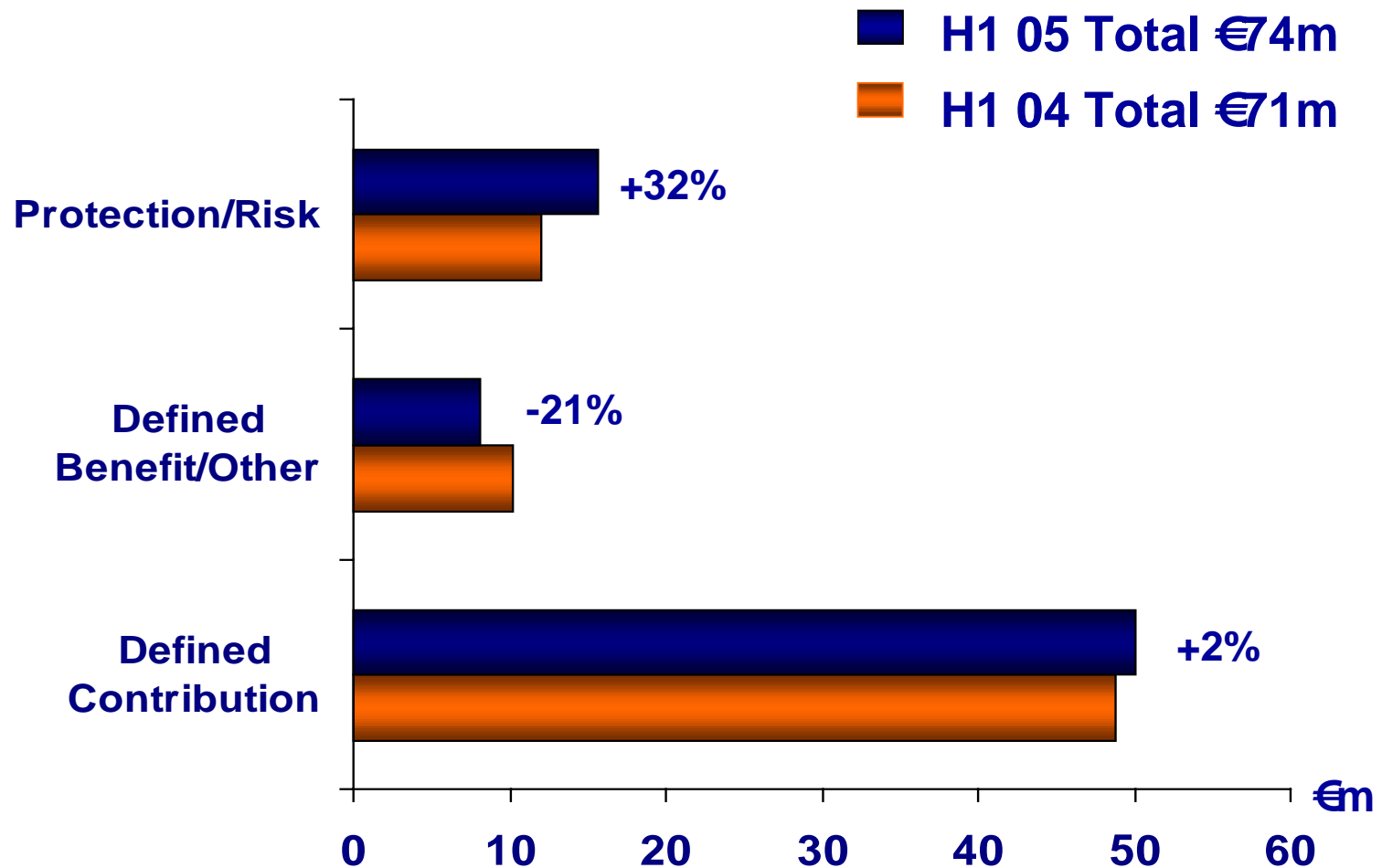
* APE basis

Retail Life - Distribution



* APE basis

Corporate Life - Products



* APE basis

ILIM Fund Performance

Returns to 30 June 2005

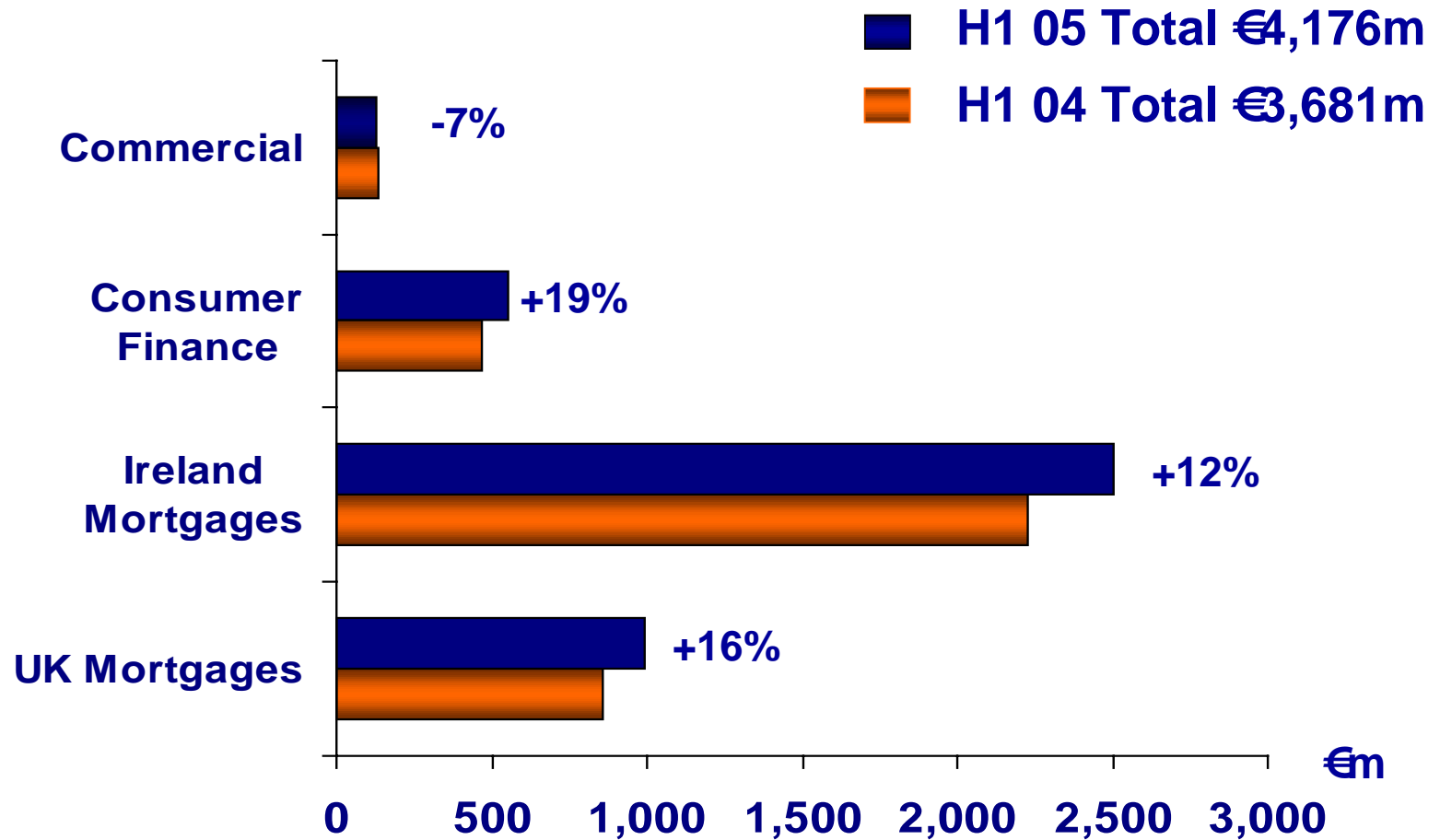
	1 Year %	3 Year %	5 Year %
Active			
Pension Managed Fund	16.5	7.9	2.8
Manager Average	14.5	6.4	0.9
Ranking	2nd	1st	3rd
Passive			
Consensus Managed Fund	15.9	7.4	1.8
Manager Average	14.5	6.4	0.9

Banking

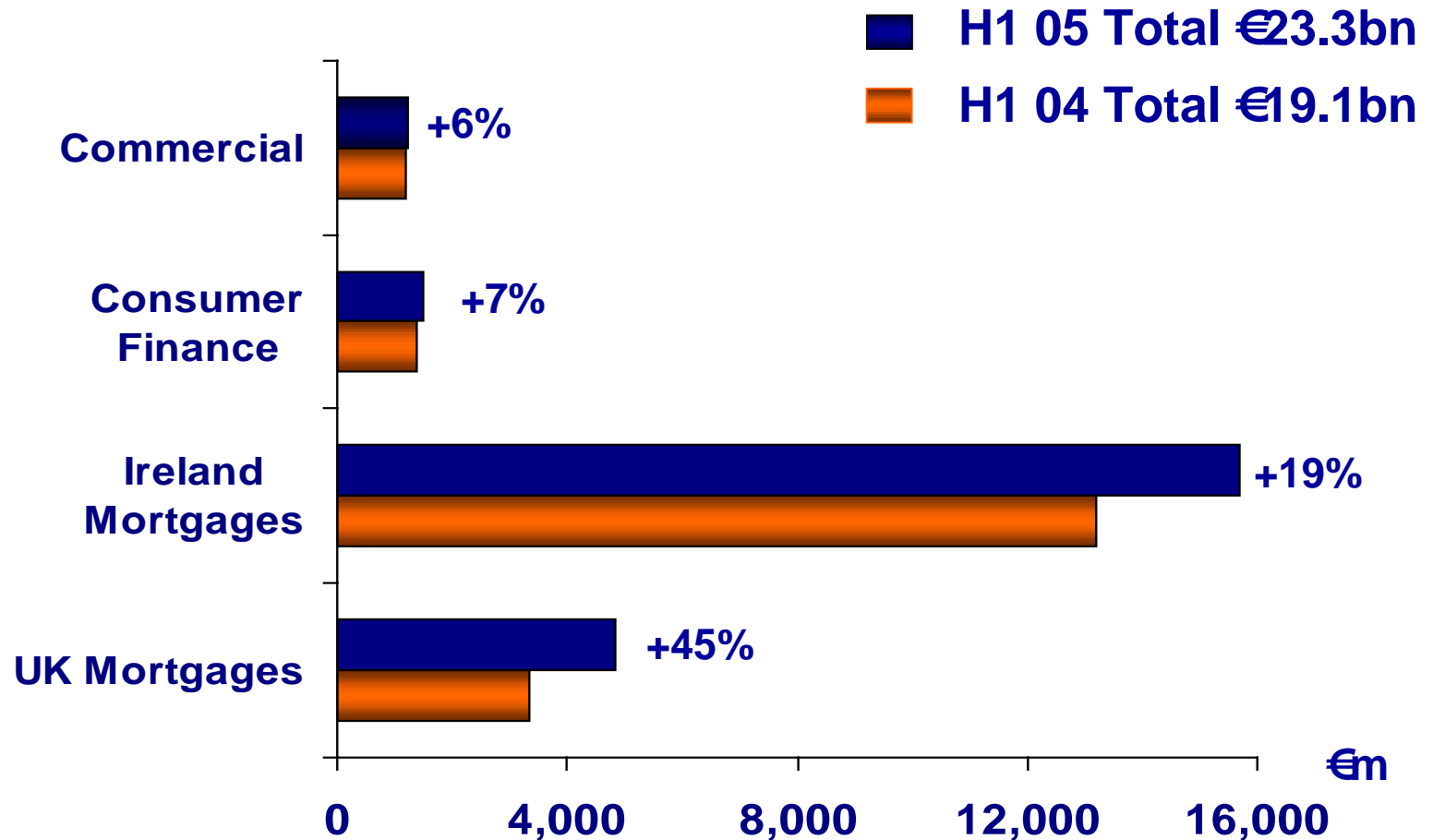
- Increased mortgage competition
- Innovative & competitive product suite
- Transforming service & product delivery
- Some way to go



Banking New Lending



Banking Loan Book



Banking Credit Quality

	H1 05 %	FY 04 %
New Mortgage Lending		
■ Overall LTVs (<i>% of advances</i>)		
■ First time buyers	81	81
■ Others	60	60
■ Average	67	68
■ LTV Ranges (<i>% of cases</i>)		
■ < 75%	61	61
■ > 75%	39	39

Banking Product Initiatives

- Fee free current / checking accounts
- Low rate “ICE” credit card
- Pre-paid / disposable credit card
- 100% mortgages for FTBs
- Expanding pensions sales

Summary & Outlook

- Life
- Bank
- Associate
- Outlook

Additional Information

- Change in Life Embedded Value
- Operating profit after tax
- Operating EPS
- Total profit after tax
- Other activities operating profit
- Bank - non interest income
- Group costs
- Variances and assumption changes
- Life & investment sales
- Retail life sales

Embedded Value Change

	Net Worth €m	Value of In-force €m	Total €m	Required Capital €m
Opening 1.1.2005	749	940	1,689	488
Contribution	41	56	97	
Inv. Fluctuations	10	44	54	
Economic assumptions	(2)	24	22	
CWA disposal	43	(67)	(24)	
Dividends / other	(150)	2	(148)	
Closing 30.6.2005	691	999	1,690	514

* All movements net of tax

Operating Profit After Tax

	Pre-tax €m	H1 05 Tax €m	Post-tax €m	H1 04 Post-tax €m
Life assurance	109	(12)	97	90
Banking	66	(10)	56	55
Other activities	<u>(3)</u>	<u>(0)</u>	<u>(3)</u>	<u>(2)</u>
	172	(22)	150	143
Associate	24	-	24	22
Levy (Banking)	-	(6)	(6)	(6)
	196	(28)	168	159

Operating EPS

	H1 05 €m	H1 04 €m	Change %
Operating profit	196	187	
Taxation	(22)	(22)	
Government levy	(6)	(6)	
Operating PAT	168	159	
Average no of shares*	270m	269m	
EPS	62.3c	58.9c	6

* Includes shares held by policyholder funds

Total Profit After Tax

	Pre-tax €m	H1 05 Tax €m	Post-tax €m	H1 04 Post-tax €m
Operating profit	196	(28)	168	159
Investment fluctuations	42	12	54	21
Economic variance	30	(8)	22	0
Other charges/credits	2	(1)	1	1
Discontinued / minority	-	-	(25)	1
Total profit	270	(25)	220	182

Other Activities Operating Profit

	H1 05 €m	H1 04 €m
Cornmarket / IPSI	4	4
Corporate Costs	(7)	(7)
Other	-	1
	(3)	(2)

Banking - Non Interest Income

	H1 05 €m	H1 04 €m
Fees & Commissions (rec'd)	23	23
Fees & Commissions (payable)	(3)	(3)
Other income	2	1
	22	21

*Note: Bancassurance Embedded Value operating profit €21m
(H1 04 : €19m) included in life assurance*

Group Costs

	H1 05 €m	H1 04 €m
Banking	127	122
Life		
• Operating	87	82
• Acquisition	47	38
• Change in DAC	(11)	(3)
Cornmarket / IPSI	18	18
Corporate Costs	7	7
Intra Group	(6)	(6)
	269	258

* IFRS basis with pro-forma comparatives

Variations & Assumption Changes

	Experience Variations		Assumption Changes	
	H1 05 €m	H1 04 €m	H1 05 €m	H1 04 €m
Persistency	-	3	-	-
Risk	8	6	-	10
Expenses/other	1	3	7	7
	9	12	7	17

Life & Investment Sales

	Recurring Premium		Single Premium	
	H1 05	H1 04	H1 05	H1 04
	€m	€m	€m	€m
Retail	67	50	351	319
Corporate	65	61	92	99
ILIM	-	-	750	337
ILI	<u>-</u>	<u>-</u>	<u>92</u>	<u>78</u>
Total	132	111	1,285	833

APE basis	132	111	128	84
------------------	------------	-----	------------	----

PVNBP basis	613	526	1,285	833
--------------------	------------	-----	--------------	-----

Retail Life Sales

	H1 05 €m	H1 04 €m
Products		
Protection / Risk	22	17
Pensions	40	31
Investments	26	25
Savings	14	9
	102	82
Distribution		
Bancassurance	28	26
Brokers / IFAs	35	25
Direct sales force	31	26
Institutions	8	5
	102	82

* APE basis