

2006 Final Results



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Images of Modern Ireland



St Stephen's Green Shopping Centre, Dublin

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Winning in Competitive Markets




- Record market beating year for sales
- Excellent financial results
- Focus on service quality and customer satisfaction
- Strongly placed to face opportunities and challenges ahead

Sales Highlights

● Life Assurance

- Retail life sales  33%
- Corporate life sales  27%
- ILIM sales  44%

● Banking

- Irish residential mortgage lending  37%
- Commercial mortgage lending  97%
- 84,500 new current accounts opened  26%

Financial Highlights

● Operating profit		
● Banking	↑	36%
● Life	↑	23%
● Value of New Life business	↑	36%
● Operating EPS	↑	32%
● Dividend	↑	12.4%

Financial Review

Peter Fitzpatrick
Group Finance Director



Group Profit After Tax

	2006	2005	Change
	€m	€m	%
Operating profit	529	420	26
Investment variances	101	94	
Economic assumptions	(38)	13	
Disposals / Other	-	4	
Profit before tax	592	531	11
Taxation	(28)	(28)	
Profit after tax	564	503	12
Discontinued / Minority	(3)	(28)	
Total profit after tax	561	475	18

Total EPS

	cent
2006	205
2005	176

Group Operating Profit

	2006	2005	Change
	€m	€m	%
Life Assurance	274	222	23
Banking	202	148	36
	476	370	29
General Insurance	56	54	4
Other	(3)	(4)	
Operating profit	529	420	26
Taxation / Levy	(42)	(54)	
Operating profit after tax	487	366	33

Operating EPS

	cent
2006	178
2005	135

Life Operating Profit

	2006	2005	Change
	€m	€m	%
New Business	128	94	36
In-force business:			
• Total expected return	115	94	
• Experience variances	14	15	
• Assumption changes	17	19	
Operating profit	274	222	23

Life New Business

	2006	2005
	€m	€m
<hr/>		
New Business Contribution		
Life	106	79
ILIM	22	15
Margin - APE	%	%
Life	20.6	20.4
ILIM	11.4	11.4
Margin - PVNBP		
Life	3.1	3.1
ILIM	1.1	1.1

APE Sales

	2006	2005
	€m	€m
Life	516	388
ILIM	190	132

PVNBP Sales

	2006	2005
	€m	€m
Life	3,482	2,571
ILIM	1,901	1,319

Life Costs

	2006	2005	Change
	€m	€m	%
Retail	146	127	15
Corporate Business	33	30	10
ILIM	16	15	
Other	14	14	
	209	186	12

Banking Operating Profit

	2006	2005	Change
	€m	€m	%
Net interest income	429	377	14
Other income	45	40	
Trading income	12	(4)	
	486	413	18
Expenses	(273)	(255)	
Impairment provisions	(14)	(12)	
Investment gains	3	2	
Operating profit	202	148	36

Cost / Income Ratio

	2006	2005
	%	%
Reported	56	62
Incl. Commission	53	60
Incl. Bank EV Earnings	50	56

Net Interest Margin

2006 Movement

	bps
Dec 2005	129
Basis risk	(5)
Retail	(2)
CHL	(2)
Treasury	3
Funding	(4)
Dec 2006	119

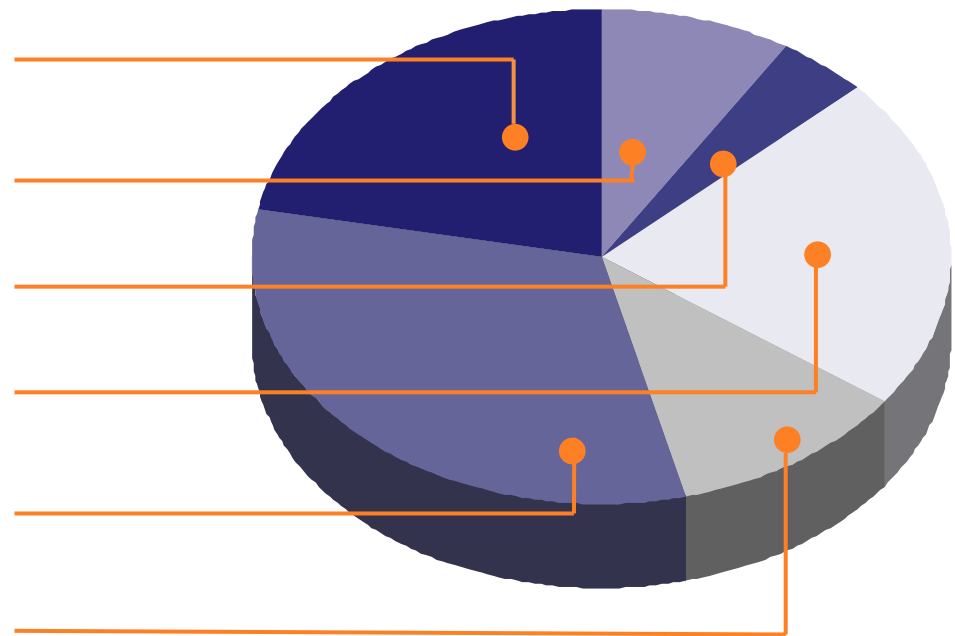
Assets	2006	2005
	€bn	€bn
Lending	33.8	26.3
Liquidity	9.7	8.0

Bank Funding

2006

€bn

Long-term Debt	9.2
Securitisation	3.8
Extendible Notes	1.7
Commercial Paper	9.4
Customer Accounts	13.6
Interbank	5.1
Total	42.8



General Insurance Operating Profit

	2006	2005	Change
	€m	€m	%
Underwriting results	52	48	
Investment return	12	18	
Disposal	3	-	
	67	66	
Taxation	(11)	(12)	
Operating profit	56	54	4

Combined Ratio

	%
2006	71
2005	74

Bank Capital

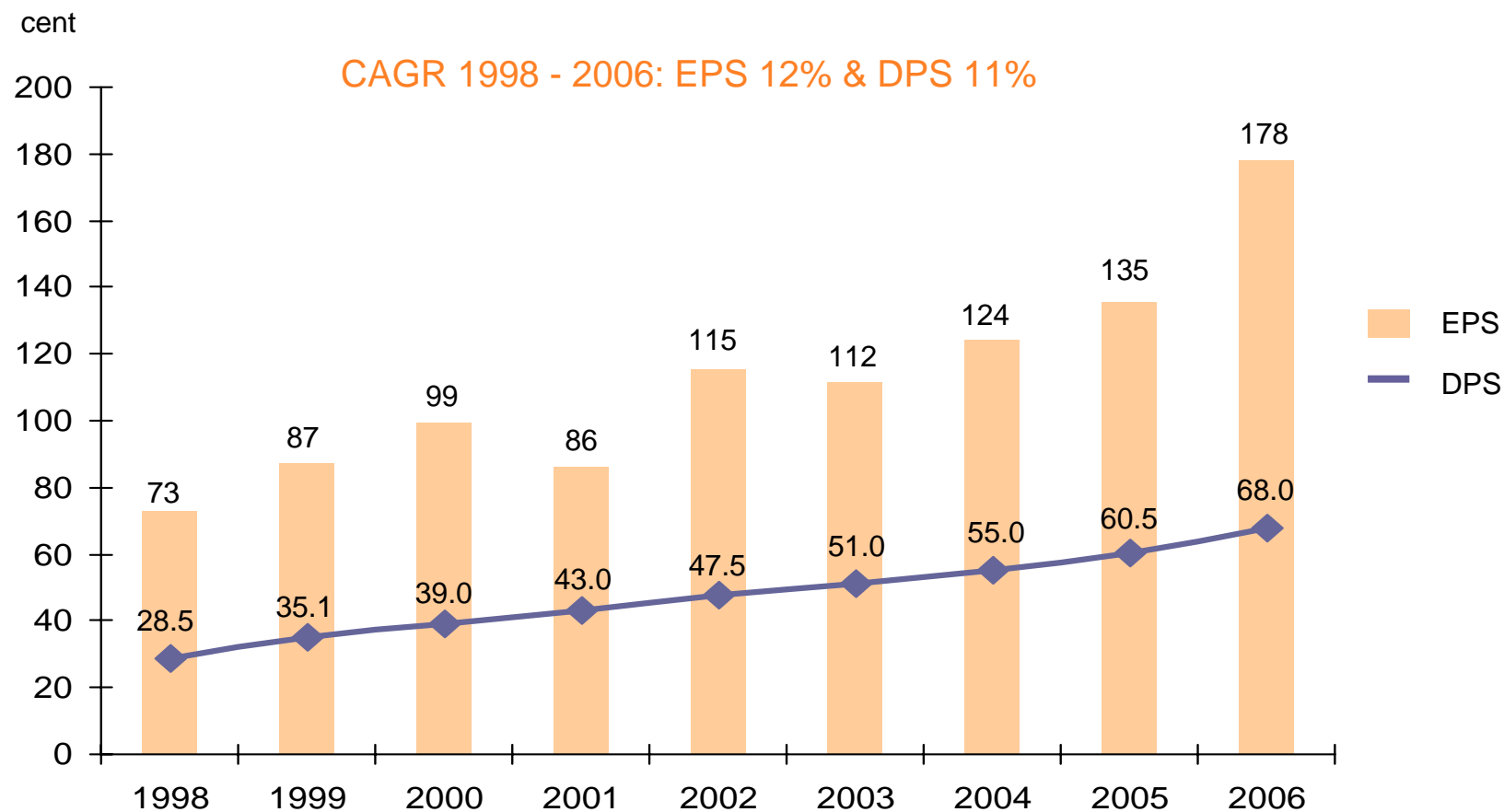
	Movement €m	RAR %
Dec 2005	2,138	12.6
Post tax earnings	157	
Dividends received	141	
Dividends paid	(173)	
	125	
Capital issued	93	
Capital amortised	(104)	
	(11)	
IFRS adjustments	(100)	
Dec 2006	2,152	10.4

Life Capital

	Movement €m	Solvency Cover %
Net Worth Dec 2005	750	163
In-force earnings	203	
Investment fluctuations	53	
	256	
New business	(163)	
Other	(6)	
Dividend	(90)	
Net Worth Dec 2006	747	180

- New business IRR 13.2% [2005: 12.5%]
- €200m Perpetual debt raised in Q1 '07

Operating EPS & Dividend



Business Review

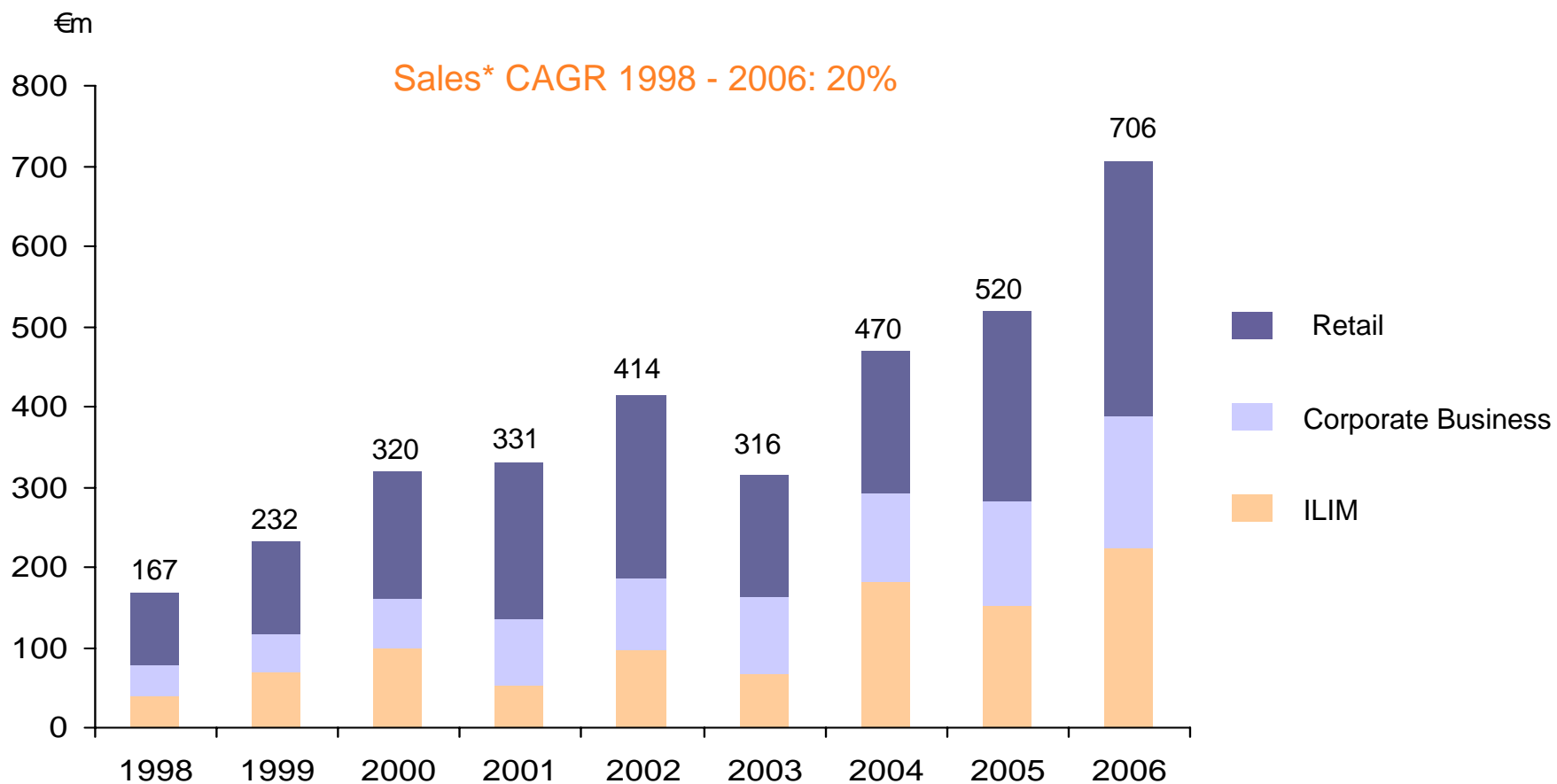
David Went
Group Chief Executive



Life Business

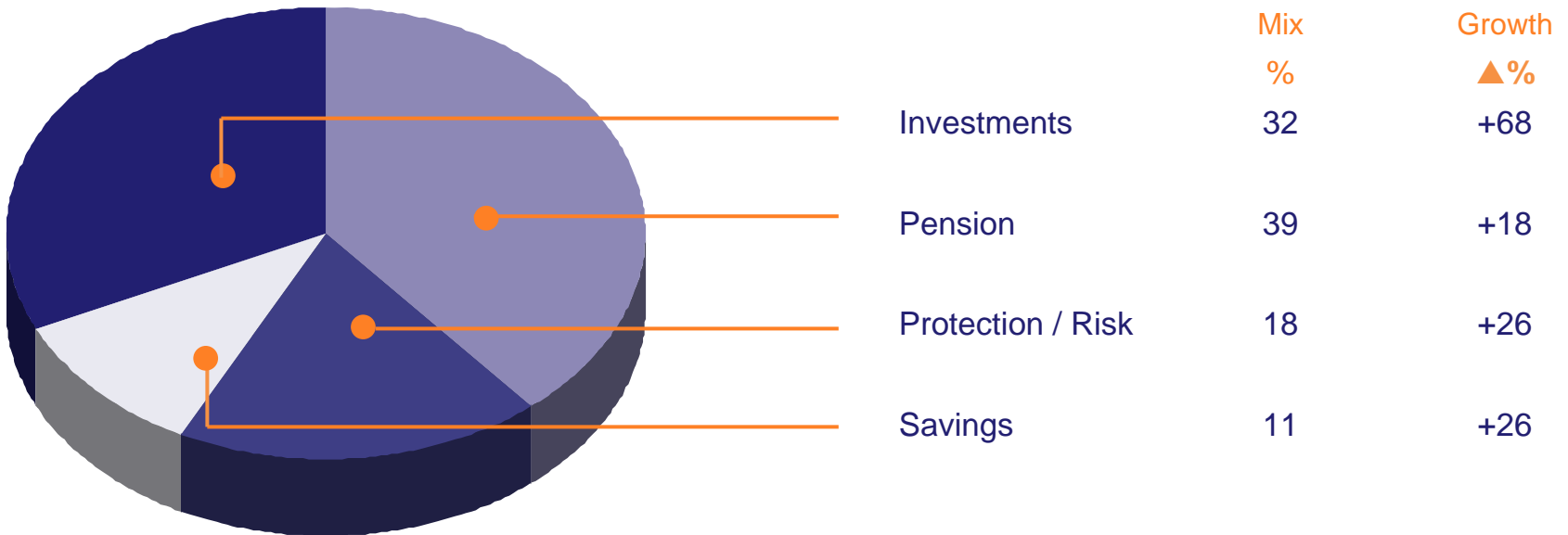
- Investment markets strongly supportive
- Record sales increase market share
- Robust margins
- Focus on customer and intermediary service

Life & Investment Sales



* APE basis

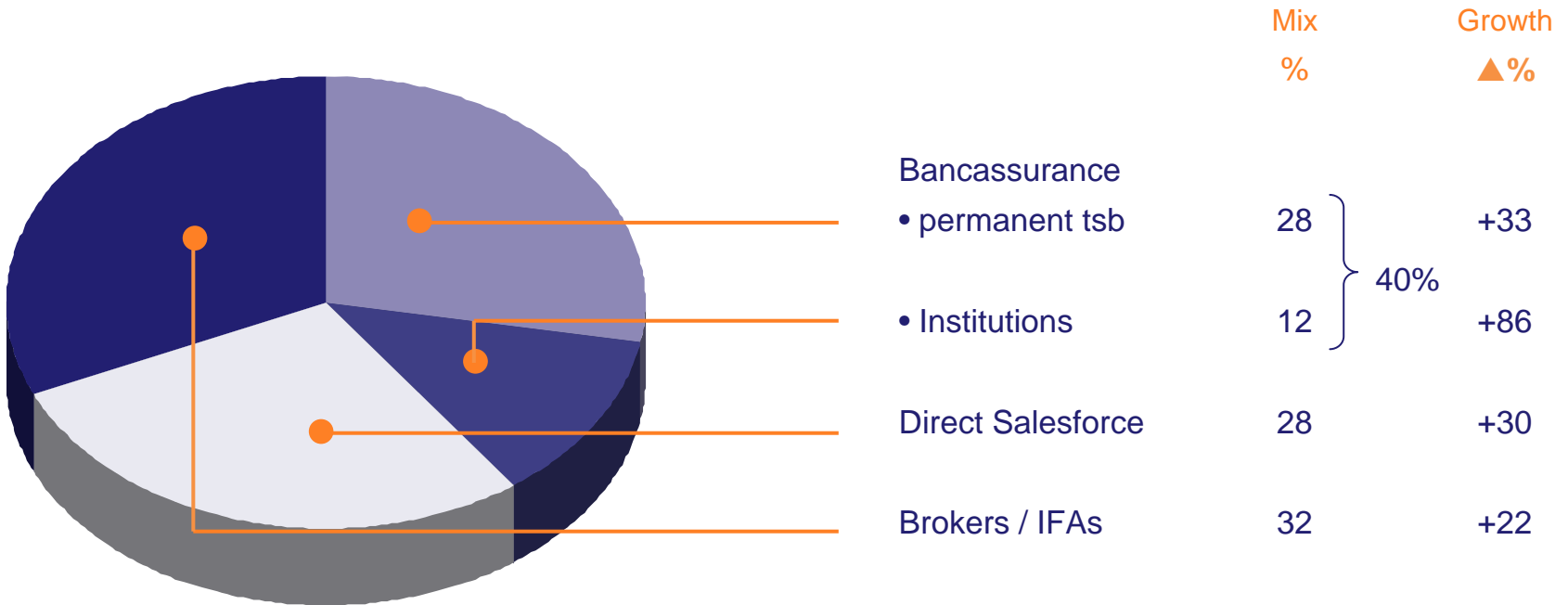
Retail Life Products



Sales* €317m [2005: €238m]

* APE basis

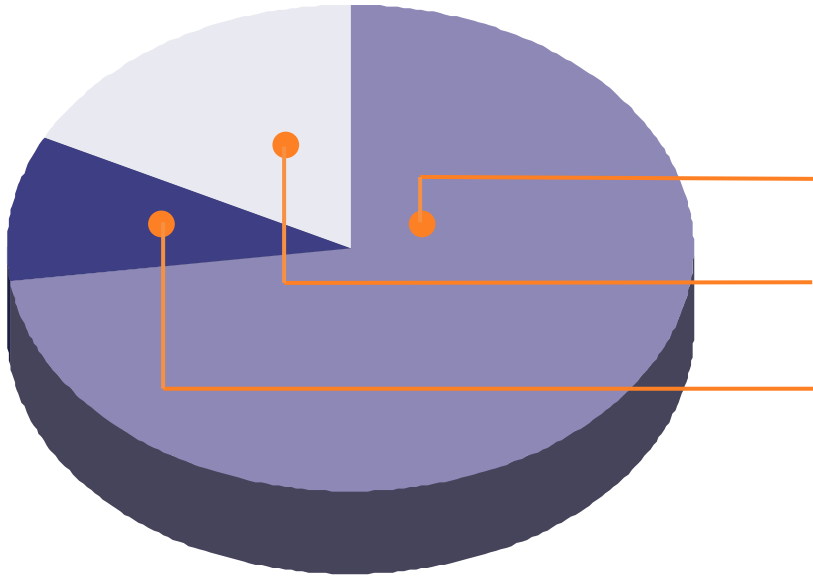
Retail Life Distribution



Sales* €317m [2005: €238m]

* APE basis

Corporate Life Products

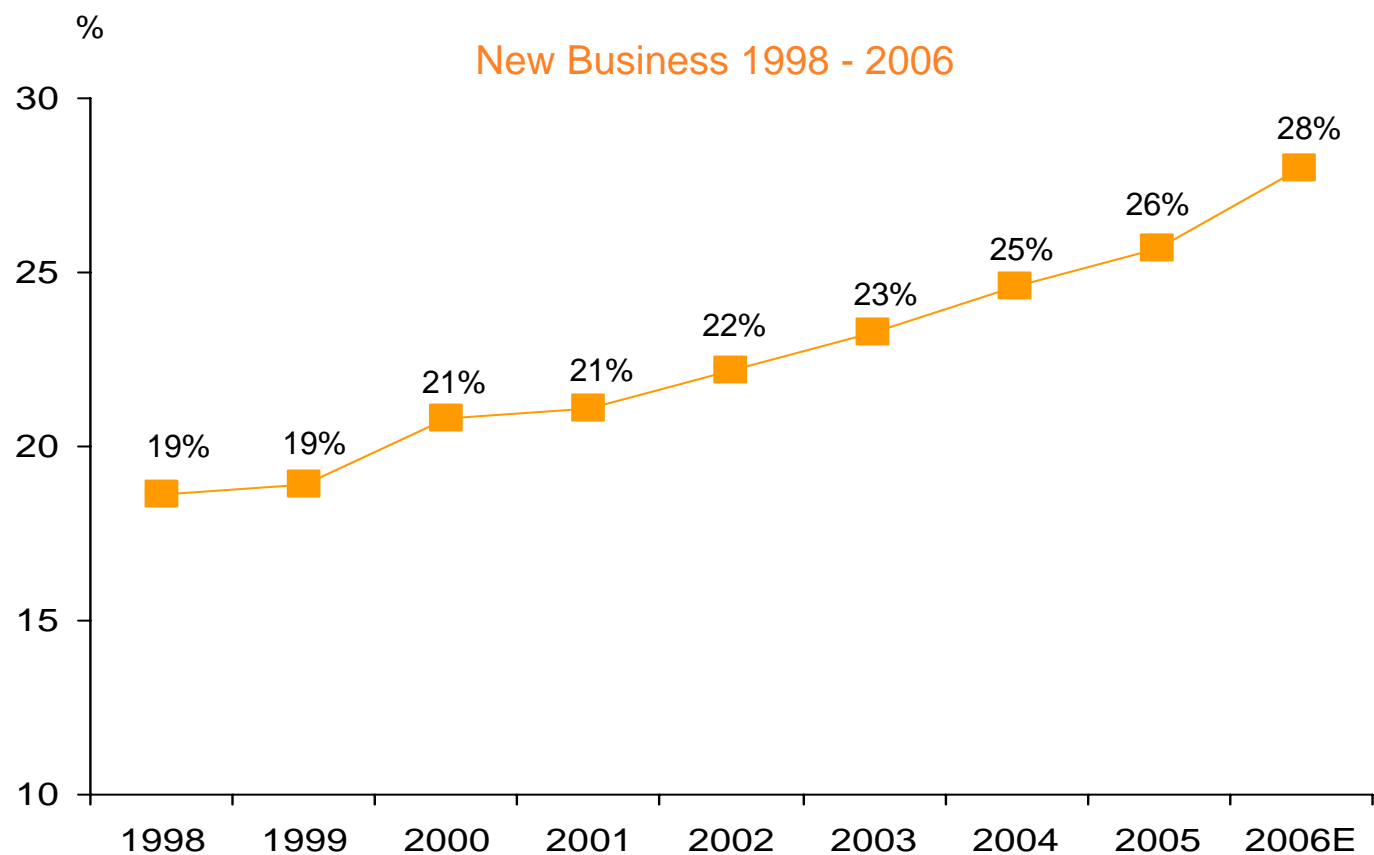


	Mix %	Growth ▲%
Defined Contribution	72	+40
Annuities / Other	18	+53
Protection / Risk	10	-36

Sales* €165m [2005: €130m]

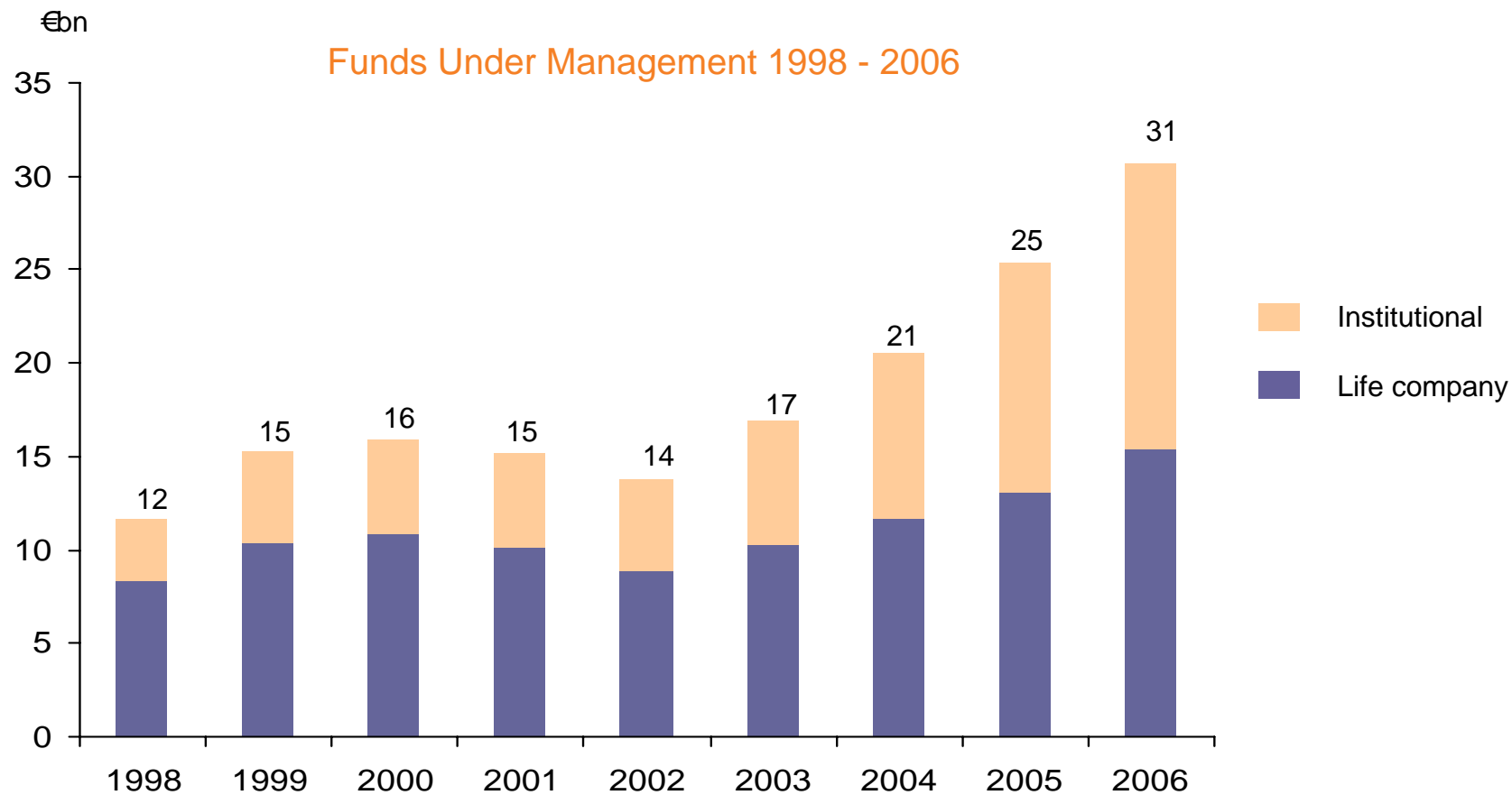
* APE basis

Life Market Share



Source: Irish Insurance Federation

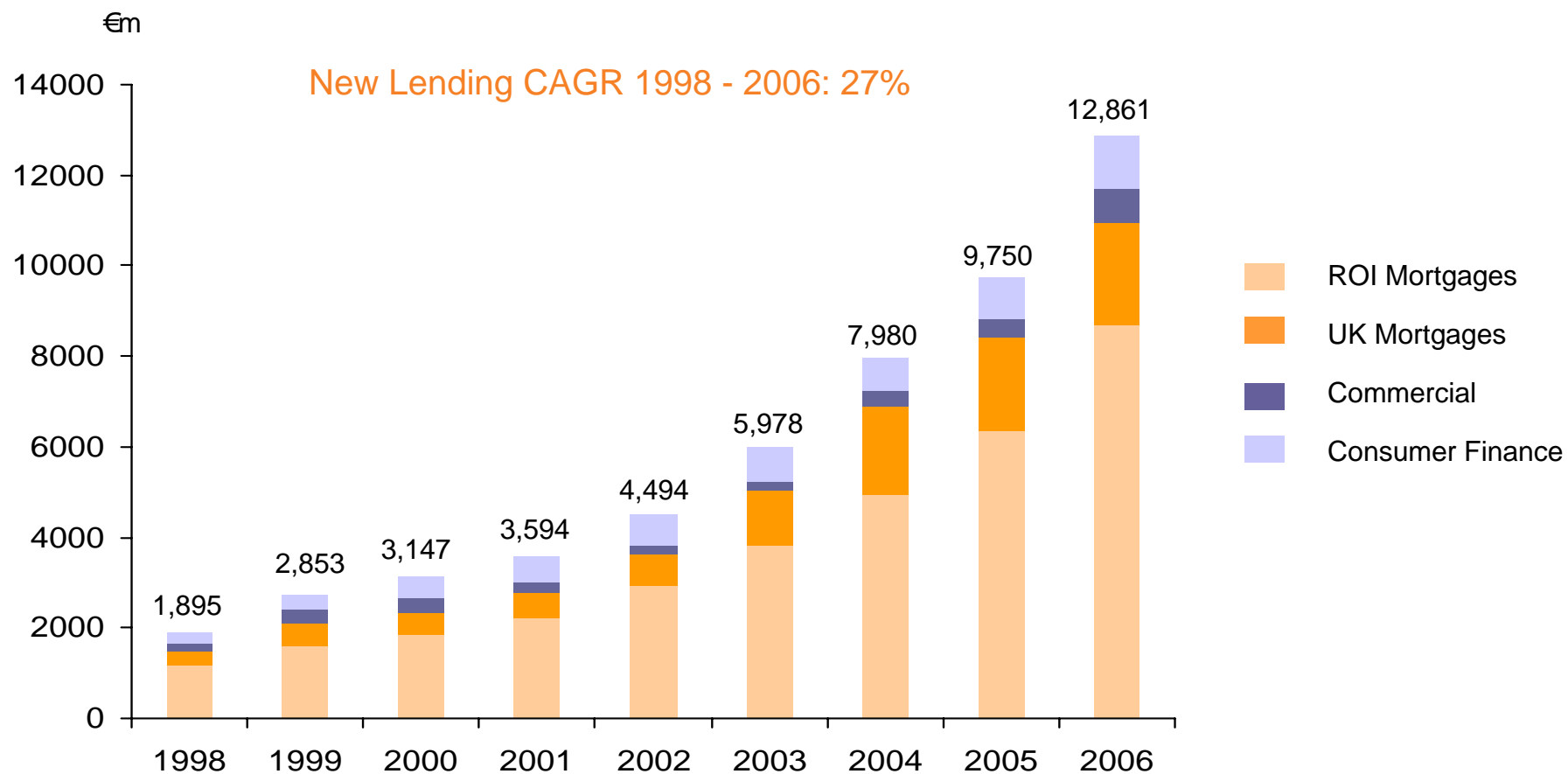
Irish Life Investment Managers



Banking Business

- Record year for Irish housing market
- Increasing market share in highly competitive market
- Continued success in customer acquisition
- Building the no.1 retail bank

Bank New Lending

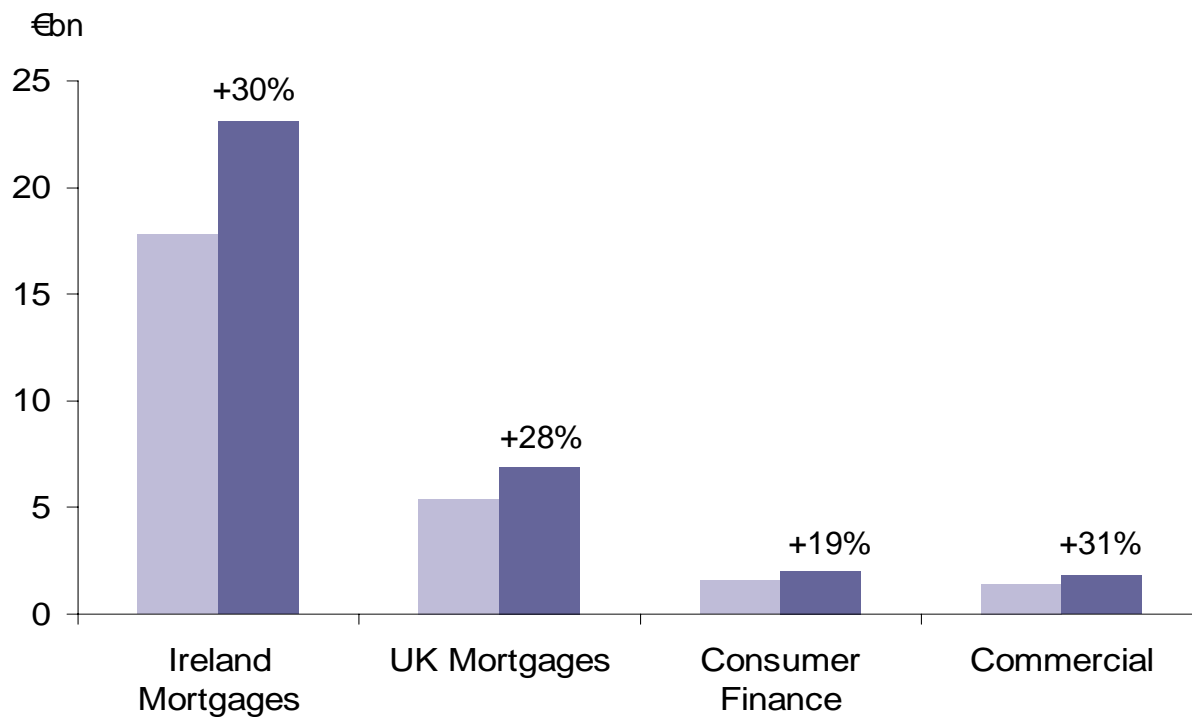


* APE basis

Loan Book

2006 €33.8bn

2005 €26.3bn



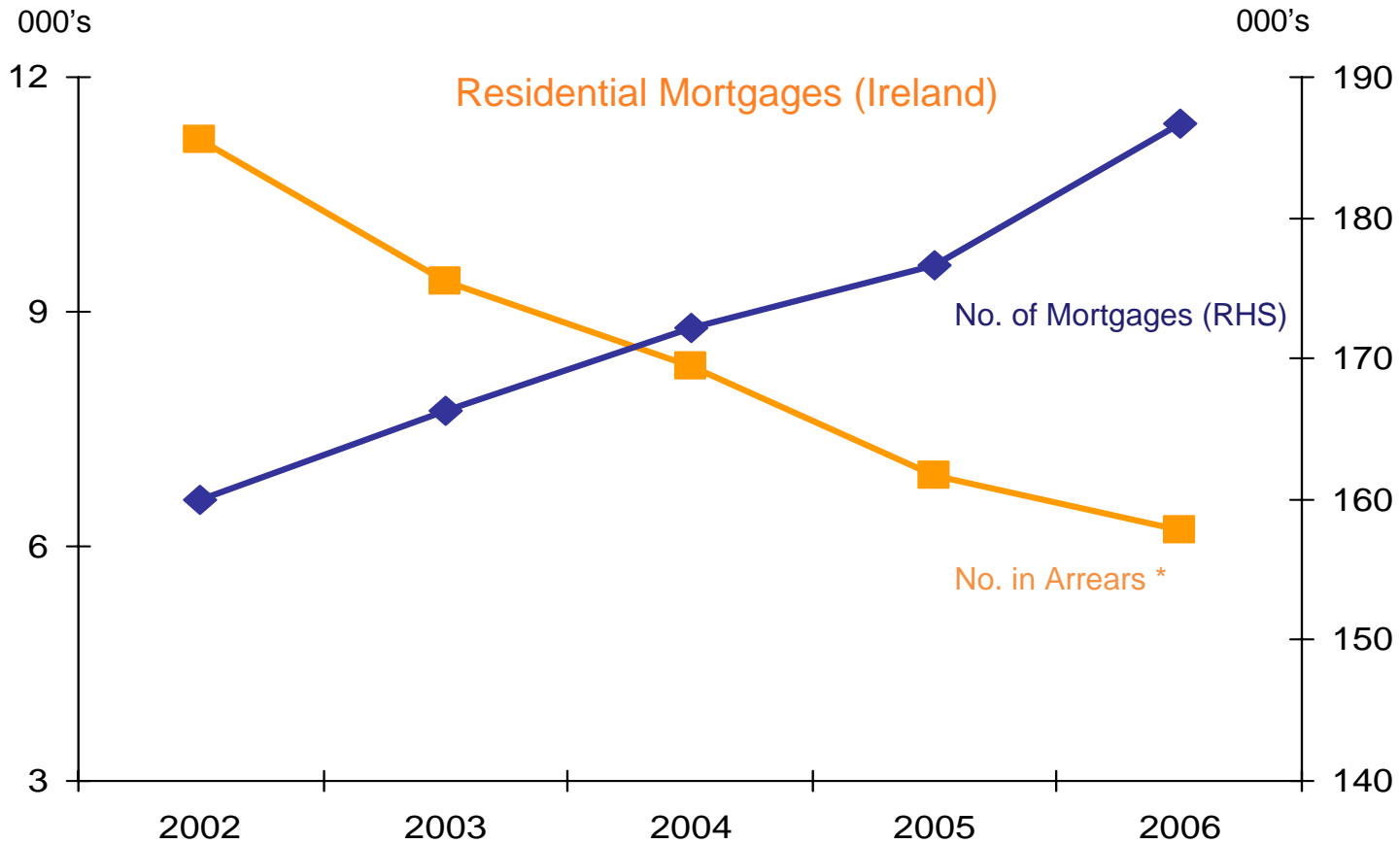
New Lending LTVs

Residential Mortgages (Ireland)

	2006	2005	2004
New Lending	%	%	%
<hr/>			
Home Loans			
First Time Buyers	87	84	81
Second Time Buyers	58	61	60
Average	71	69	68
RIPs Average	68	65	65
Equity Release Average	51	51	49
Total New Lending*	66	64	63

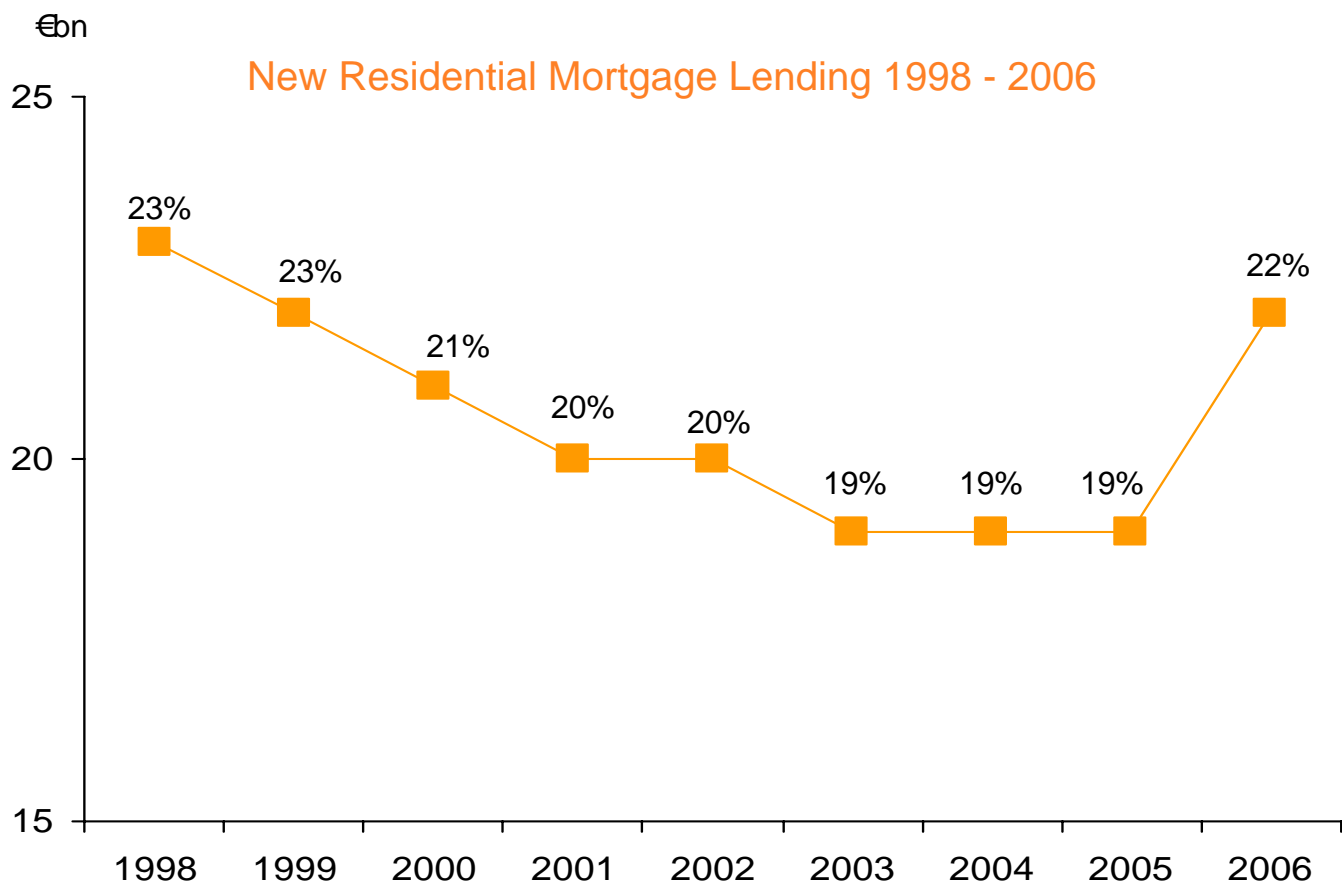
* Weighted average

Mortgage Arrears



* > 1 month

Mortgage Market Share



Source: IMC / Irish Banking Federation

Customer Acquisition

- 84,500 new current accounts opened in 2006
 - 68,000 new customers
 - 16,500 upgrades
- Opening 1,250 accounts per week
- Account balances up 18% yoy
- Credit card sales doubled to 20,000 in 2006

Outlook - Economy

- SSIAAs boost consumer and investor demand
- Housing market slowed by stamp duty uncertainty
- Another year of 5%+ economic growth forecast*

* ESRI Quarterly Economic Commentary, Winter 2006

Outlook - Trading

- Life sales - another buoyant year
- Bank lending - slower first half
- Earnings target: low to mid-teens growth in banking & life

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Embedded Value Change

	Net Worth	VIF	Total	Required Capital
	€m	€m	€m	€m
Opening 1 Jan 2006	750	1,103	1,853	535
Operating profit	40	221	261	
Investment fluctuations	53	63	116	
Economic assumptions	(6)	(33)	(39)	
Capital movements	(90)	-	(90)	
Closing 31 Dec 2006	747	1,354	2,101	560

* All movements net of tax

Bank Capital

	2006	2005
	€bn	€bn
Risk weighted assets	20.6	17.1
Capital:		
Tier 1	4.4	4.1
Less Goodwill (Irish Life & TSB)	(1.5)	(1.5)
	2.9	2.6
Tier 2	1.4	1.4
Total Capital	4.3	4.0
Less Embedded Value deduction	(2.1)	(1.9)
Available Capital	2.2	2.1
RAR	10.4%	12.6%

Operating Profit After Tax

	2006			2005
	Pre-tax	Tax	Post-tax	Post-tax
	€m	€m	€m	€m
Life assurance	274	(13)	261	206
Banking	202	(30)	172	122
Other activities	(3)	1	(2)	(4)
	473	(42)	431	324
Associate	56	-	56	54
Levy	-	-	-	(12)
	529	(42)	487	366

Operating EPS

	2006	2005	Change
	€m	€m	%
Operating profit	529	420	
Taxation	(42)	(42)	
Government levy	-	(12)	
Operating PAT	487	366	33
Average no. of shares	274m	270m	
EPS	178c	135c	32

Note: "own shares" included for EPS calculation

Total Profit After Tax

	2006			2005
	Pre-tax	Tax	Post-tax	Post-tax
	€m	€m	€m	€m
Operating profit	529	(42)	487	366
Investment fluctuations	101	15	116	125
Economic assumptions	(38)	(1)	(39)	8
Other changes / Credits	-	-	-	4
	592	(28)	564	503
Discontinued / Minority	(3)	-	(3)	(28)
Total profit	589	(28)	561	475

IFRS (Statutory) Profit After Tax

	2006	2005	Change
	€m	€m	%
Life assurance	186	223	(17)
Banking	202	148	
General Insurance	56	54	
Other	(3)	(4)	
	441	421	5
Taxation	(80)	(69)	
Total Profit after Tax*	361	352	3

IFRS Life Earnings Movement

	€m	
Economic Variance	(29)	} (37)
Investment fluctuations	(26)	
Surplus on Investment contracts	24	
New Business strain	(8)	
Interest on insurance VIF	5	
Expected Investment Return	6	
Other	(9)	

* Continuing activities

IFRS / EV Reconciliation

	2006 S' Holders Equity €m	2006 Total Profit* after Tax €m
Embedded Value basis	3,199	564
Investment business		
• Value of in-force	(808)	(131)
• Deferred costs & fees	61	39
• Restatement of liabilities	39	(34)
Own shares adjustment	(81)	(28)
Owner occupied property	-	(34)
Other	(25)	(15)
IFRS (Statutory) basis	2,385	361

* Before minority interest

Other Activities Operating Profit

	2006	2005
	€m	€m
Cornmarket / IPSI	16	11
Springboard	(1)	-
	15	11
Corporate costs	(18)	(15)
	(3)	(4)

Banking Non Interest Income

	2006	2005	Change
	€m	€m	%
Fees & Comms (rec'd)	51	46	
Fees & Comms (payable)	(6)	(6)	
	45	40	13
Trading income	12	(4)	
	57	36	58

Note: Bancassurance Embedded Value operating profit €56m [2005: €46m] included in life assurance

Group Costs

	2006	2005	Change
	€m	€m	%
Banking:			
• Operational	273	255	7
• Restructuring	-	11	
Life:			
• Administrative	209	186	12
• Development costs	-	8	
Other operations	58	50	
	540	510	6

Life Variances & Assumptions

	Experience Variances		Assumption Changes	
	2006	2005	2006	2005
	€m	€m	€m	€m
Persistency	(1)	-	3	(3)
Risk	23	15	19	17
Other	(8)	-	(5)	13
	14	15	17	27
Development Expenses	-	-	-	(8)
	14	15	17	19

Life & Investment Sales

	Recurring Premium		Single Premium	
	2006	2005	2006	2005
	€m	€m	€m	€m
Retail	182	149	1,347	892
Corporate	130	107	348	225
ILIM	-	-	1,901	1,319
ILI	-	-	339	200
Total	312	256	3,935	2,636
APE Basis	312	256	394	264
PVNBP Basis	1,448	1,254	3,935	2,636

Retail Life Sales

	2006	2005	Change
	€m	€m	%
Products			
Pension	123	104	18
Investments	101	60	68
Protection / Risk	59	47	26
Savings	34	27	26
	317	238	33
Distribution			
Bancassurance	88	66	33
Direct Salesforce	90	69	30
Brokers / IFAs	100	82	22
Institutions	39	21	86
	317	238	33

Contact Information

Please contact our Investor Relations Department for any further information or visit our group website at

www.irishlifepermanent.ie

Contact details:

Barry Walsh	barry.walsh@irishlife.ie	+353 1 704 2678
Orla Brannigan	orla.brannigan@irishlife.ie	+353 1 704 1345