



Final Results 2004

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* slight differences on % changes due to rounding

2004 Key Features

Strong volume growth

Margin pressure

Tight cost control

Increased earnings

2004 Highlights

Sales

- New lending ↑ 33%
- Current account balances ↑ 17%
- Life sales ↑ 17%
- Individual pension sales ↑ 42%
- ILIM inflows €1.6bn ↑ 23%

2004 Highlights

Financial

- Underlying pre-tax contribution* ↑ 19%
- Total profit after tax ↑ 57%
- Contribution EPS of 120c ↑ 8%
- Total dividend of 55c ↑ 8%

* *ex gilt gains*



Financial Review

Peter Fitzpatrick

Total Profit After Tax

	FY 04 €m	FY 03 €m	Change %
8 Total Contribution*	400	365	10
Investment fluctuations	30	26	
20 Exceptionals & other items	56	(81)	
	486	310	57
40 Taxation & Levy	(74)	(48)	
Minority Interest	(1)	-	
Total profit after tax	411	262	57

* Operating profit

Total Contribution

	FY 04 €m	FY 03 €m	Change %
9 Life Assurance	215	191	13
14 Banking & Other	122	129*	(5)
19 General Insurance [Associate]	63	45	38
Total Contribution	400	365	10

* incl €26m gilt gains

Life Assurance - Contribution

	FY 04 €m	FY 03 €m	Change %
Ireland			
10 New business	52	42	24
11 In-force business	145	136	
Other income	8	6	
	205	184	12
UK & US	10	7	
Total Life Contribution	215	191	13

Life Assurance - New Business

	FY 04	FY 03	Change %
46 <u>Life</u>			
Value of new business	€40m	€37m	10
New business APE*	€310m	€265m	17
Margin	13.0%	13.8%	
46 <u>ILIM</u>			
Value of new business	€12m	€5m	115
New business APE*	€146m	€51m	184
Margin	7.9%	10.5%	

* Annual premium equivalent

Life Assurance - In-force Business

	FY 04 €m	FY 03 €m	Change %
Unwind of discount rate	92	80	14
12 Experience variances	9	13	
12 Assumption changes	42	39	
Expected investment return	2	4	
	145	136	

Life Assurance - In-force Business

	Experience Variances		Assumption Changes	
	FY 04 €m	FY 03 €m	FY 04 €m	FY 03 €m
Persistency	1	7	(11)	-
Risk	19	16	50	(3)
Expenses & Other	<u>(6)</u>	<u>1</u>	<u>(2)</u>	<u>31</u>
	14	24	37	28
Horizon benefits	-	-	31	18
Horizon costs	(5)	(11)	(26)	(7)
	9	13	42	39

Life Assurance - Costs

	FY 04 €m	FY 03 €m
Ireland		
• Operating	158	158
• Acquisition	83	75
• Horizon	5	11
• Life subsidiaries	33	31
US & UK	7	38
Corporate	5	4
	291	317

Banking & Other - Contribution

	FY 04 €m	FY 03 €m	Change %
15 Banking	120	127	(5)
Property management	2	2	
	122	129	

Banking - Contribution

	FY 04 €m	FY 03 €m	Change %
Net Interest Income	349	332	5
(45) Fees receivable & other income	54	54	
(45) Fees payable	<u>(41)</u>	<u>(35)</u>	
	362	351	
(17) Expenses	(233)	(236)	
(18) Bad & doubtful debts	(9)	(14)	
	120	101	19
Gain on hedge securities	-	26	
Contribution	120	127	(5)

Banking - Margin Change

	%
FY 03	1.63
Retail	(0.12)
Treasury	(0.03)
Funding	(0.08)
FY 04	1.40

Banking - Costs

	FY 04 €m	FY 03 €m	Change %
Operating	225	227	(1)
Corporate	8	9	
	233	236	
Cost/Income Ratio	%	%	
Reported	62	60	
Incl. Commission	60	59	
Incl. Bank EV Contribution	56	56	

Banking - Debt Provisions

	FY 04 €m	FY 03 €m
Opening balance	92	85
Charge for period	9	14
Amounts written off	(6)	(7)
Closing balance	95	92
	%	%
Reserve ratio	0.50	0.57
Arrears ratio	0.19	0.22
Arrears value	€39m	€38m

General Insurance [Associate]

	FY 04 €m	FY 03 €m
Contribution	63	45
Short term investment fluctuations	2	(2)
	65	43

Note: Contribution includes expected/normalised investment returns

Exceptionals & Other Items

	FY 04 €m	FY 03 €m
Disposal of businesses	19	(50)
Profit on disposal of branch properties	2	3
Economic variance*	47	(20)
Goodwill	(12)	(14)
	56	(81)

* *Impact of changes in embedded value economic assumptions*

Capital

	FY 04 €m
42 Life net worth	148
Bank profit after tax	86
Exceptional items	20
Allianz dividend	16
Capital generated	270
Tier 2 issue	150
Capital available	420

Capital Allocation

	FY 04 €m
Capital available	420
Bank asset growth	(168)
Life solvency	(60)
Dividend	(148)
Increase in Capital	44

Capital Ratios

	FY 04	FY 03
44 Bank Tier 1/ Total	11.2%	11.1%
43 Life solvency cover (Irish Life)	1.7 times	1.8 times
NAV per share*	€8.77	€7.81

* Includes shares held by policyholder funds

Dividend & EPS

	FY 04	FY 03	Change %
Dividend	55.0c	51.0c	8
40 EPS* (Total PAT)	152.5	97.2	57
41 EPS* (Contribution)	120.0	111.6	8

* Includes shares held by policyholder funds



Business Review

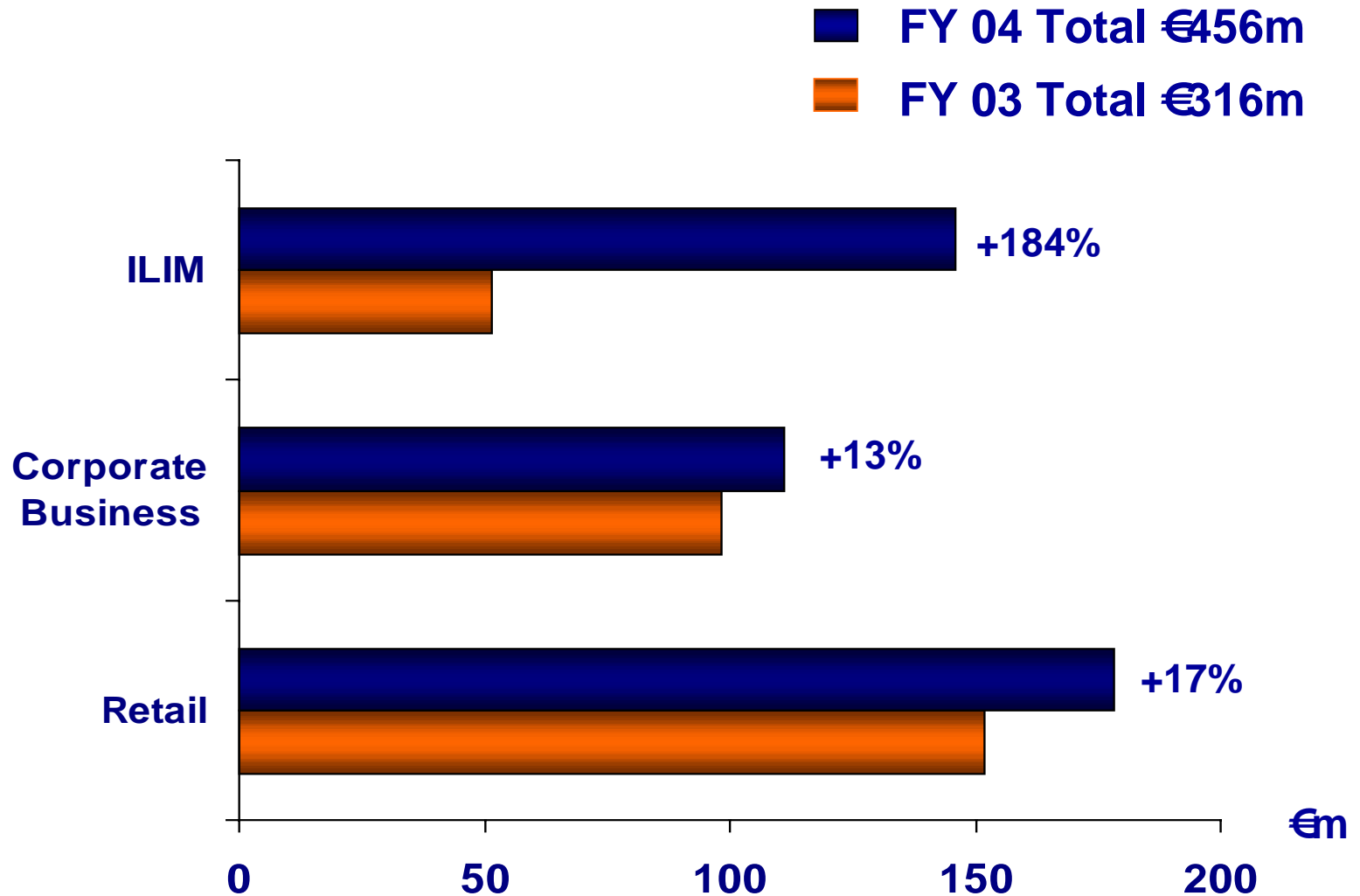
David Went

Life Business

- Strengthening market position
- Increased cost efficiency and productivity
- Focus on improved service delivery
- Positive outlook

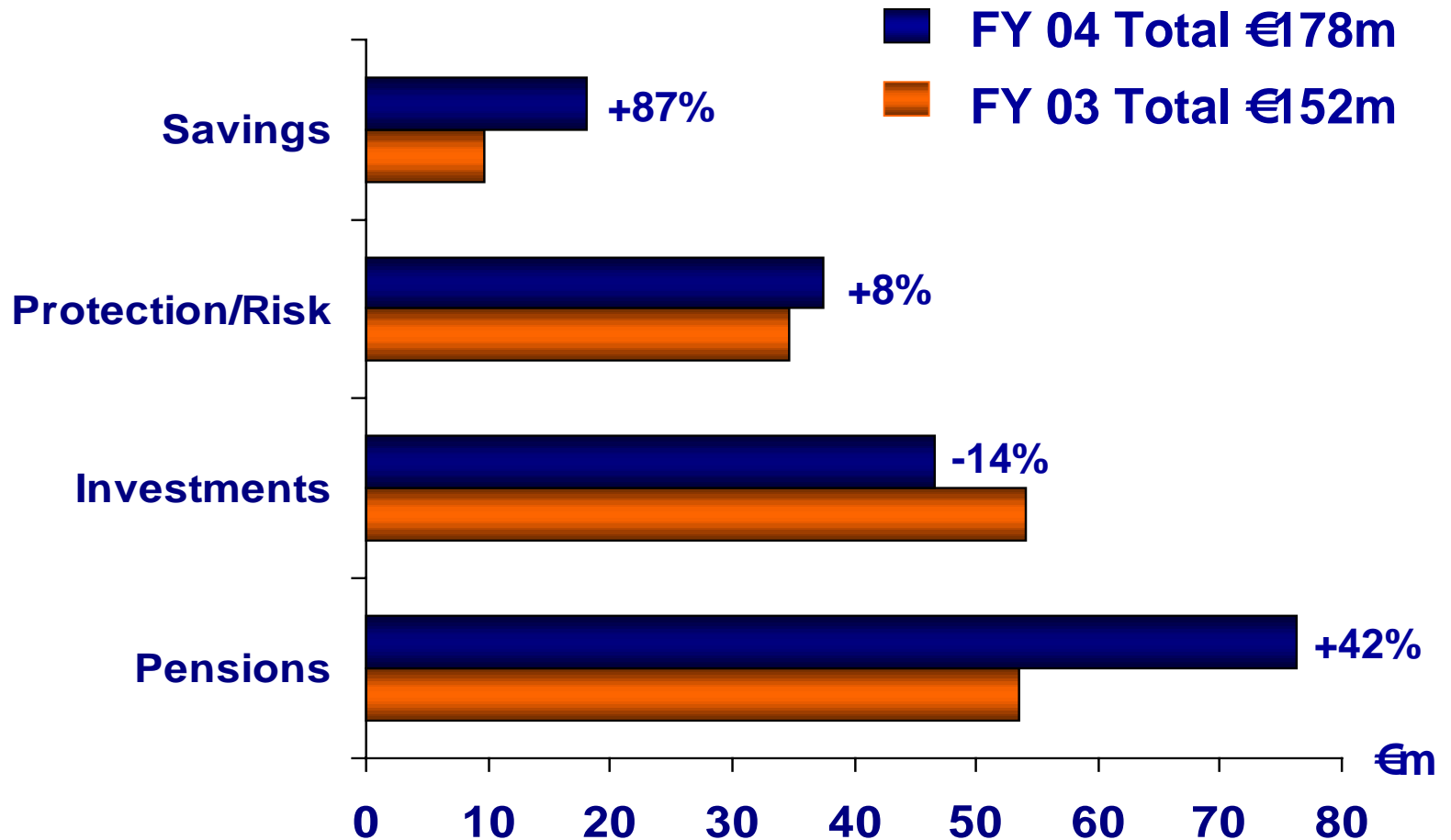


Total Life Sales - Ireland



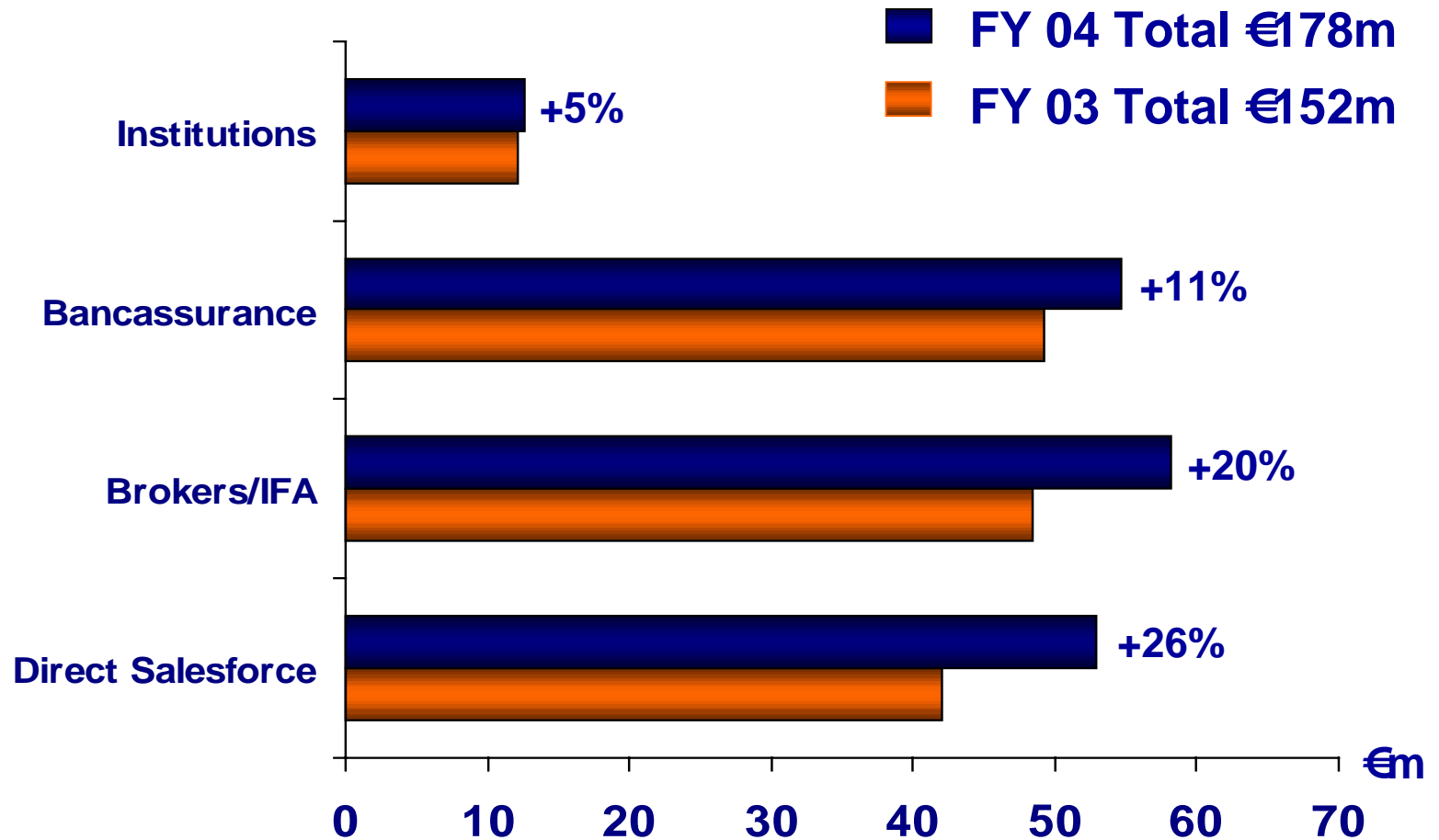
* Analysis on page 46

Retail Life - Products



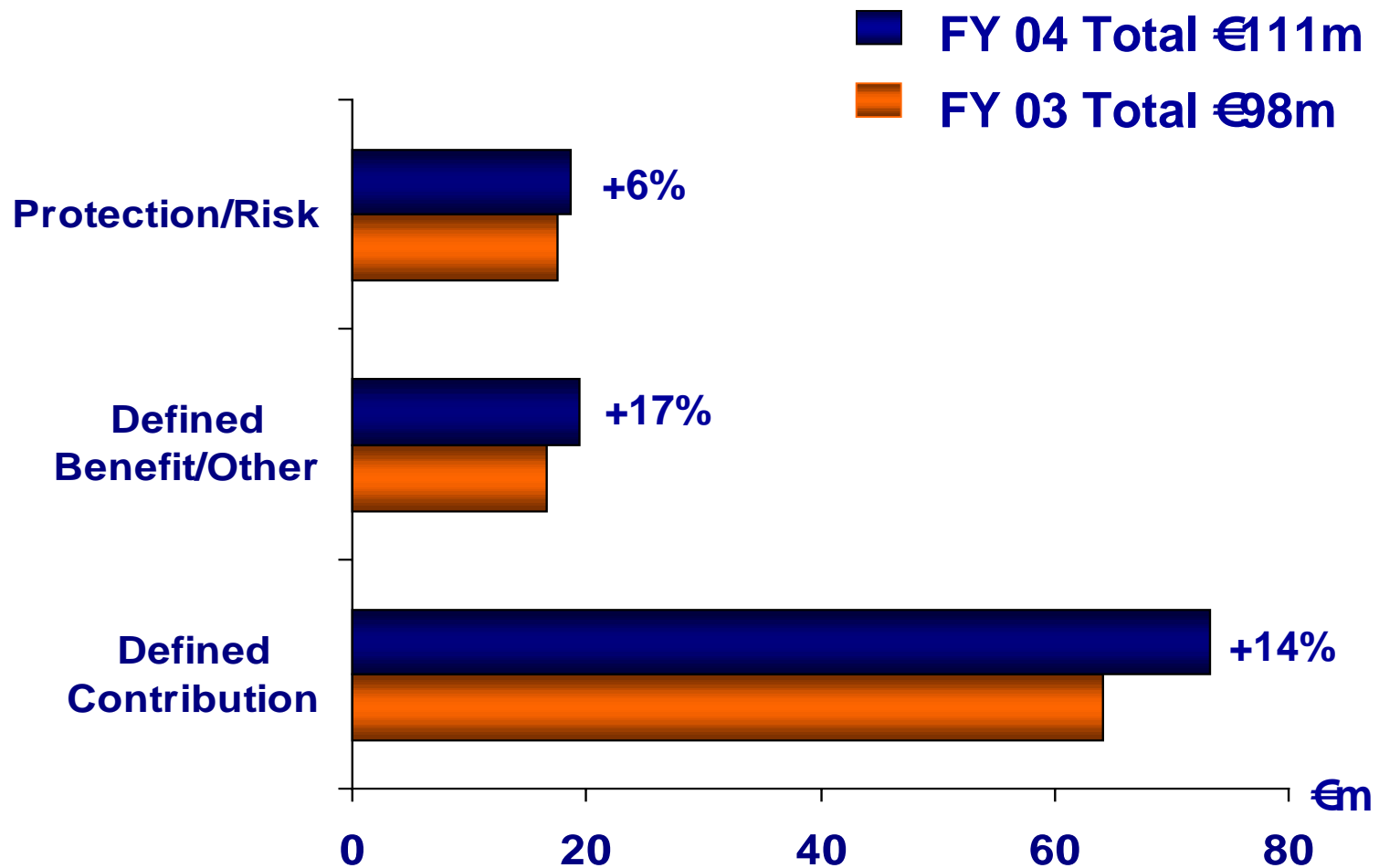
* Analysis on page 47

Retail Life - Distribution

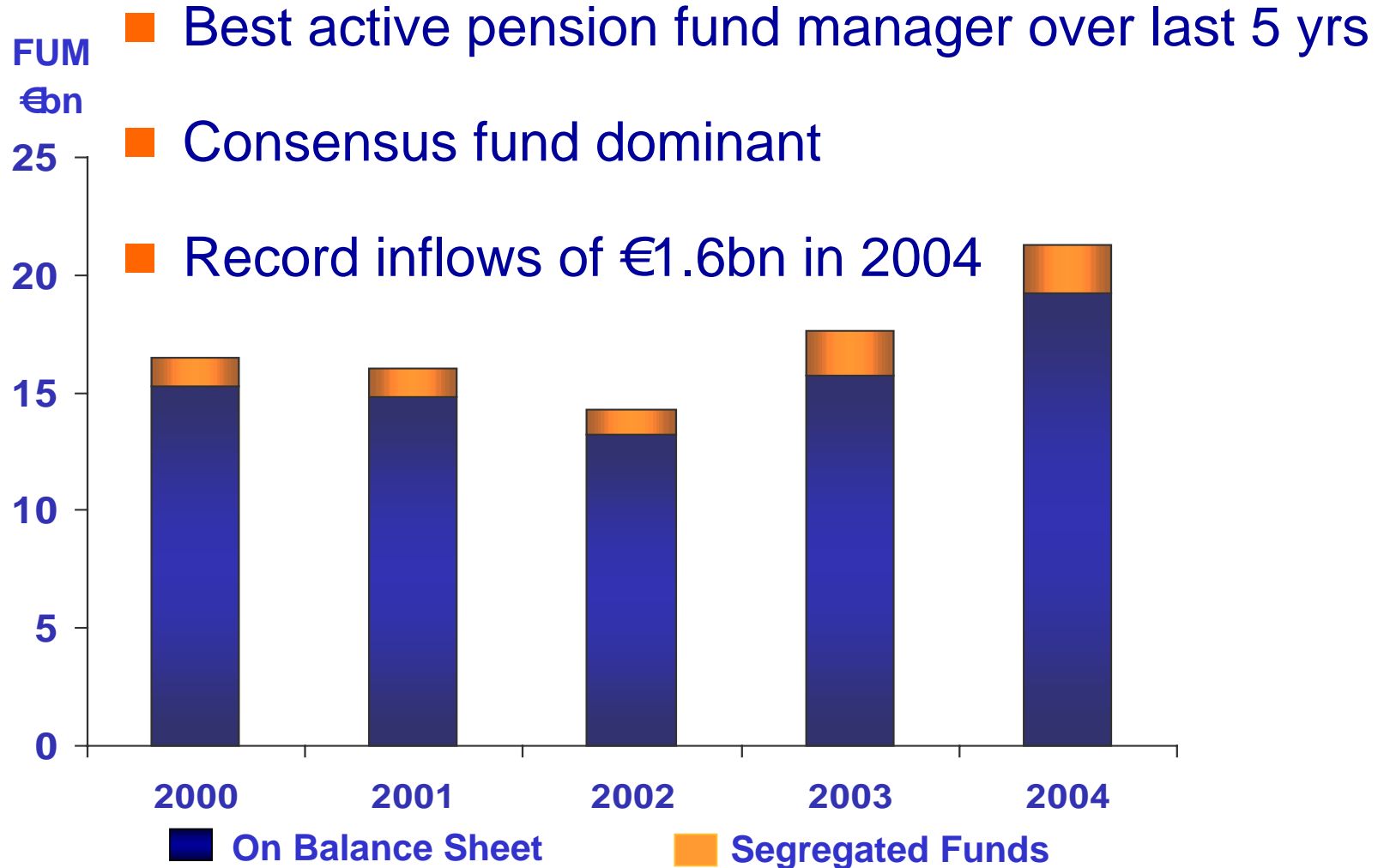


* Analysis on page 47

Corporate Life - Products



Irish Life Investment Managers

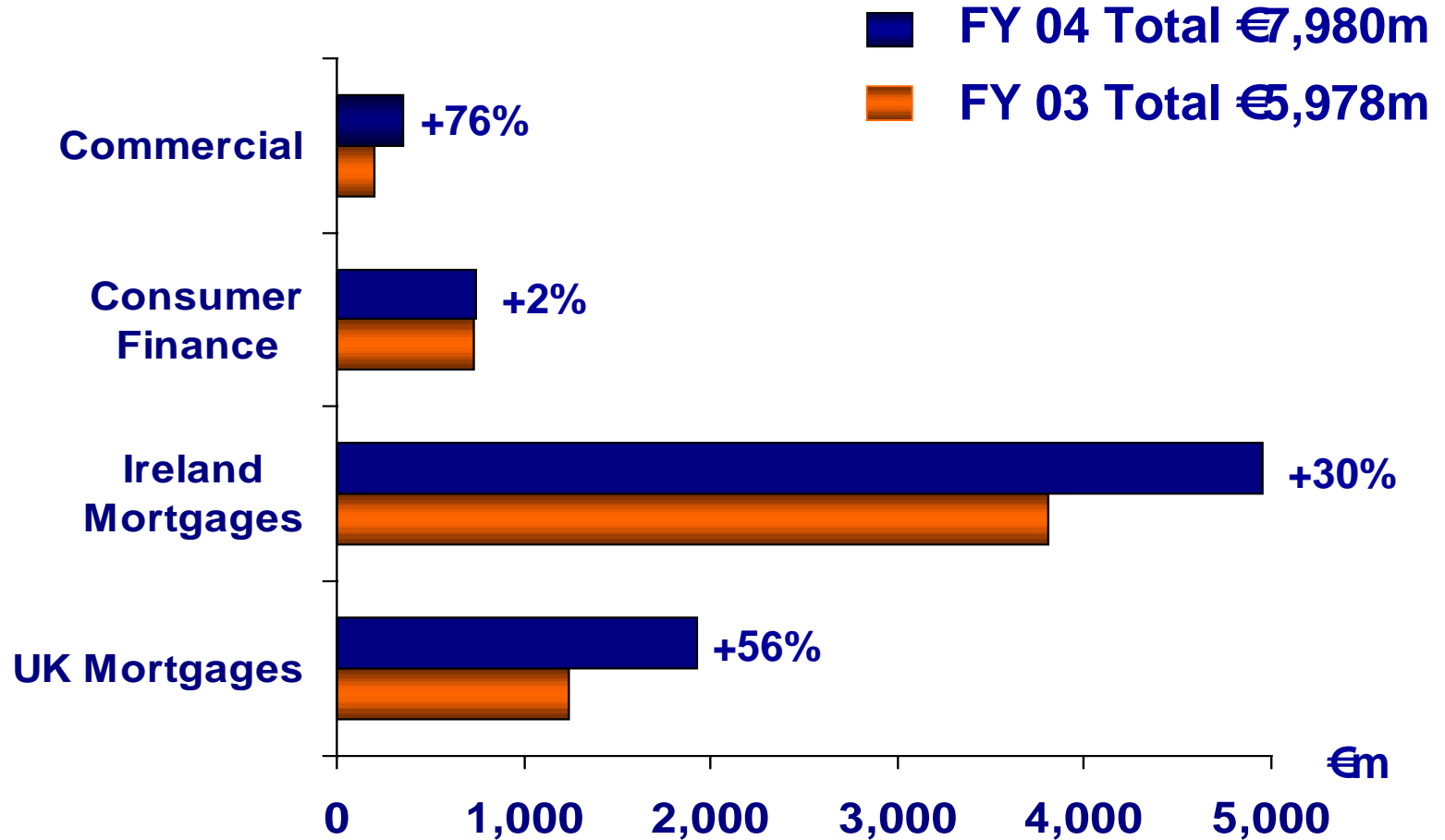


Banking

- Buoyant mortgage market
- Successfully targeting current accounts
- Major transformation in way we do business
- Positive outlook

permanent tsb

Banking - New Lending



Banking - Loan Book

	FY 04 €m	FY03 €m	Change %
Ireland Mortgages*	14,521	12,058	20
Consumer Finance	1,365	1,285	6
Commercial	<u>1,243</u>	<u>1,167</u>	7
	17,129	14,510	
	Stg£bn	Stg£bn	
UK - Mortgages*	2,754	1,844	49
Total Lending*	21,035	17,126	23

* Including securitised assets

Banking - Credit Quality

	FY 04	FY 03
	%	%
New Mortgage Lending		
■ Overall LTVs (<i>% of advances</i>)		
➤ First time buyers	81	81
➤ Others	60	58
➤ Average	68	67
■ LTV Ranges (<i>% of cases</i>)		
➤ < 75%	61	65
➤ > 75%*	39	35

* Max LTV 92%

Banking - Customer Accounts

- Customer account balances up 19% yoy
- 35,000 new current accounts
- Current account balances up 17% yoy
- Switching code opportunity

Summary & Outlook

- Economy growing strongly
- Key markets to perform well
- Strong asset growth
- Tight cost control
- Positive outlook for year

Additional Information

- Total contribution after tax
- Total profit after tax
- Contribution EPS
- Embedded value movement
- Life - regulatory capital
- Bank - regulatory capital
- Bank - non interest income
- Sales - analysis of life assurance sales

For further explanations of financial terms used in this presentation, see the Investor Relations section of our website www.irishlifepermanent.ie

Total Contribution After Tax

	Pre-tax €m	FY 04 Tax €m	Post-tax €m	FY 03 Post-tax €m
Ireland/UK				
• Banking & Other	122	(24)	98	109
• Life assurance	<u>215</u>	<u>(30)</u>	<u>185</u>	<u>165</u>
	337	(54)	283	274
US - Life assurance	-	-	-	1
Share of Associate	63	(10)	53	38
Levy*		(12)	(12)	(12)
Total Contribution	400	(76)	324	301

* Government bank levy

Total Profit After Tax

	Pre-tax €m	FY 04 Tax €m	Post-tax €m	FY 03 Post-tax €m
Total Contribution	400	(76)	324	301
Investment fluctuations				
• Life	27	14	41	37
• Associate	3	(1)	2	(2)
Goodwill	(12)	-	(12)	(14)
Economic variance	47	(10)	37	(12)
Exceptional items	21	(1)	20	(48)
Total Profit*	486	(74)	412	262

*Before minority interest

Contribution EPS

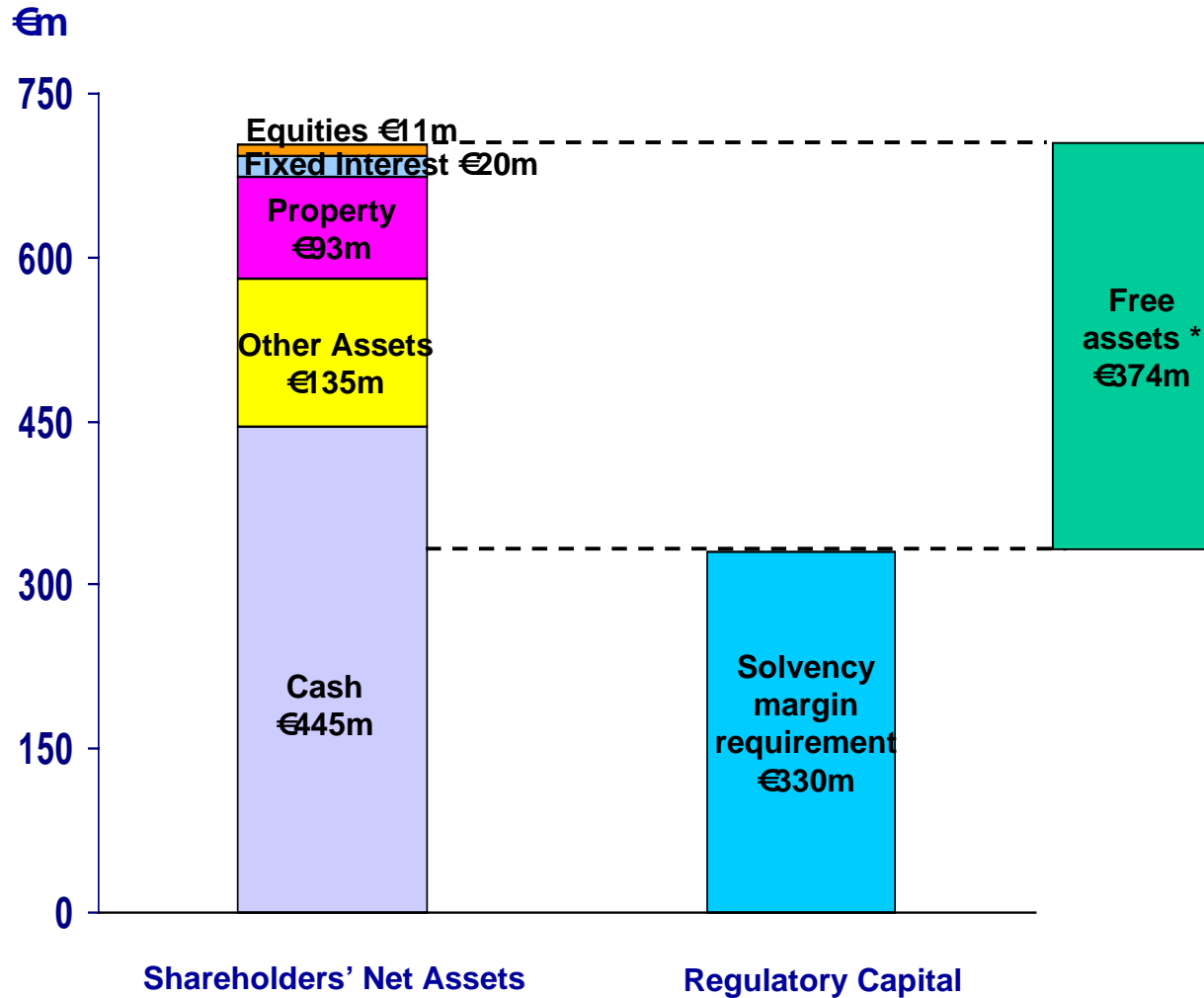
	FY 04 €m	FY 03 €m	Change %
Total contribution	400	365	
Taxation	(64)	(52)	
Government levy	<u>(12)</u>	<u>(12)</u>	
	324	301	
Average no of shares*	270m	269m	
EPS	120.0c	111.6c	8

* Includes shares held by policyholder funds

Embedded Value Movement

	Net Worth €m	Value of in-force €m	Total €m	Solvency Capital €m
Opening 1.1.2004	643	878	1,521	276
Contribution (net)	133	52	185	
Inv. fluctuations (net)	15	63	78	
Dividends (to bank)	(88)	-	(88)	
Closing 31.12.2004	703	993	1,696	330

Life Regulatory Capital



* Not all admissible for solvency cover

Bank Regulatory Capital

	FY 04 €m	FY 03 €m
Risk Weighted Assets	13,156	11,382
Capital:		
Tier 1	3,604	3,351
<u>less Goodwill (Irish Life & TSB)</u>	<u>(1,512)</u>	<u>(1,522)</u>
	2,092	1,829
Tier 2		
Sub-debt	903	764
Other	<u>133</u>	<u>133</u>
Total Capital	3,128	2,726
<u>less Embedded Value deduction (90%)</u>	<u>(1,651)</u>	<u>(1,466)</u>
	1,477	1,260
RAR	11.2%	11.1%

Banking - Non Interest Income

	FY 04 €m	FY 03 €m	Change %
Fees & Commissions receivable	45	45	
Dealing profits	6	6	
Other income	<u>3</u>	<u>3</u>	
	54	54	
Fees & Commissions payable	(41)	(35)	
	13	19	(32)

Note: Bancassurance Embedded Value Contribution €36m (FY 03: €32m) included in life assurance

Life Assurance Sales - Ireland

	Recurring Premium		Single Premium*	
	FY 04 €m	FY 03 €m	FY 04 €m	FY 03 €m
Retail	115	83	63	69
Corporate	92	84	19	14
Investments	-	-	146	51
ILI	-	-	21	15
	207	167	249	149

* Annual premium equivalent

Life Assurance Sales - Retail

	FY 04 €m	FY 03 €m
Products		
Protection/Risk	37	35
Pensions	76	53
Investments	47	54
Savings	18	10
	178	152
Distribution		
Bancassurance	55	49
Brokers/IFAs	57	49
Direct sales force	53	42
Institutions	13	12
	178	152

* Annual premium equivalent