

# 2005 Preliminary Results

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# Strongly Performing Business

- Life Assurance
  - Retail life sales up 34%
  - Corporate life sales up 17%
  - New business contribution up 62%
  - Top performing fund manager over 3 and 5 years
- Banking
  - Mortgage lending up 28%
  - Consumer finance up 28%
  - 67,000 new current accounts
  - Bancassurance contribution up 26%

# 2005 Financial Highlights

● Return on equity		15%
● Total profit after tax	↑	11%
● Operating EPS	↑	9%
● Dividend	↑	10%

# Financial Review

Peter Fitzpatrick  
Group Finance Director



# Group Profit After Tax

	2005 €m	2004 €m	Change %
Operating profit	420	387	9
Investment variances	94	26	
Economic assumptions	13	30	
Disposals / Other	4	21	
Profit before tax	531	464	14
Taxation	(28)	(45)	
Profit after tax	503	419	20
Discontinued / Minority	(28)	8	
Total profit after tax	475	427	11

## Total EPS

	c
2005	176
2004	158

# Group Operating Profit

	2005 €m	2004 €m	Change %
Life Assurance	222	192	16
Banking	148	139	6
General Insurance (Associate)	54	56	(4)
Other	(4)	-	
Operating profit	420	387	9
Taxation / Levy	(54)	(52)	
Operating profit after tax	366	335	9

## Operating EPS

	c
2005	135
2004	124

# Life Operating Profit

	2005 €m	2004 €m	Change %
New business	94	58	62
In-force business:			
• Total expected return	94	88	
• Experience variances	15	11	
• Assumption changes	19	35	
Operating profit	222	192	16

# Life New Business

	2005 €m	2004 €m
<hr/>		
New Business Contribution		
Life	79	46
ILIM	15	12
	%	%
Margin – APE		
Life	20.4	14.9
ILIM	11.4	7.6
Margin – PVNBP		
Life	3.1	2.2
ILIM	1.1	0.8

## APE Sales

	Life €m	ILIM €m
2005	388	132
2004	310	160

## PVNBP Sales

	Life €m	ILIM €m
2005	2,571	1,319
2004	2,091	1,601

# Life Costs

- Total operating costs €186m up 9%
- Includes sales related and share option costs
- Retail servicing / renewal costs
  - Total amount flat yoy
  - Unit cost per policy down 6%

# Banking Operating Profit

	2005 €m	2004 €m	Change %
Net interest income	377	349	8
Other income	40	39	
Trading income	(4)	6	
	413	394	5
Expenses	(255)	(245)	
Impairment provisions	(12)	(10)	
Exceptional items	2	-	
Operating profit	148	139	6

## Exceptional items

	2005 €m
Property revaluation	13
Restructuring provision	(11)
	2

# Net Interest Margin

## 2005 Movement

	bps
Dec 2004	140
Retail	(2)
Treasury	(3)
Funding	(6)
Dec 2005	129

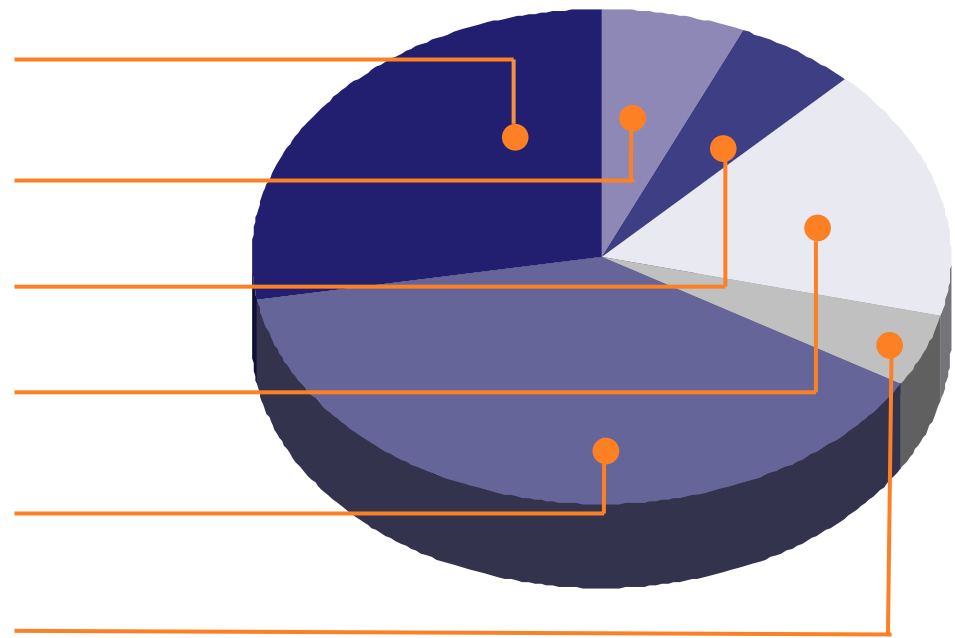
## Assets

	2005	2004
	€bn	€bn
Lending	26.2	21.1
Liquidity	8.7	7.0

# Bank Funding

2005  
€bn

Long-term Debt	9.2
Securitisation	2.2
Extendible Notes	1.9
Commercial Paper	5.5
Customer Accounts	12.8
Interbank	1.6
Total	33.2



# General Insurance Operating Profit

	2005 €m	2004 €m	Change %
Underwriting results	48	51	
Investment return	18	16	
	66	67	
Taxation	(12)	(11)	
Operating profit	54	56	(4)

## Combined Ratio

	%
2005	73
2004	74

# Bank Capital

## 2005 Movement

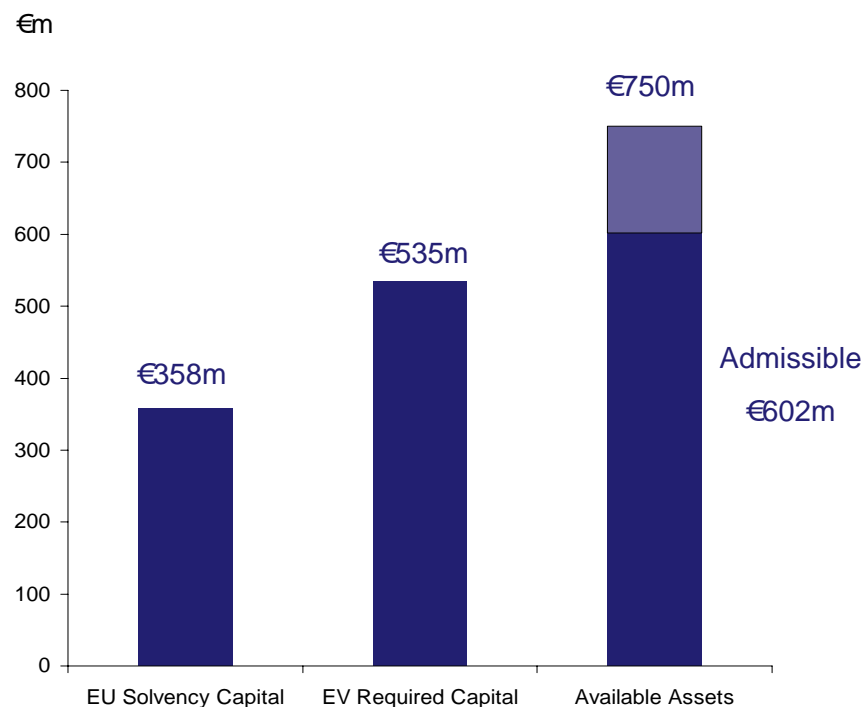
	€m
Dec 2004	1,477
Post tax earnings	110
Tier 2 issue	403
Revaluation / Other	84
Dividends received	216
Dividends paid	(152)
Dec 2005	2,138

RAR	12.6%
	€bn
Tier 1	4.1
Less Goodwill	<u>(1.5)</u>
	2.6
Tier 2	<u>1.4</u>
	4.0
Life EV	<u>(1.9)</u>
Available Capital	<u><u>2.1</u></u>
RWAs	17.1

# Life Capital

## 2005 Movement

	€m
Net worth Dec 2004	749
In-force earnings	202
New business	(118)
Investment / Economic assumptions	27
Disposal of CWA	41
Dividend to bank / Other	(151)
Net worth Dec 2005	750



# EPS & Dividend

	2005 c	2004 c	Change %
Operating EPS	135	124	9
Total EPS	176	158	11
Total Dividend	60.5	55.0	10

# Business Review

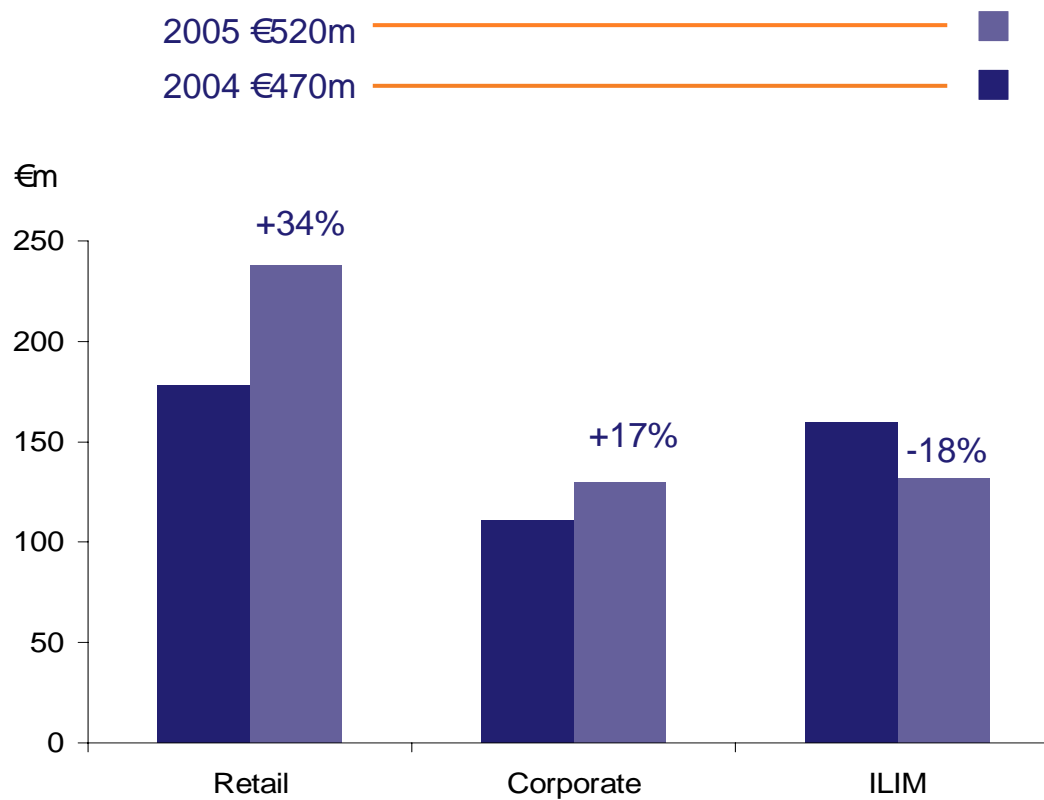
David Went  
Group Chief Executive



# Life Business

- Market winner
  - Powerful distribution
  - Excellent investment performance
  - Improved service and efficiency
- Growing volumes
- Improving margins

# Life & Investment Sales

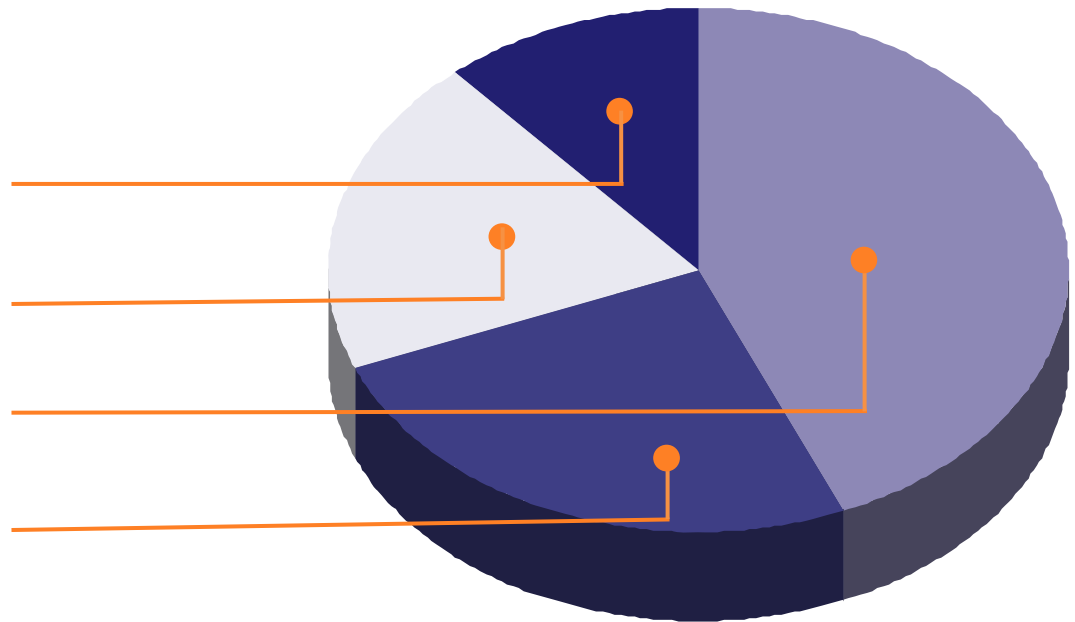


\* APE basis

# Retail Life Products

- Strong growth across all product lines
- Volume growth and Horizon cost efficiencies boost margins

Savings	+47%
Protection / Risk	+26%
Pension	+36%
Investments	+29%

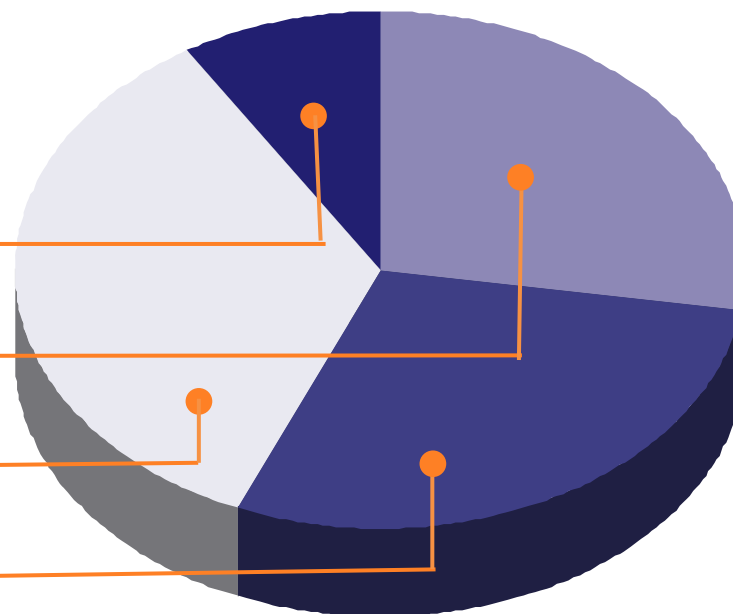


Sales €238m [2004: €178m]

# Retail Life Distribution

- Strengthening position in broker channel
- Adding distribution
  - OneSource franchisees
  - Institutional business

Institutions	+67%
Bancassurance	+20%
Brokers / IFA	+41%
Direct Salesforce	+30%



Sales €238m [2004: €178m]

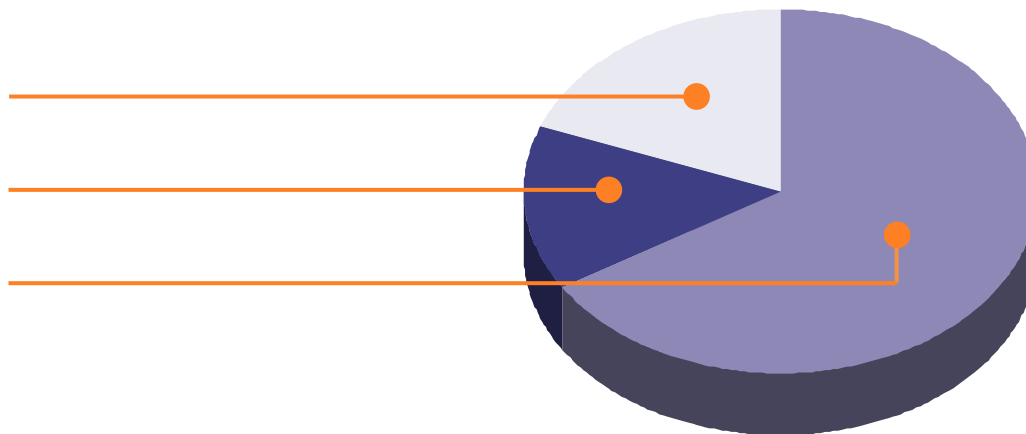
# Corporate Life

## Product Mix

Protection / Risk +33%

Defined Benefit / Other -3%

Defined Contribution +17%

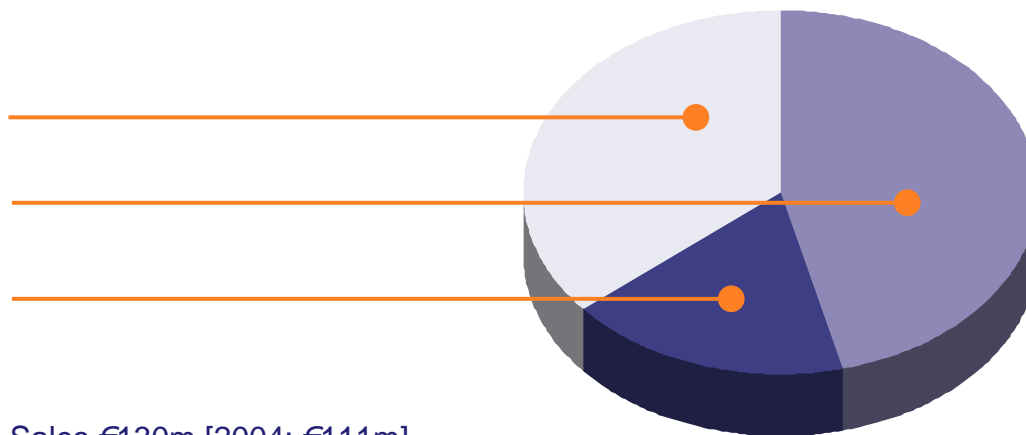


## Distribution Mix

Cornmarket / Direct +24%

Consultants +15%

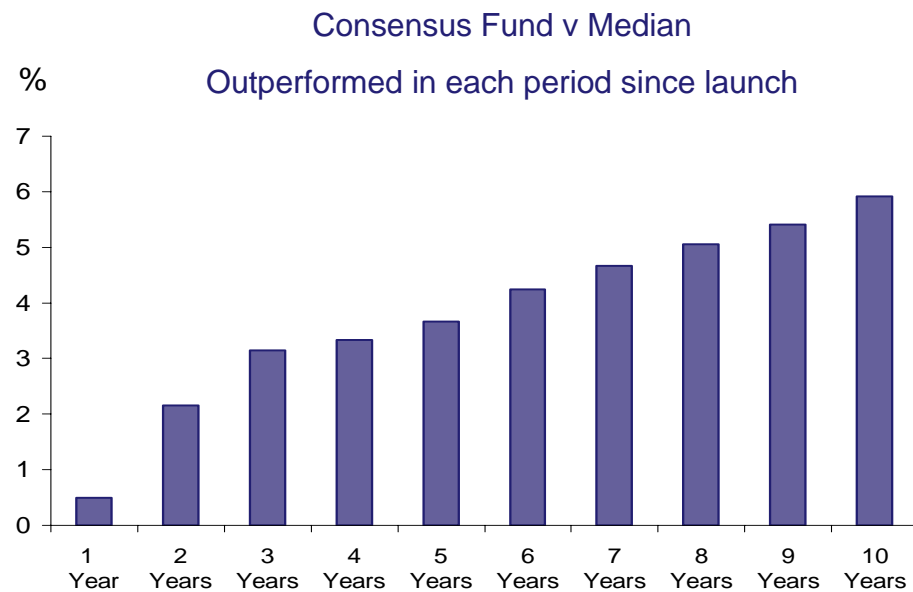
Brokers +6%



Sales €130m [2004: €111m]

# Irish Life Investment Managers

- Top performing pension manager over 3 and 5 years
- Consensus fund
  - No. 2 ranking fund over 10 years
  - Now largest fund in Ireland



# Banking Business

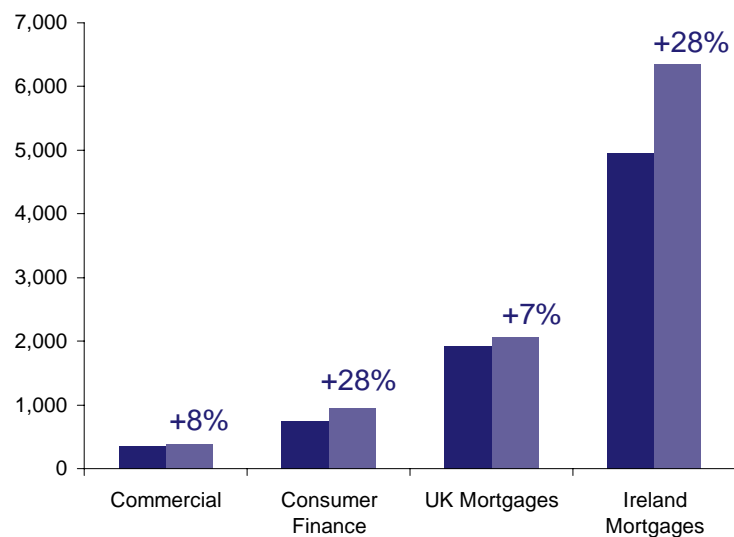
- Retail bank performing very strongly
- Exceptional levels of new lending
- Bancassurance delivering
- Winning current account strategy
- More to go on cost, service and change agenda

# Banking Lending

## New Lending

2005 €9,750m

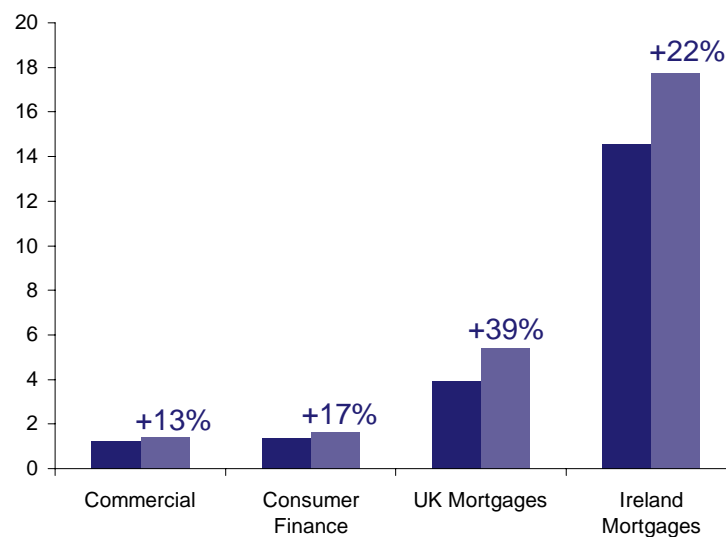
2004 €7,980m



## Loan Book

2005 €26.2bn

2004 €21.1bn



# Lending Credit Quality

## New Mortgage Lending - Ireland

	2005	2004	2003
	%	%	%
<b>Average LTV*</b>			
First Time Buyers	84	81	81
Second Time Buyers	61	60	58
Average	69	68	67
<b>LTV Ranges*</b>			
< 75%	43	48	49
76-89%	20	16	15
90-100%	37	36	36

\* % of issued values

## Total Arrears

	€m
2005	38
2004	39

# Current Accounts

- 67,000 new accounts opened in 2005
- Balances up 27% yoy
- Cross-sell to one in three new customers
- Opening 1,400 accounts per week to date in 2006

# Summary 2005

- Life
  - Excellent performance
  - Very well positioned
- Banking
  - Strong momentum
  - Competing and winning

# Outlook

- Economy: Strong growth forecast for 2006 & 2007
- Market: SSIA opportunity but increased competition
- Earnings: Targeting double digit growth

# Additional Information

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*Note: percentage changes based on actual numbers (not rounded)*

# Embedded Value Change

	Net Worth €m	VIF €m	Total €m	Required Capital €m
Opening 1.1.2005	749	940	1,689	488
Contribution	84	122	206	
Investment fluctuations	30	95	125	
Economic assumptions	(3)	11	8	
CWA disposal	41	(67)	(26)	
Dividends / Other	(151)	2	(149)	
Closing 31.12.2005	750	1,103	1,853	535

\* All movements net of tax

# Operating Profit After Tax

		2005		2004
	Pre-tax €m	Tax €m	Post-tax €m	Post-tax €m
Life assurance	222	(16)	206	177
Banking	148	(26)	122	114
Other activities	(4)	-	(4)	-
	366	(42)	324	291
Associate	54	-	54	56
Levy	-	(12)	(12)	(12)
	420	(54)	366	335

# Operating EPS

	2005 €m	2004 €m	Change %
Operating profit	420	387	
Taxation	(42)	(40)	
Government levy	(12)	(12)	
Operating PAT	366	335	9
Average no. of shares	270m	270m	
EPS	135c	124c	9

*Note: "own shares" included for EPS calculation*

# Total Profit After Tax

	2005			2004
	Pre-tax €m	Tax €m	Post-tax €m	Post-tax €m
Operating profit	420	(54)	366	335
Investment fluctuations	94	31	125	44
Economic assumptions	13	(5)	8	20
Other charges / Credits	4	-	4	20
	531	(28)	503	419
Discontinued / Minority	-	-	(28)	8
Total profit			475	427

# Other Activities Operating Profit

	2005 €m	2004 €m	Change %
Cornmarket / IPSI	11	11	
Corporate costs	(15)	(13)	
Other	-	2	
	(4)	-	

# Banking Non Interest Income

	2005 €m	2004 €m	Change %
Fees & Comms (rec'd)	46	45	
Fees & Comms (payable)	(6)	(6)	
	40	39	
Trading income	(4)	6	
	36	45	(20)

*Note: Bancassurance Embedded Value operating profit €46m [2004: €37m] included in life assurance*

# Group Costs

	2005 €m	2004 €m	Change %
Banking			
• Operational	255	245	4
• Restructuring costs	11	-	
Life			
• Administrative	186	171	9
• Development costs	8	4	
Other operations	50	48	
	510	468	9

# Variations & Assumption Changes

	Experience Variations		Assumption Changes	
	2005 €m	2004 €m	2005 €m	2004 €m
Persistency	-	5	(3)	(11)
Risk	15	20	17	51
Expenses / Other	-	(14)	13	(1)
	15	11	27	39
Development expenses	-	-	(8)	(4)
	15	11	19	35

# Life & Investment Sales

	Recurring Premium		Single Premium	
	2005 €m	2004 €m	2005 €m	2004 €m
Retail	149	115	892	632
Corporate	107	92	225	191
ILIM	-	-	1,319	1,601
ILI	-	-	200	206
Total	256	207	2,636	2,630
APE Basis	256	207	264	263
PVNBP Basis	1,254	1,062	2,636	2,630

# Retail Life Sales

	2005 €m	2004 €m	Change %
<b>Products</b>			
Pension	104	76	36
Investments	60	47	29
Protection / Risk	47	37	26
Savings	27	18	47
	238	178	
<b>Distribution</b>			
Bancassurance	66	55	20
Direct Salesforce	69	53	30
Brokers / IFAs	82	58	41
Institutions	21	12	67
	238	178	

# Contact Information

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

[www.irishlifepermanent.ie](http://www.irishlifepermanent.ie)

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