

Irish

Life & Permanent plc

www.irishlifepermanent.ie

2002 Final Results Presentation

5 March 2003

Forward looking statement

A number of statements we will be making in our presentation and in the accompanying slides will not be based on historical fact, but will be “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projected in the forward looking statements. Factors that could cause actual results to differ materially from those in the forward looking statements include, but are not limited to, global, national and regional economic conditions, levels of market interest rates, credit or other risks of lending and investment activities, competitive and regulatory factors and technology change.

2002 Highlights

Sales

- Ireland Life sales up 25%
- Bancassurance sales up 50%
- New Mortgage Lending up 28%
- Loan Book growth up 13%

2002 Highlights

Financials

- Ireland/UK contribution up 14%
- Total after tax profit €290m
- Dividend up 10%
- Share buy-back €150m completed
- Continued Capital strength

Financial Review

Accounting Changes

Embedded Value (Achieved Profits) Reporting:

- Best practice guidance
- Pre-tax reporting
- Investment fluctuations “below the line”
- Recategorisation of income
- Contribution = Operating Profit

No change in total reported profit after tax

Total Earnings

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
Total Contribution	355.3	270.4	31
Short Term Investment fluctuations			
• Life	(96.7)	(43.3)	
• Associate	(33.0)	(14.0)	
Goodwill	(11.7)	(14.8)	
Exceptional items	123.5	(113.0)	
Economic Variance	20.8	(6.2)	
Total Profit before tax	358.2	79.1	
Taxation & Minority Interest	(68.2)	(30.5)	
Total Profit after tax	290.0	48.6	

Total Contribution - Group & Associate

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
Ireland & UK			
• Life Assurance	220.0	195.2	13
• Banking & Other	97.4	91.1	7
	317.4	286.3	11
• Share of Associate	29.0	6.8	
• Other Investment Earnings	3.8	15.2	
	350.2	308.3	14
US	5.1	(37.9)	
Total Contribution	355.3	270.4	31

Life Assurance - Contribution

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
Ireland			
New Business	58.2	57.9	-
Existing Business			
• Unwind of Discount Rate	83.4	74.6	
• Experience Variances	26.5	17.4	
• Assumption Changes	24.5	14.1	
Expected Investment returns	4.1	0.4	
Other Income	8.2	10.0	
	204.9	174.4	17
UK			
	15.1	20.8	
	220.0	195.2	13

Life Assurance - Ireland

Value of New Business/Margins

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
<u>VNB</u>			
Life	50.8	53.7	
ILIM	7.4	4.2	
	58.2	57.9	
<u>Sales</u>			
Life	326.4	288.8	
ILIM	87.7	42.4	
	414.1	331.2	25
<u>Margins</u>			
Life	15.6	18.6	
ILIM	8.4	9.9	
Total Margin	14.1	17.5	

Life Assurance - Ireland

	Experience Variances		Assumption Changes	
	2002 €m	2001 €m	2002 €m	2001 €m
Persistency	14.5	17.6	-	9.3
Risk	11.1	12.6	14.3	(6.5)
Other	0.9	(12.8)	10.2	11.3
	26.5	17.4	24.5	14.1

Life Assurance - Operating Expenses

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
Ireland			
• Acquisition	65.8	64.3	2
• Payroll & overheads	194.8	197.7	(1)
US & UK	80.7	165.7	
	341.3	427.7	

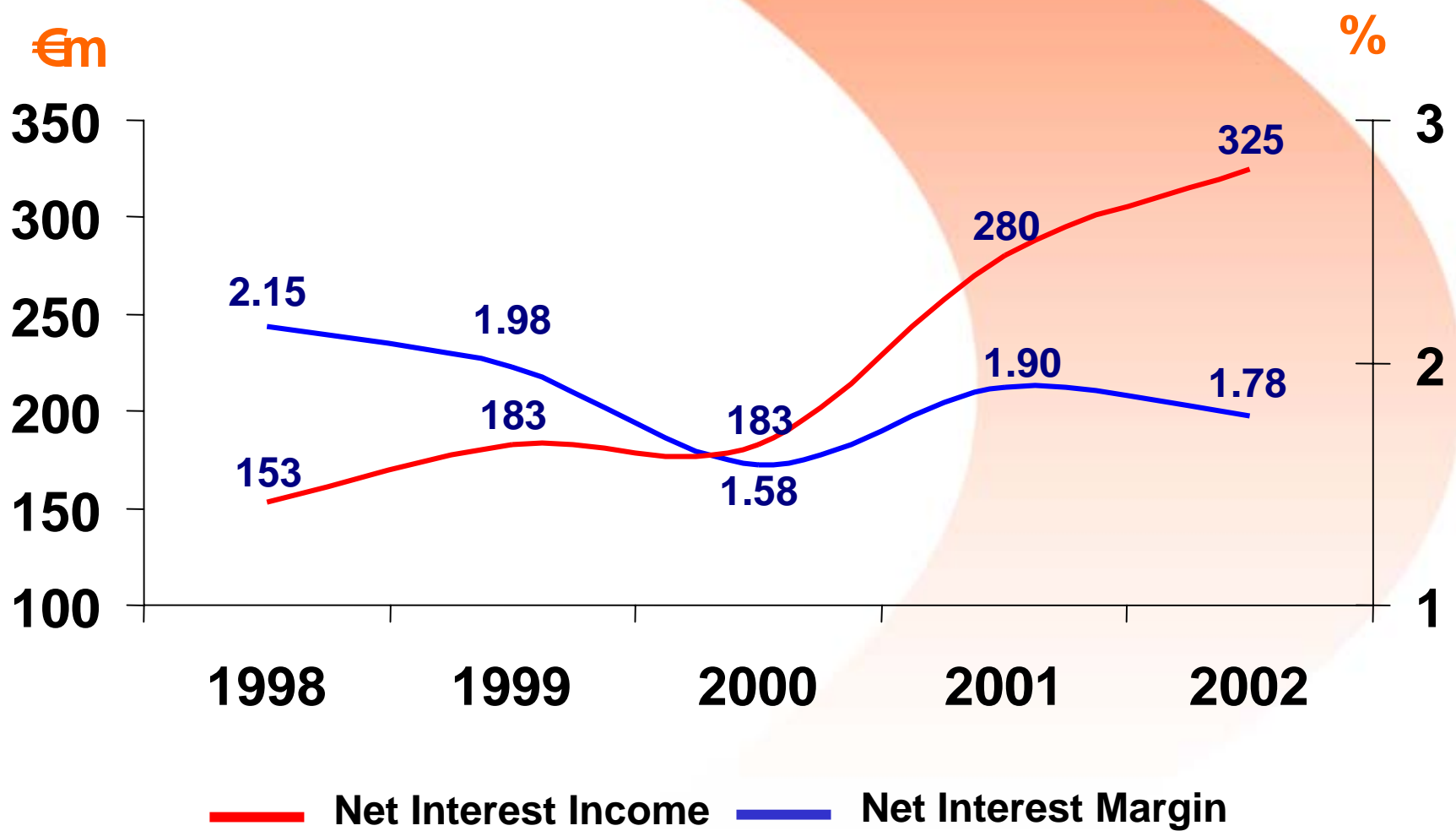
Banking & Other - Contribution

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
Net Interest Income	325.2	280.4	
Other Income (net)	<u>29.9</u>	<u>27.7</u>	
	355.1	308.1	15
Expenses	(244.4)	(205.3)	
Bad & Doubtful Debts	(13.3)	(11.7)	
Contribution	97.4	91.1	7

Banking & Other - Contribution

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
Retail	89.9	78.9	14
Treasury	13.2	17.2	
Other	(5.7)	(5.0)	
	97.4	91.1	7

Banking - Margins



Banking - Margins

2002 Movement

	%
2001	1.90
Retail	(0.02)
Treasury	(0.04)
Funding	(0.06)
2002	1.78

Banking & Other - Non Interest Income

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
Fees & Commissions receivable	43.5	32.4	34
Fees & Commissions payable	(27.4)	(20.7)	32
Dealing profits	3.3	4.8	(31)
Other income	4.7	6.2	(24)
Property Management	5.8	5.0	16
	29.9	27.7	8

Note: Bank Embedded Value earnings €39.8m (2001: €31.6m) included in life assurance.

Banking & Other - Expenses

	31 Dec 2002 €m	31 Dec 2001 €m	
Banking	232.8	195.3*	Underlying increase of 3%
Corporate & Other	11.6	10.0	
	244.4	205.3	

**includes TSB acquisition from 20/4/01*

Cost/Income Ratio	%	%
Reported	67	64
Incl. Commission	65	63
Incl. Bank EV Earnings	60	58

Banking - Debt Provisions

	31 Dec 2002 €m	31 Dec 2001 €m
Opening Balance	77.7	40.9
Charge for Period	13.3	11.7
Arising on acquisition of TSB	-	30.3
Amounts Written Off	(5.4)	(5.2)
Closing Balance	85.6	77.7
	%	%
Reserve Ratio	0.65	0.66
Arrears Ratio	0.25	0.25

Associate - Allianz-Irish Life

	31 Dec 2002 €m	31 Dec 2001 €m
Contribution	29.0	6.8
Short term investment fluctuations	(33.0)	(14.0)
	(4.0)	(7.2)

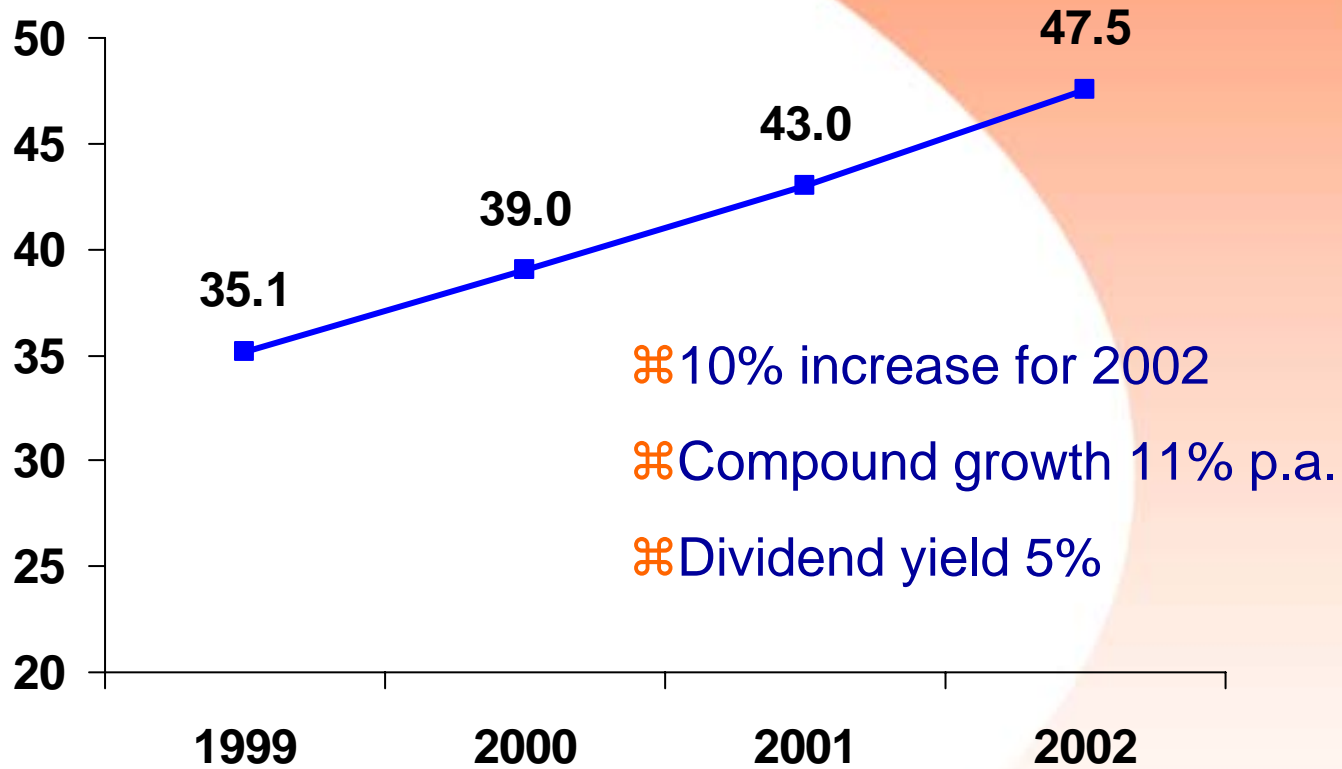
Note: Contribution includes expected/normalised investment returns

Exceptional Items

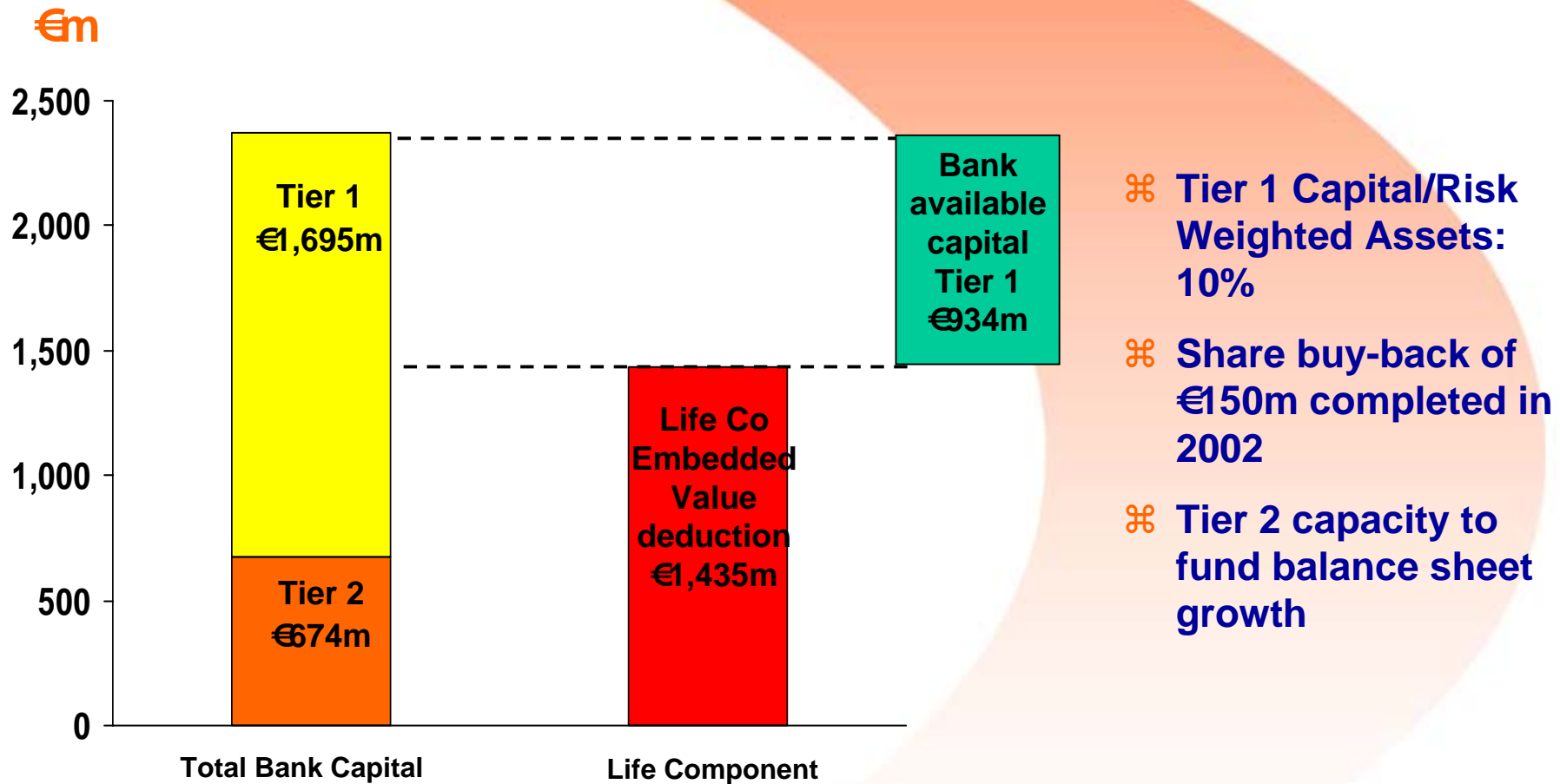
	31 Dec 2002 €m	31 Dec 2001 €m
Profit on disposal of Industrial Branch business	103.2	-
Profit on disposal of branch properties	30.3	-
Banking restructuring costs	(10.0)	(63.0)
Loss on disposal of US businesses	-	(50.0)
	123.5	(113.0)

Dividend

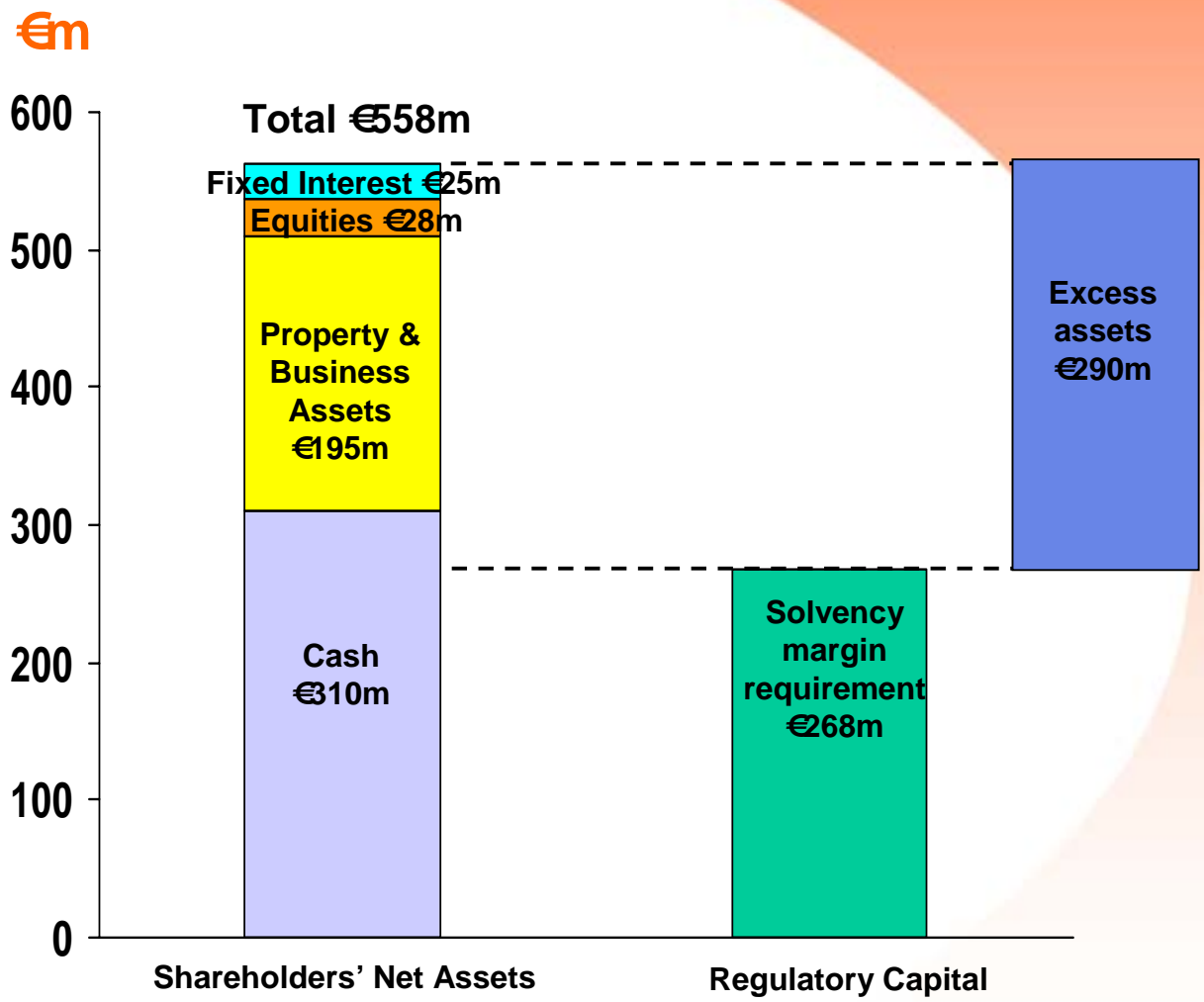
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Capital Adequacy - Banking



Capital Adequacy - Life Assurance



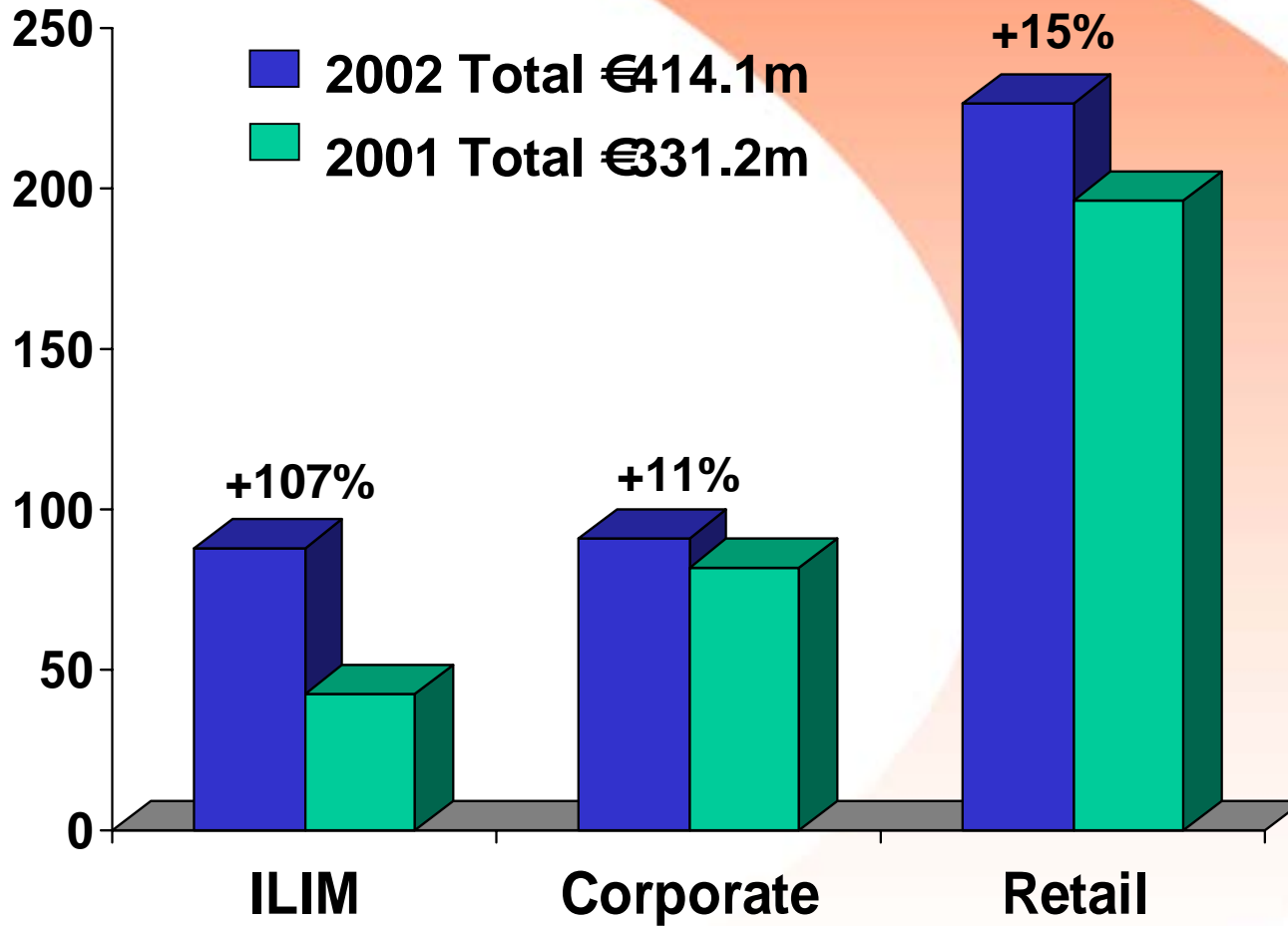
- ⌘ Full matching policy on unit-linked & non-linked policyholder liabilities
- ⌘ Conservative investment of Net Assets (equities 5%)
- ⌘ Irish Life solvency cover 1.7 times
- ⌘ Sale of US business positive

Business Review

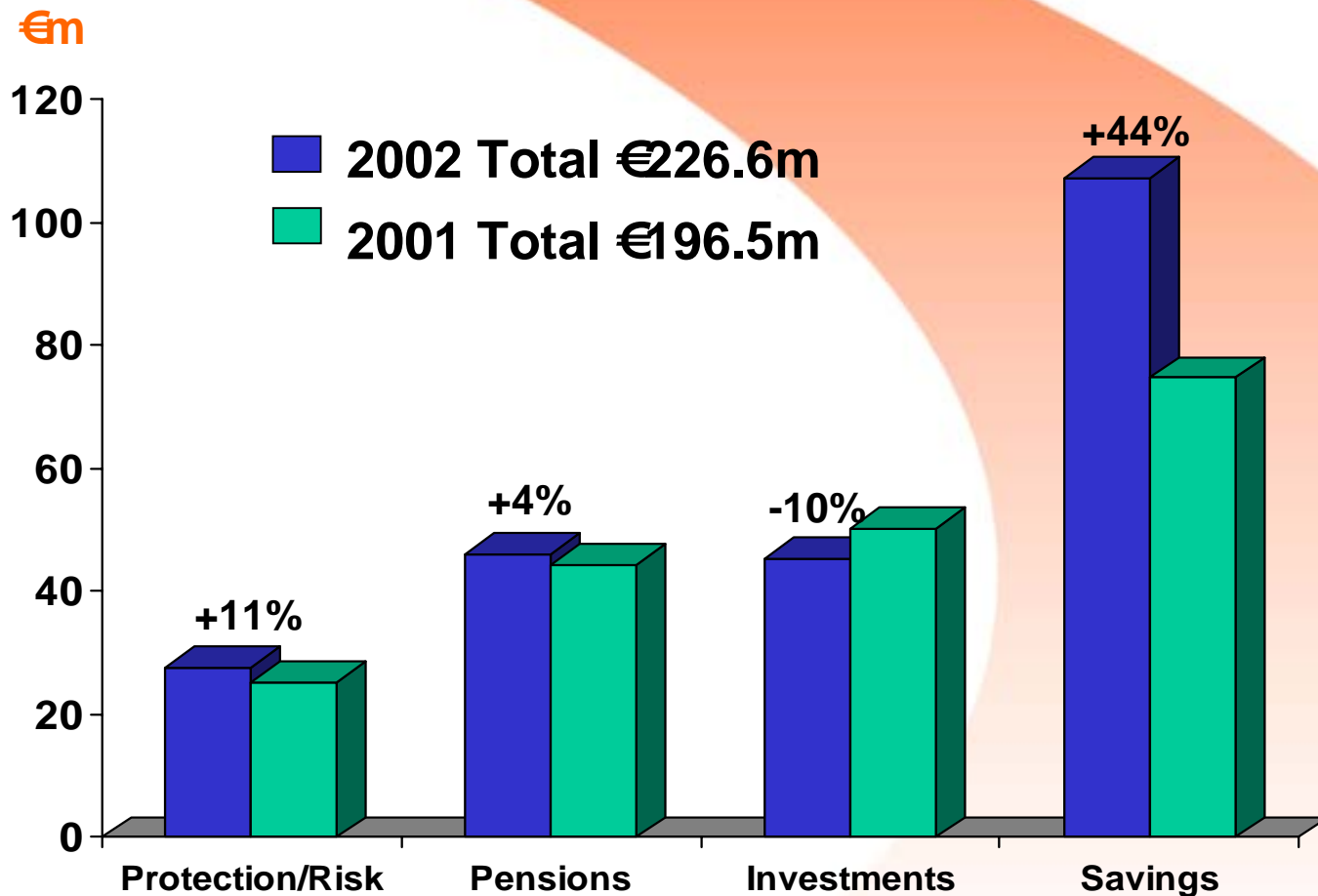
Ireland - Life Assurance

Sales Growth

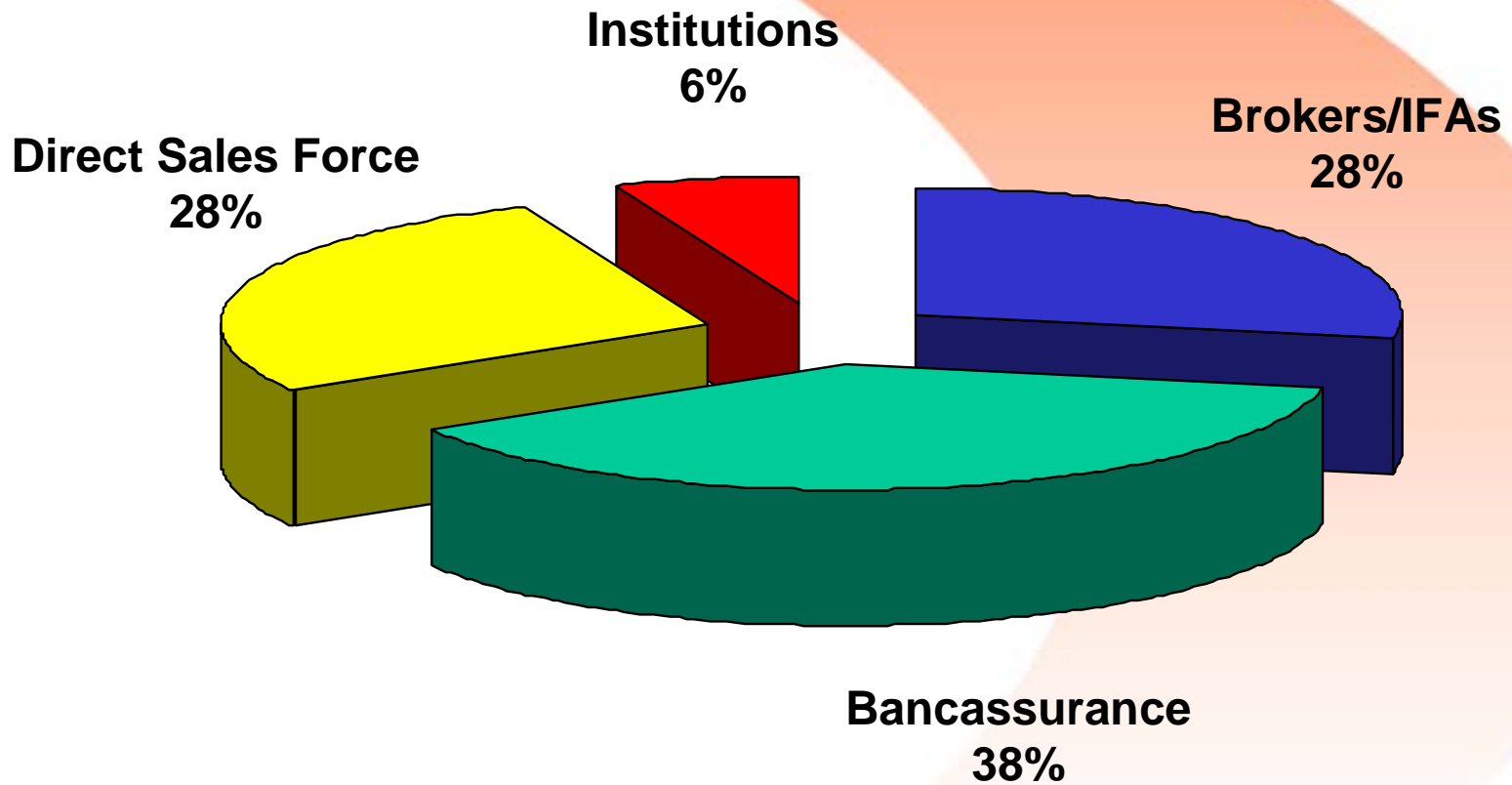
€m



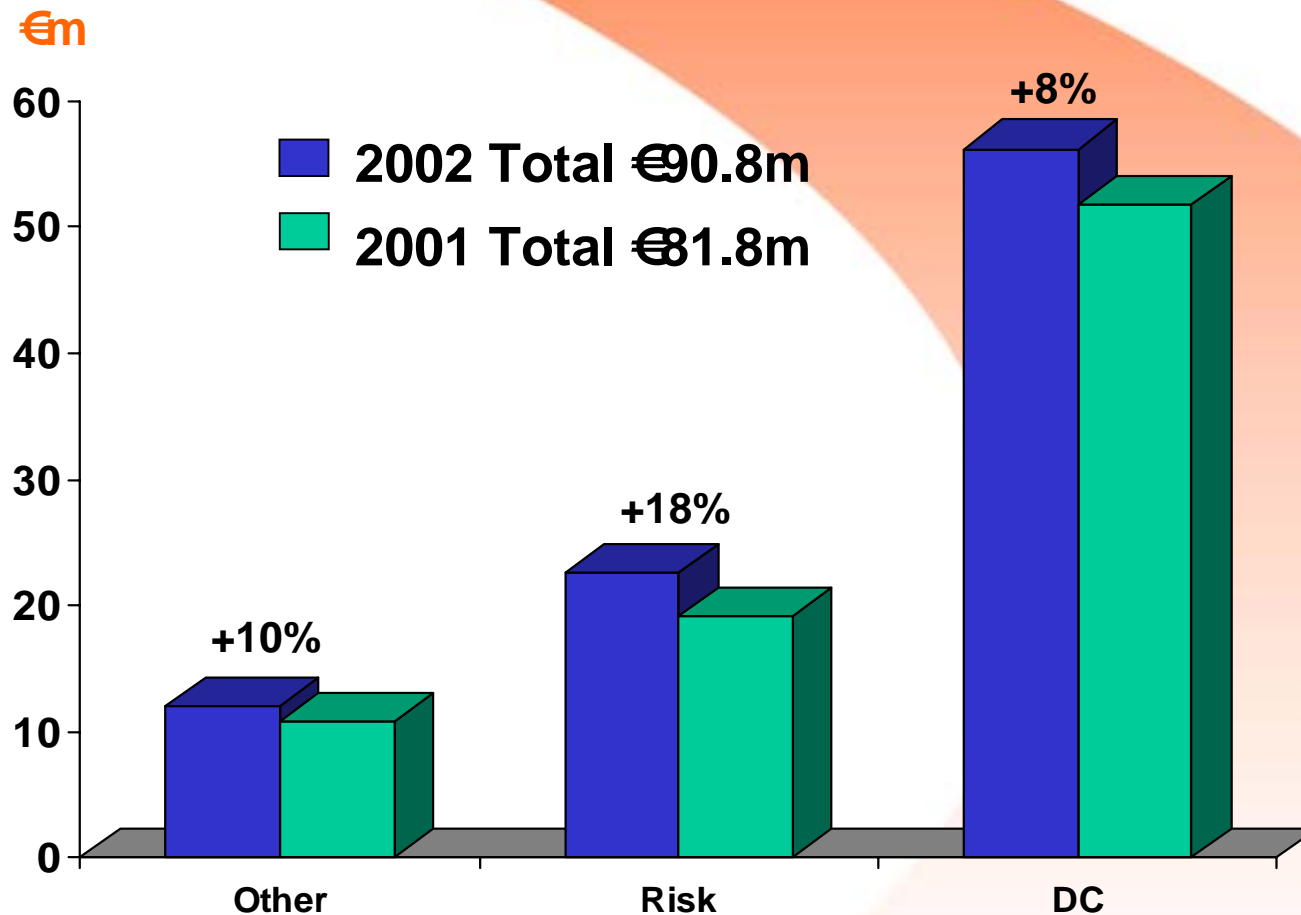
Retail Life - Products



Retail Life - Distribution



Corporate Life - Products

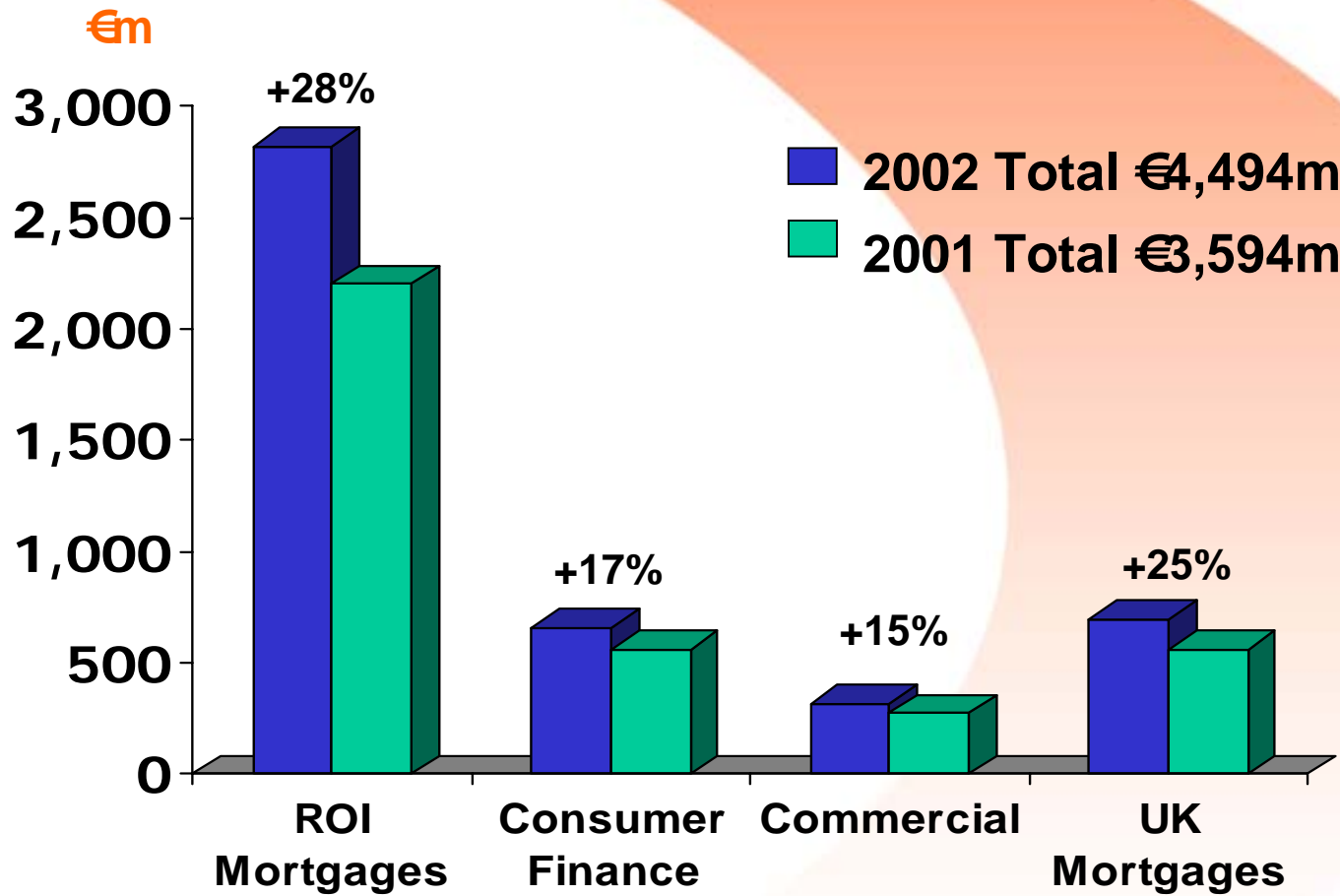


Life Assurance - Change Programme



- Radical change agenda
- New processes & supporting technology
- New POS and on-line fulfilment technology in operation
- New back-office systems operational for new business from Q2 2003
- To complete end 2004

Banking - New Lending



Banking - Loan Book

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
ROI - Mortgages	10,087	8,692	16
Consumer Finance	1,312	1,289	2
Commercial	<u>1,255</u>	<u>1,169</u>	7
	12,654	11,150	13
	<i>Stg£m</i>	<i>Stg£m</i>	
UK - Mortgages	1,286	1,094	18
Total Lending	14,631	12,939	13

Banking - Resources

	31 Dec 2002 €m	31 Dec 2001 €m	Change %
Retail deposits			
• Current accounts	1,354	1,130	20
• Other	4,402	4,410	
Corporate deposits	4,448	3,931	
	10,204	9,471	8

Ireland - Banking

Integration of permanent tsb

- Integration and launch completed
- Bancassurance success
- Target cost synergies increased to €29m
 - €9m savings in 2002
 - €20m annualised savings end 2002
- On track to deliver by end 2003

Corporate Developments

- US - Guarantee Reserve
- Industrial Branch disposal
- Share Buy-back completed
- Allianz - Irish Life

Outlook

- Economy
- Markets and interest rates
- Bank lending
- Life sales

Additional Information

- Embedded value movement 2002
- Total contribution after tax 2002
- Total profit after tax 2002
- Total contribution after tax 2001
- Total profit after tax 2001
- Life Assurance Sales 1998 - 2002
- Bank Lending Growth 1998 - 2002

Embedded Value Movement 2002

	€m
Embedded value 31 Dec 2001*	
• Net assets	99.7
• Value of in-force business	1,280.3
	1,380.0
Contribution	225.1
Investment fluctuations	(96.7)
Economic variance	20.8
Profit on sale of Industrial Branch business	103.2
Taxation	(48.9)
Currency & other items	(3.9)
Dividend	(50.6)
Embedded value 31 Dec 2002	
• Net assets	290.0
• value of in-force business	1,239.0
	1,529.0

* Restated for FRS 19 "Deferred Taxation"

Total Contribution After Tax 2002

		31 Dec 2002		31 Dec 2001
	Pre-tax €m	Tax €m	Post-tax €m	Post-tax €m
Ireland				
• Banking & Other	74.3	(12.4)	61.9	59.6
• Life assurance	204.9	(11.5)	193.4	163.7
• Other investment earnings	<u>3.8</u>	<u>-</u>	<u>3.8</u>	<u>13.8</u>
	283.0	(23.9)	259.1	237.1
UK				
• Banking & Other	23.1	(6.4)	16.7	14.6
• Life Assurance	<u>15.1</u>	<u>(2.6)</u>	<u>12.5</u>	<u>17.9</u>
	38.2	(9.0)	29.2	32.5
US - Life Assurance	5.1	(1.5)	3.6	(29.4)
Share of Associate	29.0	(3.9)	25.1	5.6
Total Contribution	355.3	(38.3)	317.0	245.8

Total Profit After Tax 2002

	31 Dec 2002	31 Dec 2001		
	Pre-tax €m	Tax €m	Post-tax €m	Post-tax €m
Total Contribution	355.3	(38.3)	317.0	245.8
Investment fluctuations				
• Life	(96.7)	(16.4)*	(113.1)	(41.9)
• Associate	(33.0)	3.9	(29.1)	(13.7)
Goodwill	(11.7)	-	(11.7)	(14.8)
Economic variance	20.8	(12.2)*	8.6	(5.2)
Exceptional items	123.5	(5.5)	118.0	(120.8)
Total Profit	358.2	(68.5)	289.7	49.4

* Includes €30.3m relating to the write down of unrealised tax losses

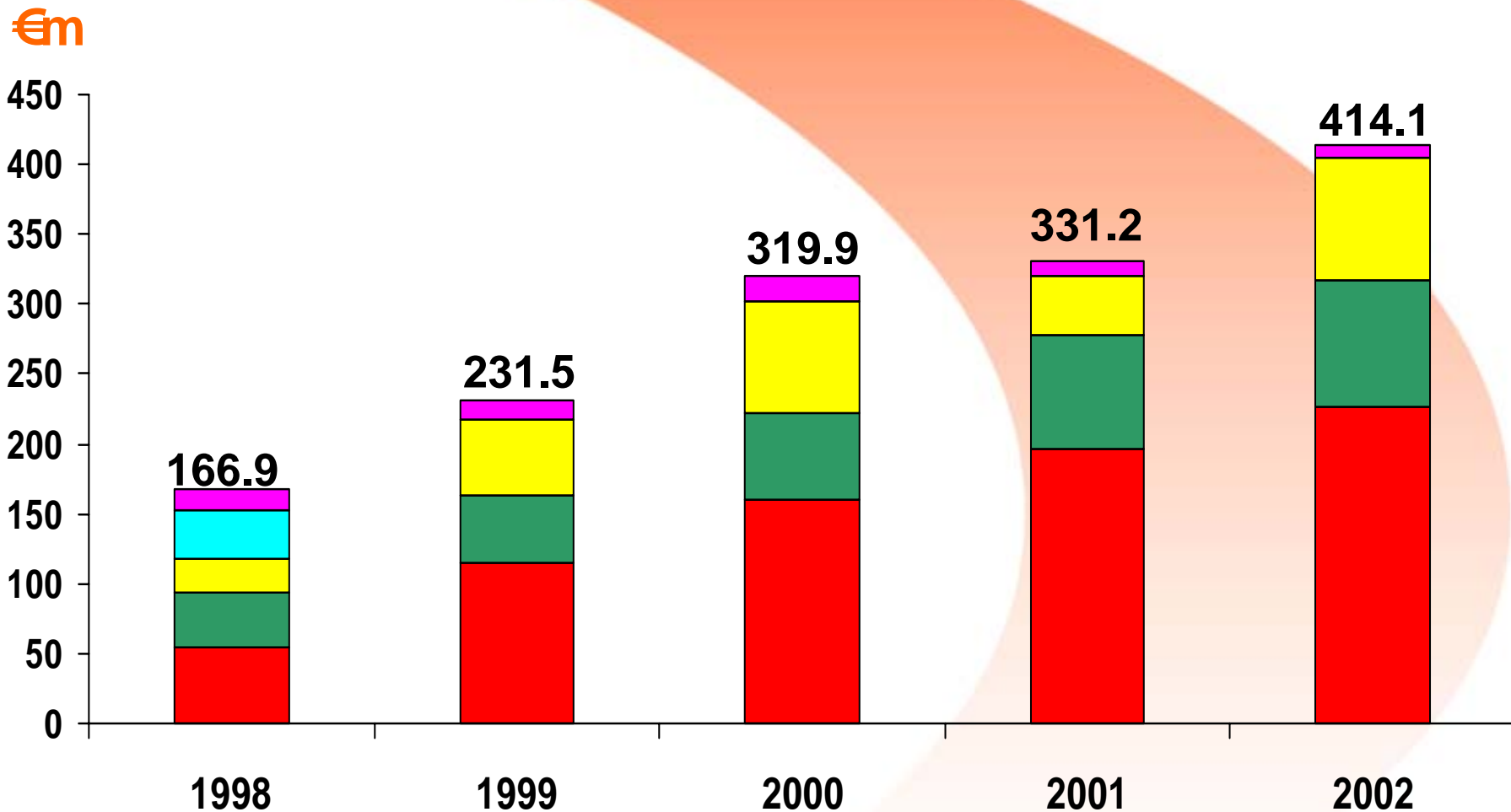
Total Contribution After Tax 2001

	31 Dec 2001		
	Pre-tax €m	Tax €m	Post-tax €m
Ireland			
• Banking & Other	70.5	(10.9)	59.6
• Life assurance	174.4	(10.7)	163.7
• Other investment earnings	<u>15.2</u>	<u>(1.4)</u>	<u>13.8</u>
	260.1	(23.0)	237.1
UK			
• Banking & Other	20.6	(6.0)	14.6
• Life Assurance	<u>20.8</u>	<u>(2.9)</u>	<u>17.9</u>
	41.4	(8.9)	32.5
US - Life Assurance	(37.9)	8.5	(29.4)
Share of Associate	6.8	(1.2)	5.6
Total Contribution	270.4	(24.6)	245.8

Total Profit After Tax 2001

	31 Dec 2001		
	Pre-tax €m	Tax €m	Post-tax €m
Total Contribution	270.4	(24.6)	245.8
Investment fluctuations			
• Life	(43.3)	1.4	(41.9)
• Associate	(14.0)	0.3	(13.7)
Goodwill	(14.8)	-	(14.8)
Economic variance	(6.2)	1.0	(5.2)
Exceptional items	(113.0)	(7.8)	(120.8)
Total Profit	79.1	(29.7)	49.4

Life Assurance Sales - Ireland

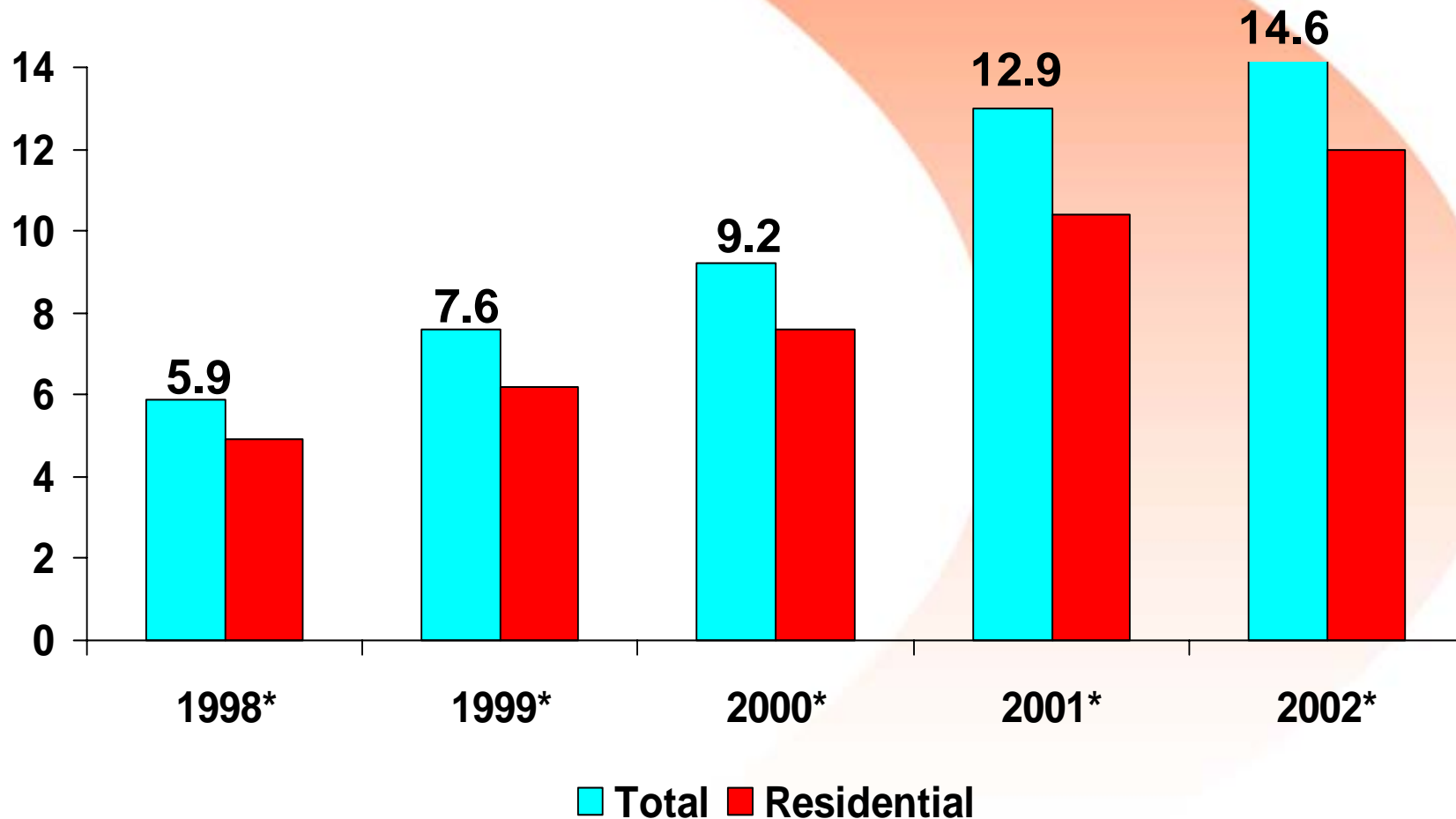


■ Retail
 ■ Corporate
 ■ ILIM
 ■ Progressive Life (pre 1999 only)
 ■ ILI

Bank Lending Growth

Loans & Advances

€bn



* includes securitised assets