Interim Report

Six months to 30 June 2007

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Presentation of Information

Statutory Basis (IFRS)

The Stock Exchange requires that the six months to June 2007 interim financial information of the group be prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards as adopted for use within the EU (”IFRS”).

The statutory basis applies IFRS to all operations including the application of IFRS 4 ‘Insurance Contracts’ to the group’s life assurance operations. IFRS 4 allows insurance contracts to continue to be accounted for under previous GAAP as adjusted for any changes which results in more relevant and reliable information. As a consequence of this the results for the group’s insurance contracts continue to be prepared under the embedded value methodology as described below.

The statutory basis accounts are included on pages 30 to 40.

Embedded Value Basis (EV)

The EV basis shows the results of the group’s life assurance operations (including both insurance and investment contracts) prepared in accordance with the European Embedded Value (EEV) Principles issued in May 2004 by the European Chief Financial Officers’ Forum. In October 2005 the CFO Forum published Additional Guidance on EEV Disclosure applicable for financial reporting in the year ending 31 December 2006 which has been reflected in this interim financial information.

The results of all other operations are prepared in accordance with IFRS.

The group has focused on the EV basis, as it believes that EV is a more realistic measure of the performance of life businesses than the statutory IFRS basis. The EV basis is used throughout the group to assess performance, and it is also the measure most commonly used by the investment community to assess the performance of life businesses.

The EV basis results are included on pages 4 to 27.

Financial Highlights

6 months ended 30 June 2007 (Unaudited)

	H1 2007	H1 2006	Growth %
EV Basis			
Profit after tax	**€289m**	€202m	43
Total EPS	**105.0 cent**	74.0 cent	42
Operating profit before tax	**€321m**	€242m	33
Operating EPS	**102.8 cent**	81.3 cent	26
Statutory Basis (EU IFRS)			
Profit after tax	**€222m**	€130m	71
EPS on continuing activities	**83 cent**	49 cent	69
Banking			
New loans issued	**€6.3bln**	€6.4bln	-
Lending book	**€37.0bln**	€30.0bln	23
Mortgage loan book (Ireland)	**€24.7bln**	€20.4bln	21
Life Assurance			
Life new business			
- APE	**€350m**	€249m	41
- PVNBP	**€2.4bln**	€1.7bln	41
Life and investment new business			
- APE	**€594m**	€358m	66
- PVNBP	**€4.8bln**	€2.8bln	74
Dividend			
Interim Dividend per share	**22.5 cent**	20.1 cent	11.9

Commenting on the results Denis Casey, Group Chief Executive said:

These are an outstanding set of results for the period. Each of our key businesses has strong momentum and are setting the pace in their respective markets.

The performance of the life business is particularly strong. The market for life and pensions products has never been better and we are perfectly primed to draw maximum advantage. We have grown market share to 30% in the combined retail and corporate life market.

In **permanent tsb**, we achieved a very strong lending performance despite a more subdued Irish housing market with loan book growth of 23% delivering a market share of 21%. In addition we continued to dramatically grow our current account customer base.

Looking forward, we are very confident about the outlook for the group through the remainder of the year. The economy remains strong, there is exceptional growth in the life and pensions market and **permanent tsb** is performing well.

Embedded Value Basis

Commentary on Results EV basis

Consolidated Income Statement - EV Basis

For the 6 months ended 30 June 2007 (Unaudited)

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Operating profit			
Insurance and Investment Business	**194**	134	274
Banking	**111**	90	202
Other	**(1)**	(1)	(2)
	304	223	474
Share of associate / joint venture	**17**	19	55
Operating profit before tax	**321**	242	529
Short-term investment fluctuations	**21**	1	101
Effect of economic assumption changes	**(11)**	(29)	(38)
Property income attributable to minority interests	**7**	-	-
Other non operational costs	**(3)**	-	-
Profit before tax	**335**	214	592
Taxation	**(36)**	(11)	(28)
Total profit after tax	**299**	203	564
Minority interest	**(10)**	(1)	(3)
Total profit after tax attributable to equityholders	**289**	202	561

Overview

Total profit after tax for the half year at €289m was 43% ahead of the first half 2006 of €202m.

This principally reflects strong growth in operating profit - which was ahead 33% in the period - combined with the impact on the embedded value of the group's life business of changes in interest rates and growth in investment markets which were net positive (€10m) in first half 2007 in comparison to the overall negative impact (€28m) in the first half 2006.

At the operating level pretax profits were ahead 33% to €321m (2006: €242m) for the first six months of 2007. Operating profits in the group's core banking and life assurance business grew 36% to €304m from €223m in the prior year period. This was driven by a 45% growth in the embedded value profits of the life business to €194m (2006: €134m), reflecting buoyant new business volumes combined with strong growth in the in-force book, and growth of 23% in the group's banking profits which increased to €111m from €90m. This level of profit growth in the bank reflects strong growth in risk assets and a robust net interest margin performance.

The post tax contribution from the group's interest in Allianz (Ireland), a general insurance business, was in line with the first half 2006 outcome at €18m (2006: €19m).

Short term investment fluctuations reflect the impact of actual against assumed investment returns on the embedded value of the group's life operations. The outcome from the first six months of 2007 was a positive €21m compared to €1m in 2006 and reflects the comparatively

stronger investment markets which prevailed in first half 2007 when compared to first half 2006 and the fact that actual returns exceeded the embedded value assumptions.

The first half 2007 outcome includes a negative €11m arising from changes in the economic assumptions used to calculate the life assurance embedded value. This principally relates to the impact of an increase in the risk discount rate used to compute the embedded value from 7.4% to 8.0% as a result of increases in medium term euro bond rates. In first half 2006 changes in the economic assumptions led to a negative effect of €29m as the risk discount rate was increased to 7.3% from 6.5%.

Other non operational costs of €3m in the first half 2007 represents the group's contribution to the Irish government's social finance initiative fund. This is a once off payment to a government led social initiative in which all of the Irish banks agreed to participate.

The tax charge for the first half of the year of €36m gives an effective tax rate on total profits of 11%. This compares with what was an exceptionally low rate of 5% in the prior year which was principally due to the release of timed-out deferred tax provisions on property capital allowances. At operating profit level the effective tax rate is 12% and reflects the mix of life and banking activities.

Banking Business

The results of the group's banking business for the six months to 30 June 2007 are set out below.

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Net interest income	**241**	199	429
Other income	**22**	23	45
Trading income	**5**	6	12
	268	228	486
Administrative expenses	**(150)**	(134)	(273)
Impairment provisions	**(8)**	(7)	(14)
Operating profit before tax	**110**	87	199
Investment gains	**1**	3	3
	111	90	202

Overall pretax profits in the group's banking business grew 23% to €111m in the first half 2007 compared to €90m in 2006.

Net interest income rose 21% to €241m from €199m driven by strong growth in loan and current account balances, a good performance from the bank's Treasury operations and the positive impact of reduced regulatory liquidity holding requirements.

The net interest margin for the six months to 30 June 2007 was 1.15% compared to a margin of 1.19% reported for the full year 2006 and the first half of 2006. In addition to the ongoing impact of increased levels of wholesale funding the net interest margin was negatively affected by a repricing of new mortgage business in response to competitive pressures in early 2007 and by basis risk in the Irish mortgage portfolio as interest rates increased. Offsetting these negatives was the positive impact of increasing interest rates on liability spreads, particularly the yield on the banks growing current account portfolio, and the impact of a reduced level of regulatory liquidity holdings which reduced the level of liquid assets which the bank is required to hold from April 2007.

Total loans and advances to customers at 30th June 2007 were €37.0bln an increase of 9% on balances outstanding at 31st December 2006 (€33.8bln) and a 23% increase on outstanding balances at 30 June 2006 of €30bln. The growth in balances over the principal business lines was as follows:

	30 June 2007 €bln	30 June 2006 €bln	Growth %	31 Dec 2006 €bln
Mortgage lending ROI *	**24.7**	20.4	21	23.1
Consumer finance	**2.2**	1.9	16	2.0
Commercial lending	**2.1**	1.7	27	1.9
	29.0	24.0	21	27.0
Mortgage lending - UK (£Stg) *	**5.4**	4.1	30	4.6
Total lending - €m	**37.0**	30.0	23	33.8

** including securitised mortgages*

Irish residential mortgage balances outstanding grew 21% to €24.7bln when compared to balances outstanding at 30 June 2006 of €20.4bln. The first half 2007 saw a moderation in the level of activity in the Irish housing market from the unprecedented levels experienced in the first half 2006 (when new mortgage issues were 70% higher than the first half 2005) reflecting the effect of rising euro interest rates and the uncertainty around changes to stamp duty on residential property before the General Election. As a consequence total gross new mortgages issued at €3.5bln were down 19% on first half 2006 issues of €4.2bln.

In the UK Capital Home Loans, the group's centralised mortgage lender, had an extremely successful first half 2007 with balances outstanding increasing 30% to Stg£5.4bln compared to Stg£4.1bln outstanding at 30 June 2006 on foot of very strong new business flows. Gross new issues were ahead 62% to Stg1.1bln (2006: Stg£0.7bln) as the company expanded its geographic distribution reach.

The consumer finance portfolio grew 16% to €2.2bln compared to €1.9bln at 30 June 2006. New consumer finance loans issued in the first six months of 2007 were ahead 10% to €0.9bln compared to €0.8bln in the corresponding prior year period. The commercial loan portfolio at 30 June 2007 was €2.1bln compared to €1.7bln at 30 June 2006 an increase of 27%.

Customer account balances at 30 June 2007 were €14.4bln (30 June 2006: €12.8bln) an increase of 12%. In the first half of 2007 the bank continued its focus on the acquisition of new current account customers with 35,000 new accounts opened in the period following on from the 68,000 new accounts opened in 2006. This outcome was particularly pleasing in light of the increasing competition in the current account market place in the first half of the year. Reflecting the new account gains current account balances increased 17% to €2.7bln (30 June 2006: €2.3 bln).

Other income at €22m is in line with first half 2006 (€23m) and principally reflects the impact of the bank's fee free current account strategy.

Other income excludes any contribution from bancasurance sales, the earnings from which, in line with the group's accounting policies, are included in the pre-tax profit reported in the group's life assurance activities. Sales of life and pensions products in the bank in the first half 2007 were €59m, an increase of 51% on the first half 2006 (€39m). The pre-tax operating profit achieved on the Bancassurance book of life business was €37m in the first half 2007, up 29% on the first half 2006 of €28m.

Trading income of €5m generated by Group Treasury was in line with that achieved in the first half 2006 (€6m) and to a large extent reflects the pre hedging of committed fixed rate mortgage exposures which, under IFRS are marked to market when the hedge is matched to actual loans. Treasury continues to be risk adverse with low value at risk limits in place and a conservative liquidity portfolio being held.

* including securitised mortgages

Administration expenses in the first half 2007 increased 12% to €150m from €134m. This increase reflects growth in new business volumes, particularly within Capital Home Loans, and a short term increase in resources required to deal with the high level of maturing of special savings incentive accounts ("SSIAs"). Excluding these items the underlying level of cost growth was in the region of 7%.

Reflecting the excellent credit quality which prevails within all of the group's loan portfolios impairment provisions grew at a slower pace than growth in the portfolios. The impairment provision charge grew 14% to €8m in the first half 2007 (2006: €7m) compared to an increase of 23% in the loan portfolios. Provisions held continue to be conservative with reserves of €61m compared to arrears of €48m.

Investment gains of €1m to June 2007 (2006: €3m) represents profits achieved on the disposal of investment property in the first six months of the year.

Insurance and Investment Business

The results of the group's insurance and investment business presented on an EV basis for the six months to 30 June 2007 are set out below:

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
New business contribution	**82**	65	128
In-force business contribution			
Expected return			
In-force	**59**	46	89
Net worth	**16**	10	26
Experience variances	**21**	8	14
Assumption changes	**16**	5	17
	112	69	146
Operating profit before tax	**194**	134	274

In-force Business

The operating profit before tax on the group's life business for the 6 months ended 30 June 2007 was €194m a 45% increase on the corresponding period in 2006. The new business contribution increased 26% to €82m from €65m reflecting a very strong sales performance.

The expected return on the in-force book increased 28% to €59m (2006: €46m) due to strong growth in the portfolio in addition to the impact of an increase in the opening risk discount rate from 6.5% to 7.4%.The expected return on net worth, which relates to earnings on shareholder assets calculated by reference to the assumed long-term rate of return on equities property and bonds and the actual return on short-term cash increased to €16m from €10m in 2006 reflecting higher euro interest rates and growth in the net worth of the insurance business.

Experience variances continued to be very positive at €21m compared to €8m in 2006 with continued strong risk experience achieved on both mortality and morbidity. Assumption changes, largely relating to expense productivity gains as a result of lower unit costs resulting from book growth in excess of cost inflation, were a positive €16m compared to €5m in 2006. The assumptions underlying the embedded value continue to be prudent.

New Business

The new business contribution in the half year 2007 increased 26% to €82m from €65m in 2006. This outcome was driven by a 41% increase in life new business sales (excluding ILIM) to €350m (2006: €249m) on an APE basis (41% on a PVNBP basis).

Sales	**APE Basis**			**PVNBP Basis**		
	H1 07	H1 06	Change	**H1 07**	H1 06	Change
	€m	€m	%	**€m**	€m	%
Retail Life	**208**	135	54	**1,409**	943	49
Corporate Life	**122**	98	24	**744**	568	31
International	**20**	16	25	**204**	163	25
	350	249	41	**2,357**	1,674	41
Investment (ILIM)	**244**	109	124	**2,443**	1,089	124
Total	**594**	358	66	**4,800**	2,763	74

Retail Life

Demand in the retail life assurance market was very strong in the first half of 2007 with retail life sales increasing 54% to €208m from €135m in 2006. On a PVNBP basis sales were ahead 49% to €1.4bln. Sales were strong in all distribution channels. From a product perspective sales of pensions (up 66%) and investments (up 56%) were particularly strong driven by excellent investment performance, the introduction of a new self-administered pension product and in lump sum investments benefiting from maturing SSIAs. With regard to protection sales these were ahead 3% reflecting the more subdued residential mortgage market in first half 2007.

Corporate Life

Market conditions for the group's corporate life business were very favourable in the first half of 2007 with continued growth in salaries and employment in the Irish economy. New business sales were ahead 24% to €122m from €98m in first half 2006. While sales were strongly ahead in all product lines sales of new defined contribution schemes and annuities were particularly buoyant. Annuity sales benefited from an increase in the use of annuity products to buy out defined benefit pension scheme liabilities.

Investment Management

Continued excellent fund management performance on both the active and passive side of the group's investment management business led to record levels of fund inflows in the first half of 2007. Gross new inflows were €2.4bln (including €679m arising from on the acquisition of the EBS Summit Funds) compared to €1.1bln in the first half 2006. As a result of these strong inflows group funds under management increased 13% to €36bln from €31.8bln at the year ended 31 December 2006.

New Business Margins

Overall new business margins, excluding ILIM were 19.5% compared to 20.6% for the full year 2006. Including ILIM new business margins were 13.9 % compared to 18.1% for the full year 2006 made up as follows:

	APE Basis		**PVNBP Basis**	
	H1 07	FY 06	**H1 07**	FY 06
	%	%	**%**	%
Life	**19.5**	20.6	**2.9**	3.1
Investment (ILIM)	**5.9**	11.4	**0.6**	1.1
Total	**13.9**	18.1	**1.7**	2.4

The reduction in life APE margins reflects the high volume of pensions and investment new business sales which led to a less favourable product mix. In addition the increase in the opening risk discount rate from 6.5% to 7.4% had a negative impact on reported margins for the first half 2007. The reduction in investment margins is mainly as a consequence of a high number of large ticket low margin sales being achieved in first half 2007.

When calculated on the basis of present value of new business premiums ("PVNBP") margins including ILIM were 1.7% in the first half 2007 (full year 2006: 2.4%).

The consolidated internal rate of return achieved on life new business sales was 13.6% which compares to 12.1% achieved in the full year 2006.

Capital and Liquidity

In the first half 2007 the group raised €200m of Tier 2 debt in the life company. The proceeds of this issue, which was well supported by the market, was used to fund a €230m dividend from the life company to the bank. The issue served to rebalance the group's debt capital as between the life company and the bank.

The group's capital position remained strong at 30 June 2007. In the bank the Tier 1 and total capital ratios were 11.2% (31 December 2006: 10.4%) while the solvency margin in Irish Life Assurance plc, the group's principal life assurance business was covered 1.7 times by available assets (31 December 2006 1.8 times).

During first half 2007 the Irish Financial Services Regulatory Authority changed the regulations governing liquidity requirements in the Irish banking system. Previously Irish banks were required to meet a minimum 25% liquidity ratio. Under the new protocol required liquidity holdings are based upon various cash flow stress tests. As a consequence of the implementation of the new protocol the liquidity ratio within the group's banking business at 30 June 2007 was 15% compared to 26% at 31 December 2006. All of the bank's liquid assets are held in sovereign debt or with good quality bank counterparties. In the life company shareholder assets are principally invested in cash.

Dividend

The directors have declared an interim dividend of 22.5 cent per share for the first six months of 2007. This compares to an interim dividend paid in 2006 of 20.1 cent per share. The dividend will be paid on 14 November 2007 to shareholders on the register as at 5 October 2007. The ex dividend date is 3 October 2007.

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Basis of Preparation - EV Basis interim financial information

Earnings generated by the group's life assurance operations are prepared in accordance with the European Embedded Value (EEV) Principles issued in May 2004 by the European Chief Financial Officers' Forum. For businesses other than life assurance the results have been prepared based on the recognition and measurement principles of IFRS issued by the IASB and adopted by the EU which were effective at 30 June 2007.

IFRS 4 brings into force phase 1 of the International Accounting Standard Board's ("IASB") insurance accounting project. In view of the phased implementation of IFRS for insurance business, the group believes that shareholders will continue to place considerable reliance on embedded value information relating to the life assurance business as a whole. The statutory interim financial information includes insurance contracts written in the life assurance business based on embedded value earnings calculated using the EEV principles developed by the European CFO forum. The methodology produces an Embedded Value (EV) as a measure of the consolidated value of shareholders' interests in the business covered by the EEV Principles. The EV basis interim financial information extends these principles to investment contracts written in the life assurance business.

For all business other than "covered business", the EV interim financial information incorporates the same values and earnings included in the statutory interim financial information, determined using the IFRS bases. The EV interim financial information also reclassifies and summarises the information included in the interim statutory financial information and restates assets in respect of own shares consistent with the recognition of policyholders' liabilities.

The Directors acknowledge their responsibility for the preparation of the supplementary EV basis information.

The methodology applied to produce the EV basis for the period to 30 June 2007 is consistent with the methodology used to produce the EV information for the year ended 31 December 2006.

Covered Business

The EEV Principles are applied to value "covered business" as defined by the Principles. This includes individual and group life assurance and investment contracts, pensions and annuity business written in Irish Life Assurance plc and Irish Life International, and the investment management business written in Irish Life Investment Managers Limited.

All business other than the covered business is included in the EV Basis interim financial information on the same basis as that applied to the business in the statutory interim financial information.

In the EV interim financial information, the same valuation approach is applied to both insurance and investment contracts within the covered business.

Embedded Value

Embedded Value (EV) is the present value of shareholders' interests in the earnings distributable from assets allocated to the covered business after sufficient allowance is made according to the EEV Principles for the aggregate risks in the covered business. The EV consists of the following components:

- free surplus allocated to the covered business
- required capital, less the cost of holding required capital
- present value of future shareholder cash flows from in-force covered business (PVIF), including an appropriate deduction for the time value of financial options and guarantees.

The value of future new business is excluded from the EV.

The cost of holding required capital is defined as the difference between the amount of the required capital and the present value of future releases, allowing for future investment returns, of that capital.

Basis of Preparation - EV Basis interim financial information (continued)

Free Surplus and Required Capital

Free surplus is defined as the market value of assets in the covered business less supervisory liabilities less required capital. It is the market value of any capital and surplus allocated to, but not required to support, the in-force covered business at the valuation date.

The level of required capital reflects the amount of assets attributed to the covered business in excess of that required to back regulatory liabilities whose distribution to shareholders is restricted. The EEV Principles require this level to be at least the level of solvency capital at which the local supervisory authority is empowered to take action and any further amount that may be encumbered by local supervisory restrictions. In light of this the Directors have set the level of required capital to be 150% of the regulatory minimum solvency margin requirement at the valuation date, including the additional margin required under the Solvency 1 rules. The Directors consider this to be a conservative level of capital to manage the covered business, allowing for the supervisory basis for calculating liabilities, the insurance and operational risks inherent in the underlying products and the methods used to value financial options and guarantees included in those products.

New Business

New business premiums reflect income arising from the sale of new contracts during the reporting period. Increases to premiums that are generated by policyholders at their discretion are included in new business as they occur. Increases to renewal premiums on group pension contracts are treated as new business premiums.

The new business contribution is the present value of future shareholder cashflows arising from the new business premiums written in the period less a deduction if relevant for the time value of financial options and guarantees. The contribution makes full allowance for the associated amount of required capital and includes the value of expected renewals on new contracts.

The EEV Principles require a measure of the present value of future new business premiums (PVNBP) to be calculated and expressed at the point of sale. The PVNBP is equivalent to the total single premiums plus the discounted value of regular premiums expected to be received over the term of the contracts using the same economic and operating assumptions used for calculating the new business contribution. The new business margin reported under EEV is defined as the ratio of the new business contribution to PVNBP.

Projection Assumptions

Projections of future shareholder cash flows expected to emerge from covered business are determined using realistic assumptions for each component of cash flow and for each policy group. Future economic and investment return assumptions are based on period end conditions. The assumed discount and inflation rates are consistent with the investment return assumptions.

The assumptions for demographic elements, including mortality, morbidity, persistency and expense experiences, reflect recent operating experiences and are reviewed annually. Allowance is made for future improvements in annuitant mortality based on experience and externally published data. Favourable changes in operating experience are not anticipated until the improvement in experience has been observed.

All costs relating to the covered business are allocated to that business. The expense assumptions used for the projections therefore include the full cost of servicing the business. The costs include future depreciation charges in respect of certain property and equipment included in the free surplus. Certain group costs allocated to the life company are not included within the cash flow projections and are accounted for on an annual basis in the other group results.

Basis of Preparation - EV Basis interim financial information (continued)

Risk Discount Rate

The risk discount rate is a combination of a base risk-free rate and a risk margin, which reflects the residual risks inherent in the covered business, after taking account of prudential margins in the supervisory liabilities, the required capital and the specific allowance for financial options and guarantees.

The Group has adopted a bottom-up approach to the determination of the risk discount rate. Each element of risk is assessed in turn and a cost is reflected as an addition to the base risk-free discount rate. The risk discount rate derived in this way reflects the risk of volatility associated with the cash flows in the embedded value model.

The key assumptions are set out in note 13.

The market risk margin neutralises the effect of assuming future investment returns in excess of the base risk-free rate.

The non-market risk margin is based on an estimate of the impact of each of the following risks - mismatch risk, credit risk, demographic risks including mortality, morbidity, persistency and expense risks, operational risk and liquidity risk.

An allowance is made for the diversification effect in that each of the risks is not expected to occur simultaneously. Financial options and guarantees are explicitly valued using a market-consistent approach and no further risk allowance is included for these in the risk discount rate. The non-market risk margin was determined by the Directors following a review of the estimates emerging from the above exercise.

Financial Options and Guarantees

Under the EEV Principles an allowance for the time value of financial options and guarantees ("FOG") is required where a financial option exists which is exercisable at the discretion of the policyholder. The time value of an option reflects the additional value inherent in the option due to the potential for the option to increase in value prior to its expiry date, usually due to movements in the market value of assets. The value of an option based on market conditions at the date of the valuation is referred to as the intrinsic value.

Allowance is made for the intrinsic value of FOGs in the supervisory liabilities and the cost is reflected in the PVIF. An explicit deduction is made to the PVIF to allow for the impact of future variability of investment returns on the cost of FOGs (time value). The time value of FOGs is calculated using stochastic models calibrated on a market consistent basis.

The main financial options and guarantees and the assumptions used to value them are described in note 13.

Service Companies

All services relating to the covered business are charged on a cost recovery basis.

Tax

The projections include on a discounted basis all tax that is expected to be paid under covered business under current legislation, including tax that would arise if surplus assets within the covered business were eventually to be distributed.

Basis of Preparation - EV Basis Interim financial information (continued)

Analysis of Profit

The profit from the covered business is analysed into three main components:

- New business contribution

  The contribution from new business written in the period is calculated as at the point of sale using assumptions applicable at the start of the period. This is then rolled forward to the end of the financial period using the risk discount rate applicable at the start of the reporting period.

- Profit from existing in-force business

  The profit from existing business is calculated using opening assumptions and comprises:

  - Interest at the risk discount rate on the value of in-force business allowing for the timing of cash-flows ("expected return");

  - Experience variances: when calculating embedded values it is necessary to make assumptions regarding future experiences including persistency (how long policies will stay in force), risk (mortality and morbidity), future expenses and taxation. Actual experience may differ from these assumptions. The impact of the difference between actual and assumed experience for the period is reported as experience variances;

  - Operating assumption changes: the assumptions on which embedded values are calculated are reviewed regularly. Where it is considered appropriate in the light of current or expected experience to change any assumptions regarding expected future experience, the impact on total value of in-force business of any such change is reported as an "operating assumption change".

- Expected investment return

  The expected investment earnings on the net assets attributable to shareholders are calculated using the future investment return assumed at the start of the period.

Two further items make up the total profit arising from the covered business:

- Short term investment fluctuations

  This is the impact on the EV of differences between the actual investment return and the expected investment return assumptions assumed at the start of the period.

- Effect of economic assumption changes

  This is the impact on the EV of changes in external economic conditions including the effect changes in interest rates have on risk discount rates and future investment return assumptions.

Consolidated Interim Income Statement - Embedded Value Basis (Unaudited)
Six months to 30 June 2007

	Notes	**6 months to 30 June 2007 €m**	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Operating profit				
Insurance & investment business		**194**	134	274
Banking		**111**	90	202
Other		**(1)**	(1)	(2)
		304	223	474
Share of associate / joint venture		**17**	19	55
Operating profit before tax	1	**321**	242	529
Short-term investment fluctuations		**21**	1	101
Effect of economic assumption changes		**(11)**	(29)	(38)
Property income attributable to minority interests		**7**	-	-
Other non operational costs		**(3)**	-	-
Profit before tax		**335**	214	592
Taxation	3	**(36)**	(11)	(28)
Profit for the period		**299**	203	564
Attributable to				
Equityholders		**289**	202	561
Minority interests in subsidiaries		**3**	1	3
Minority interests in property unit trusts	6	**7**	-	-
		299	203	564
Earnings per share including own shares held for the benefit of life assurance policyholders (cent)	11	**105.0**	74.0	204.9
Operating earnings per share including own shares held for the benefit of life assurance policyholders (cent)	11	**102.8**	81.3	177.9

Consolidated Interim Balance Sheet - Embedded Value Basis (Unaudited)
As at 30 June 2007

	Notes	**30 June 2007 €m**	30 June 2006 €m	31 Dec 2006 €m
Assets				
Cash and other receivables		**495**	466	380
Investments		**32,532**	25,759	29,192
Loans and receivables to banks		**4,041**	6,439	8,429
Loans and receivables to customers	9	**36,724**	29,907	33,732
Interest in associated undertaking / joint venture		**173**	157	174
Reinsurance assets		**1,950**	1,927	1,991
Shareholder value of in-force business		**1,500**	1,182	1,354
Net post retirement benefit asset		**79**	71	73
Goodwill and intangible assets		**257**	264	261
Property and equipment		**495**	421	486
Other debtors and prepayments		**730**	511	543
Total assets		**78,976**	67,104	76,615
Liabilities				
Customer accounts		**14,429**	12,833	13,643
Deposits by banks		**2,018**	3,800	5,526
Debt securities in issue		**20,233**	15,747	18,432
Non-recourse funding		**3,534**	4,159	3,813
Derivative liabilities		**894**	350	610
Insurance contract liabilities		**4,057**	3,905	4,073
Investment contract liabilities		**27,350**	21,211	24,693
Outstanding insurance and investment claims		**139**	127	124
Net post retirement benefit liability		**165**	157	159
Deferred taxation		**84**	28	77
Other liabilities and accruals		**900**	598	824
Subordinated liabilities		**1,650**	1,326	1,391
Total liabilities		**75,453**	64,241	73,365
Equity				
Share capital		**88**	88	88
Share premium		**123**	108	116
Retained earnings		**2,949**	2,511	2,796
Capital reserves		**279**	219	277
Own shares held for the benefit of life assurance policyholders		**(88)**	(76)	(78)
Shareholders' equity	5	**3,351**	2,850	3,199
Minority interests	6	**172**	13	51
Total equity		**3,523**	2,863	3,250
Total liabilities and equity		**78,976**	67,104	76,615

Consolidated Interim Statement of Recognised Income and Expense - Embedded Value Basis (Unaudited)
Six months to 30 June 2007

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Revaluation of property and equipment	-	-	44
Share of associate revaluation reserve	-	-	7
Change in value of available for sale financial assets	**(3)**	1	2
Deferred tax	-	-	(8)
Net amount recognised directly in equity	**(3)**	1	45
Profit for the period	**299**	203	564
Total recognised income and expense for the period	**296**	204	609
Attributable to			
Equityholders	**286**	203	605
Minority interests in subsidiaries	**3**	1	4
Minority interests in Property Unit Trusts	**7**	-	-
	296	204	609

Consolidated Interim Reconciliation of Shareholders' Equity - Embedded Value Basis
Six months to 30 June 2007

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Shareholders' equity at start of period	**3,199**	2,728	2,728
Income and expenses attributable to equityholders	**286**	203	605
Movement in cost of own shares held for the benefit of life assurance policyholders	**(10)**	-	(2)
Dividends paid	**(132)**	(117)	(173)
Issue of share capital	**7**	35	43
Change in share based payment reserves	**1**	1	2
Purchase of treasury shares for long term incentive plan	-	-	(4)
Shareholders' equity at end of period	**3,351**	2,850	3,199

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

1. Operating Profit before tax

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Insurance & investment business			
New business contribution	**82**	65	128
Profit from existing business			
- Expected return	**59**	46	89
- Experience variances	**21**	8	14
- Operating assumption changes	**16**	5	17
Expected investment return	**16**	10	26
Operating profit before tax	**194**	134	274
Banking			
Net interest income	**241**	199	429
Non-interest income	**22**	23	45
Trading income	**5**	6	12
	268	228	486
Administrative expenses including depreciation	**(150)**	(134)	(273)
Impairment losses on loans and receivables	**(8)**	(7)	(14)
	110	87	199
Investment return	**1**	3	3
Operating profit before tax	**111**	90	202
Other activities			
Non-interest income	**33**	29	56
Administrative expenses including depreciation	**(34)**	(30)	(58)
Operating loss before tax	**(1)**	(1)	(2)
Share of associate / joint venture	**17**	19	55
Total operating profit before tax	**321**	242	529

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

2. Life and investment new business

Life business

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Present value of new business premiums (PVNBP)			
Single premium	**1,423**	911	2,034
Regular premium	**208**	158	312
Regular premium capitalisation factor	**4.5**	4.8	4.6
PVNBP	**2,357**	1,674	3,482
Annual Premium Equivalent (APE)	**350**	249	516
New business contribution	**68**	55	106
New business margin			
PVNBP	**2.9%**	3.3%	3.1%
APE	**19.5%**	21.8%	20.6%

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Present value of new business premiums (PVNBP)	**2,443**	1,089	1,901
Annual Premium Equivalent (APE)	**244**	109	190
New business contribution	**14**	10	22
New business margin			
PVNBP	**0.6%**	1.0%	1.1%
APE	**5.9%**	9.6%	11.4%

Total new business

Present value of new business premiums (PVNBP)	**4,800**	2,763	5,383
Annual Premium Equivalent (APE)	**594**	358	706
New business contribution	**82**	65	128
New business margin			
PVNBP	**1.7%**	2.3%	2.4%
APE	**13.9%**	18.1%	18.1%

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

3. Taxation

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Life operations			
Operating profit	**(17)**	(10)	(13)
Short term investment fluctuations	**2**	(1)	15
Effect of economic assumption changes	**-**	10	(1)
	(15)	(1)	1
Banking operating profit	**(20)**	(10)	(30)
Other operations	**(1)**	-	1
	(36)	(11)	(28)

4. Analysis of profit after tax

	6 months to 30 June 2007		
	Gross €m	**Tax €m**	**Net €m**
Operating profit			
Insurance and investment business	**194**	**(17)**	**177**
Banking	**111**	**(20)**	**91**
Other	**(1)**	**(1)**	**(2)**
Share of associate / joint venture	**17**	-	**17**
	321	**(38)**	**283**
Short term investment fluctuations	**21**	**2**	**23**
Effect of economic assumption changes	**(11)**	-	**(11)**
Property income attributable to minority interests	**7**	-	**7**
Other non operational costs	**(3)**	-	**(3)**
	335	**(36)**	**299**

	6 months to 30 June 2006		
	Gross €m	Tax €m	Net €m
Operating profit			
Insurance and investment business	134	(10)	124
Banking	90	(10)	80
Other	(1)	-	(1)
Share of associate / joint venture	19	-	19
	242	(20)	222
Short term investment fluctuations	1	(1)	-
Effect of economic assumption changes	(29)	10	(19)
	214	(11)	203

	12 months to 31 December 2006		
	Gross €m	Tax €m	Net €m
Operating profit			
Insurance and investment business	274	(13)	261
Banking	202	(30)	172
Other	(2)	1	(1)
Share of associate / joint venture	55	-	55
	529	(42)	487
Short term investment fluctuations	101	15	116
Effect of economic assumption changes	(38)	(1)	(39)
	592	(28)	564

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

5. Shareholders' Equity

	30 June 2007 €m	30 June 2006 €m	31 Dec 2006 €m
Insurance and investment business	**2,060**	1,883	2,101
Banking	**976**	659	775
Other activities	**42**	42	36
Associate undertaking / joint venture	**173**	157	174
Goodwill	**207**	198	207
Minority interest share of Property Unit Trust assets	**153**	-	35
	3,611	2,939	3,328
Minority interest	**(19)**	(13)	(16)
Minority interest share of Property Unit Trusts	**(153)**	-	(35)
Deduction in respect of own shares held for the benefit of life assurance policyholders	**(88)**	(76)	(78)
Shareholders' equity	**3,351**	2,850	3,199

Insurance and investment assets are analysed as follows

	30 June 2007 €m	30 June 2006 €m	31 Dec 2006 €m
Property	**219**	159	163
Equities	**13**	10	13
Debt securities	**23**	4	29
Deposits	**423**	571	566
Other assets and liabilities	**82**	(43)	(24)
Subordinated debt	**(200)**	-	-
	560	701	747
Shareholders' value of in-force business	**1,500**	1,182	1,354
	2,060	1,883	2,101

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

5. Shareholders' Equity (continued)

Analysis of movement in shareholders' equity attributable to insurance and investment business

	6 months to 30 June 2007		
	Net Worth	**VIF**	**Total**
	€m	**€m**	**€m**
Shareholders' equity as at 1 January 2007	**747**	**1,354**	**2,101**
Operating profit after tax	**46**	**131**	**177**
Short term investment fluctuations	**3**	**20**	**23**
Effect of economic assumption changes	**(6)**	**(5)**	**(11)**
Capital movements	**(230)**	**-**	**(230)**
Shareholders' equity as at 30 June 2007	**560**	**1,500**	**2,060**

	6 months to 30 June 2006		
	Net Worth	VIF	Total
	€m	€m	€m
Shareholders' equity as at 1 January 2006	750	1,103	1,853
Operating profit after tax	18	106	124
Short term investment fluctuations	9	(9)	-
Effect of economic assumption changes	(1)	(18)	(19)
Capital movements	(75)	-	(75)
Shareholders' equity as at 30 June 2006	701	1,182	1,883

	12 months to 31 December 2006		
	Net Worth	VIF	Total
	€m	€m	€m
Shareholders' equity as at 1 January 2006	750	1,103	1,853
Operating profit after tax	40	221	261
Short term investment fluctuations	53	63	116
Effect of economic assumption changes	(6)	(33)	(39)
Capital movements	(90)	-	(90)
Shareholders' equity as at 31 December 2006	747	1,354	2,101

The shareholders' equity as at 30 June 2007 includes required capital of €588m (30 June 2006: €544m, 31 December 2006: €560m) within the net worth. The shareholders' value of in-force is net of a deduction of €118m (30 June 2006: €119m, 31 December 2006: €120m) in respect of the cost of maintaining the required capital and net of a deduction of €13m (30 June 2006: €32m, 31 December 2006: €28m) in respect of the time value of financial option and guarantee costs.

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

5. Shareholders' Equity (continued)

Analysis of insurance and investment operating profit after tax

	6 months to 30 June 2007		
	Net Worth	**VIF**	**Total**
	€m	**€m**	**€m**
New business contribution	**(101)**	**171**	**70**
Profit from existing business			
- Expected return	**119**	**(63)**	**56**
- Experience variances	**17**	**6**	**23**
- Operating assumption changes	**(3)**	**17**	**14**
- Expected investment return	**14**	**-**	**14**
Operating profit after tax	**46**	**131**	**177**

	6 months to 30 June 2006		
	Net Worth	VIF	Total
	€m	€m	€m
New business contribution	(76)	130	54
Profit from existing business			
- Expected return	89	(45)	44
- Experience variances	(4)	16	12
- Operating assumption changes	-	5	5
- Expected investment return	9	-	9
Operating profit after tax	18	106	124

	12 months to 31 December 2006		
	Net Worth	VIF	Total
	€m	€m	€m
New business contribution	(164)	271	107
Profit from existing business			
- Expected return	185	(98)	87
- Experience variances	(3)	18	15
- Operating assumption changes	(1)	30	29
- Expected investment return	23	-	23
Operating profit after tax	40	221	261

6. Minority Interests

	6 months to 30 June 2007	6 months to 30 June 2006	12 months to 31 Dec 2006
	€m	€m	€m
Minority interests in subsidiaries			
Opening Balance	**16**	12	12
Total recognised income and expense	**3**	1	4
Closing Balance	**19**	13	16
Minority interests in property unit trusts			
(third party interests in property investment unit trusts which are consolidated in the Group's results)			
Opening Balance	**35**	**-**	**-**
Total recognised income and expense	**7**	**-**	**-**
Investment in trusts	**111**	**-**	35
Closing Balance	**153**	**-**	35
Total minority interests	**172**	**13**	**51**

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

7. Management expenses

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Administrative expenses	**267**	242	497
Depreciation	**13**	13	28
Software amortisation	**9**	8	15
	289	263	540
Analysed as follows:			
Banking operations			
Operational	**150**	134	273
Life and investment operations			
Administrative	**102**	99	209
Other operations (includes corporate costs)	**34**	30	58
Other non operational costs	**3**	-	-
	289	263	540

8. Provision for impairment of loans and receivables

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
At start of the period	**57**	52	52
Charged against income statement	**8**	7	14
Amounts written off	**(4)**	(4)	(10)
Reinstatement of amounts previously written off	-	-	1
At end of the period	**61**	55	57
At end of period			
Specific	**38**	35	36
Collective	**23**	20	21
	61	55	57

9. Loans and receivables to customers

	30 June 2007 €m	30 June 2006 €m	31 Dec 2006 €m
Residential mortgage loans	**32,650**	26,366	29,986
Commercial mortgage loans	**2,108**	1,666	1,862
Finance lease, instalment finance and term loans	**2,224**	1,924	1,977
	36,982	29,956	33,825
Money market funds	**164**	152	161
Deferred fees, discounts and fair value adjustments	**112**	157	171
	37,258	30,265	34,157
Provision for impairment of loans and receivables	**(61)**	(55)	(57)
Inter-group loans and receivables	**(473)**	(303)	(368)
	36,724	29,907	33,732

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

10. Funds Under Management

	30 June 2007 €m	30 June 2006 €m	31 Dec 2006 €m
Funds managed on behalf of unit-linked policyholders	**28,206**	21,710	25,269
Funds managed on behalf of non-linked policyholders	**2,412**	2,341	2,384
	30,618	24,051	27,653
Off-balance sheet funds	**5,346**	4,094	4,182
	35,964	28,145	31,835

11. Earnings per share

As permitted under Irish Legislation the group's life assurance subsidiary holds shares in Irish Life & Permanent plc for the benefit of policyholders. Under accounting standards these are now required to be deducted from the total number of shares in issue when calculating EPS. In view of the fact that Irish Life & Permanent plc does not hold the shares for its own benefit, EPS based on a weighted average number of shares in issue is disclosed. The calculation is set out below:

	6 months to 30 June 2007	6 months to 30 June 2006	12 months to 31 Dec 2006
Weighted average ordinary shares in issue and ranking for dividend excluding treasury shares and own shares held for the benefit of life assurance policyholders	**267,495,053**	265,218,470	266,144,143
Weighted average ordinary shares held for the benefit of life assurance policyholders	**7,786,235**	7,823,913	7,677,528
Weighted average ordinary shares in issue and ranking for dividend including own shares held for the benefit of life assurance policyholders	**275,281,288**	273,042,383	273,821,671
Profit for the period attributable to equityholders	**€289m**	€202m	€561m
EPS including own shares held for the benefit of life assurance policyholders	**105 cent**	74 cent	204.9 cent
Operating profit (before minority interest) after tax for the period	**€283m**	€222m	€487m
Operating EPS including own shares held for the benefit of life assurance policyholders	**102.8 cent**	81.3 cent	177.9 cent

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

12 Reconciliation of shareholders' equity on Statutory basis to EV basis

	30 June 2007		
	Net worth	**VIF**	**Total**
	€m	**€m**	**€m**
Statutory shareholders' equity excluding minority interest as at 30 June 2007	**1,781**	**696**	**2,477**
Change insurance shareholder value of in-force to post tax basis	**118**	**(118)**	-
Shareholder value of in-force on investment contracts	**-**	**912**	**912**
Changes in presentation of cost of FOGs	**16**	**(16)**	-
Deferred front end fees on investment contracts	**140**	**-**	**140**
Deferred acquisition costs on investment contracts	**(226)**	**-**	**(226)**
Restatement of investment liabilities to regulatory basis	**(36)**	**-**	**(36)**
Unwind own shares statutory adjustment	**63**	**-**	**63**
Change in the basis of deferred tax provisioning	**(1)**	**22**	**21**
EV basis shareholders' equity excluding minority interest as at 30 June 2007	**1,855**	**1,496**	**3,351**

	30 June 2006		
	Net worth	VIF	Total
	€m	€m	€m
Statutory shareholders' equity excluding minority interest as at 30 June 2006	1,551	600	2,151
Change insurance shareholder value of in-force to post tax basis	99	(99)	-
Shareholder value of in-force on investment contracts	-	710	710
Changes in presentation of cost of FOGs	24	(24)	-
Deferred front end fees on investment contracts	143	-	143
Deferred acquisition costs on investment contracts	(179)	-	(179)
Restatement of investment liabilities to regulatory basis	(49)	-	(49)
Unwind own shares statutory adjustment	66	-	66
Change in the basis of deferred tax provisioning	5	(8)	(3)
Deferred tax on above adjustments	11	-	11
EV basis shareholders' equity excluding minority interest as at 30 June 2006	1,671	1,179	2,850

	31 December 2006		
	Net worth	VIF	Total
	€m	€m	€m
Statutory shareholders' equity excluding minority interest as at 31 December 2006	1,722	663	2,385
Change insurance shareholder value of in-force to post tax basis	118	(118)	-
Shareholder value of in-force on investment contracts	-	808	808
Changes in presentation of cost of FOGs	20	(20)	-
Deferred front end fees on investment contracts	142	-	142
Deferred acquisition costs on investment contracts	(203)	-	(203)
Restatement of investment liabilities to regulatory basis	(39)	-	(39)
Unwind own shares statutory adjustment	81	-	81
Change in the basis of deferred tax provisioning	5	18	23
Deferred tax on above adjustments	2	-	2
EV basis shareholders' equity excluding minority interest as at 31 December 2006	1,848	1,351	3,199

All of the above adjustments relate to the application of IFRS 4 including the tax implications with the exception of the own share adjustment. The own share statutory adjustment reverses the mis-match which arises under IFRS where own shares held on behalf of policyholders are required to be marked-to-market in policyholder liabilities but the matching assets are not permitted to be marked-to-market.

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

13. EV Assumptions

Principal economic assumptions

The assumed future pre-tax returns on fixed interest securities are set by reference to gross redemption yields available in the market at the end of the reporting period. The risk free rate of return used for the risk discount rate is based on the yield available for the effective duration of the future cash-flows underlying the PVIF. The corresponding return on equities and property is equal to the risk free rate assumption plus the appropriate risk premium. An asset mix based on the assets held at the valuation date within policyholder funds has been assumed within the projections.

	30 June 2007	30 June 2006	31 December 2006
Equity risk premium	**3.0%**	3.0%	3.0%
Property risk premium	**2.0%**	2.0%	2.0%
Risk free rate	**4.6%**	4.0%	3.9%
Investment return			
- Fixed interest	**4.0% - 5.7%**	3.1% - 4.4%	3.5% - 4.6%
- Equities	**7.6%**	7.0%	6.9%
- Property	**6.6%**	6.0%	5.9%
Risk margin	**3.4%**	3.3%	3.5%
Risk discount rate	**8.0%**	7.3%	7.4%
Expense inflation	**4.4%**	3.9%	4.1%

Other assumptions

The assumed future mortality and morbidity assumptions are based on published tables of rates, adjusted by analyses of recent operating experience. Persistency assumptions are set by reference to recent operating experience.

The management expenses attributable to life assurance business have been analysed between expenses relating to the acquisition of new business and the maintenance of business in-force. No allowance has been made for future productivity improvements in the expense assumptions.

Projected tax has been determined assuming current tax legislation and rates. Deferred tax on the release of the retained surplus in the Life Business is allowed for in the PVIF calculations.

EV results are computed on a before and after tax basis.

Treatment of financial options and guarantees (FOGs)

The main options and guarantees for which FOG costs have been determined are

(a) Investment guarantees on certain unit-linked funds, where the unit returns to policyholders are smoothed subject to a minimum guaranteed return (in the majority of cases the minimum guaranteed change in unit price is 0%, usually representing a minimum return of the original premium). An additional management charge is levied on policyholders investing in these funds, compared to similar unit-linked funds without this investment guarantee. This extra charge is allowed for in calculating the time value of FOG cost;

(b) Guaranteed Annuity Rates on a small number of products;

(c) Return of Premium death guarantees on certain unit-linked single premium products;

(d) Guaranteed benefits for policies in the closed with-profit fund.

Notes to the 2007 EV basis interim financial information
Six months to 30 June 2007

13. EV Assumptions (cont.)

The main asset classes relating to products with options and guarantees are European and International equities, Property, and government bonds of various durations.

The Deloitte's TSM Streamline ***Market Consistent*** model is used to derive the cost of FOGs. The model is calibrated to the yield curve and to the market prices of equity options. Ten years of historical weekly data are used to derive the correlation between the returns of different asset classes.

The model uses the difference between two inverse Gaussian distributions to model the returns on each asset class. This allows the model to produce fat-tailed distributions, and provides a good fit to historical asset return distributions.

Statistics relating to the model are set out in the following table:

30 June 2007	10-Year Return		20-Year Return	
	Mean[1]	**StDev[2]**	**Mean**	**StDev**
European Assets (euro)				
Bonds	4.7%	1.8%	4.8%	4.0%
Equities, Property	4.7%	20.5%	4.8%	20.6%
UK Assets (Sterling)				
Bonds	5.5%	2.3%	5.0%	5.0%
Equities	5.5%	18.3%	5.0%	19.3%

30 June 2006	10-Year Return		20-Year Return	
	Mean[1]	**StDev[2]**	**Mean**	**StDev**
European Assets (euro)				
Bonds	4.1%	1.8%	4.4%	4.1%
Equities, Property	4.1%	22.2%	4.4%	23.0%
UK Assets (Sterling)				
Bonds	4.7%	2.4%	4.5%	5.2%
Equities	4.7%	20.3%	4.5%	21.5%

31 December 2006	10-Year Return		20-Year Return	
	Mean[1]	**StDev[2]**	**Mean**	**StDev**
European Assets (euro)				
Bonds	4.0%	1.8%	4.13%	4.0%
Equities, Property	4.0%	18.7%	4.13%	19.1%
UK Assets (Sterling)				
Bonds	4.75%	2.2%	4.35%	4.7%
Equities	4.75%	17.5%	4.35%	18.7%

1. *The Market Consistent nature of the model means that that all asset classes earn the risk free rate. No value is added by investing in riskier assets with a higher expected rate of return. The Means quoted above reflect this.*

2. *Standard Deviations are calculated by accumulating a unit investment for n years in each simulation, taking the natural logarithm of the result, calculating the variance of this statistic, dividing by n and taking the square root. The results are comparable to implied volatilities quoted in investment markets.*

14. The EV basis interim financial information (which is unaudited) was approved by the Board of Directors on 28 August 2007.

Independent review report to Irish Life & Permanent plc

Introduction

We have been engaged by the Company to review the Embedded Value ("EV") basis interim financial information for the six months ended 30 June 2007 set out on pages 10 to 27. The EV basis interim financial information has been prepared in accordance with the European Embedded Value ("EEV") Principles issued in May 2004 by the CFO Forum using the methodology and assumptions set out on pages 10 to 13. The EV basis interim financial information should be read in conjunction with the Company's interim IFRS financial information which is set out on pages 31 to 40.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the EV basis interim financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Irish Stock Exchange. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The Interim Report, including the EV basis interim financial information contained therein, is the responsibility of and has been approved by the directors. The directors have accepted responsibility for preparing the EV basis interim financial information in accordance with the EEV Principles and for determining the assumptions used in the application of those principles.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 Review of interim financial information issued by the Auditing Practices Board for use in Ireland and the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the EV basis interim financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK & Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the EV basis interim financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the EV basis interim financial information as presented for the six months ended 30 June 2007.

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1

28 August 2007

Statutory Basis

Commentary on Statutory Results

Statutory profits after tax, attributable to equityholders, on continuing activities for the six months to June 2007 are €222m, an increase of 71% on the June 2006 return of €130m. The after tax profit on continuing operations reflects strong new business growth in the life businesses combined with growth in net interest margin in the bank.

The EV information set out on pages 4 to 27 employs the embedded value methodology for all of the group's insurance and investment business. The statutory results use embedded value for insurance contracts only, with investment contracts being accounted under IFRS. Banking and other businesses are accounted for under the same basis in both statutory and EV results.

In the banking business total loan balances outstanding increased 9% to €36.7bln (Dec 2006: €33.7bln) with total new loans issued of €6.3bln in the six month to June 2007 (June 2006: €6.4bln). An analysis of banking profits is included on page 5 of this report.

The first half of 2007 outcome includes gains of €17m in respect of the fall in the value of Irish Life & Permanent shares held for the benefit of policyholders. This reflects the fall in value of Irish Life & Permanent shares during the period which reduces policyholder liabilities but under IFRS the corresponding fall in the value of the assets is not recognised. The amount in corresponding period in 2006 was a charge of €11m as there was an increase in the value of the share in the period.

The first half of 2007 includes a charge of €0m (2006: €5m) in respect of the uplift in the value of owner occupied buildings held for the benefit of policyholders. These uplifts increase policyholder liabilities but under IFRS the corresponding increase in the asset is not recognised in the income statement.

The statutory basis profits include the effects of economic variances on the insurance business. These were negative €19m in the six months to June 2007 compared to a negative return of €21m in the corresponding period in 2006, a positive change of €2m.

In the life business new business written (including fund flows into ILIM) on an APE basis increased by 66% to €594m (June 2006: €358m). Gross inflows into ILIM to June 2007 were €2.4bln compared to €1.1bln to June 2006. The group enjoyed significant growth in new business on both insurance and investment contracts which is reflected in the 26% growth in premiums on insurance contracts from €325m in June 2006 to €410m in June 2007. The new business resulted in a negative new business contribution of €3m in the reported June 2007 statutory profits, compared to a negative contribution of €12m in June 2006. Under IFRS the fixed cost of acquiring investment contract new business is recognised in the year of acquisition whilst profit flows are recognised over the life of the contract.

The change in insurance contract liabilities shows a reduction in liabilities of €16m compared to €150m to June 2006. This is mainly due to an increase in annuity sales in 2007 compared to 2006 and the relative movements in medium to long-term Euro interest rates which is compensated by a corresponding reduction in the investment return. The change in investment contract liabilities has increased from €327m in June 2006 to €1,223m in June 2007 due to higher market growth in 2007 compared to 2006 offset by a €8m reduction in the time value of investment financial option and guarantee costs. The liability investment return effects above are reflected in the increase in the investment return which was €1,299m in June 2007 compared to €257m in June 2006. The investment return includes €7m in respect of minority interests in the market growth of property unit trusts held by the life company.

Administrative expenses increased 10% to €267m in June 2007 from €242m in June 2006. This principally reflects the increase in costs associated with the buoyant new business issued. Expenses in 2007 include a €3m contribution to the Government Social Finance Initiative.

The post-tax profits achieved in Allianz, (a general insurance business in which the group has a 30% interest) to June 2007, were €18m, compared to €19m in June 2006 where lower underwriting profits were offset by the profit from the sale of the businesses head office and higher investment returns.

Under IFRS the effective tax rate is distorted by the inclusion of additional tax paid by policyholders. The tax charge to June 2007 was €35m compared to €25m to June 2006.

Basis of Preparation - Statutory interim financial information

The unaudited 2007 statutory interim financial information on pages 31 to 40 has been prepared using the accounting policies adopted by the group in its last set of consolidated financial statements. The interim results are prepared in accordance with the recognition and measurement principles of the IFRS issued by the International Accounting Standards Board and adopted by the EU which apply at 30 June 2007.

IFRS 4 brought into force phase 1 of the IASB's insurance accounting project. In view of the phased implementation of IFRS for insurance business, the group believes that shareholders will continue to place considerable reliance on embedded value information relating to the life assurance business as a whole. The statutory financial information includes insurance contracts written in the life assurance business based on embedded value earnings calculated using the EEV principles developed by the European CFO forum. The EV basis financial information on pages 10 to 27 extends these principles to investment contracts written in the life assurance business.

The 2007 statutory interim financial information has been prepared on a consistent basis with 31 December 2006 financial statements and 30 June 2006 interim financial information using the same accounting policies and methods of computation.

Estimates and assumptions

Certain amounts recorded include estimates and assumptions made by management about insurance liability reserves, investment valuations, interest rates, demographic and other factors. Actual results may differ from the estimates made.

Consolidated Interim Income Statement - Statutory Basis (Unaudited)
Six months to 30 June 2007

	Notes	**6 months to 30 June 2007 €m**	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Interest receivable	2	**1,105**	635	1,602
Interest payable	3	**(878)**	(442)	(1,193)
		227	193	409
Fees and commission income	4	**42**	35	78
Fees and commission expenses	5	**(61)**	(51)	(97)
Trading income		**5**	6	12
Premiums on insurance contracts		**410**	325	584
Reinsurers' share of premiums on insurance contracts		**(113)**	(99)	(204)
Investment return		**1,299**	257	2,813
Fees from investment contracts and fund management		**131**	128	247
Change in shareholders' value of in-force business		**32**	54	117
Operating income		**1,972**	848	3,959
Claims on insurance contracts		**(227)**	(211)	(410)
Reinsurers' share of claims on insurance contracts		**64**	62	117
Change in insurance contract liabilities		**16**	150	9
Change in reinsurers' share of insurance contracts liabilities		**(36)**	(100)	(35)
Change in investment contract liabilities		**(1,223)**	(327)	(2,672)
Administrative expenses		**(267)**	(242)	(497)
Depreciation and amortisation				
Property and equipment		**(13)**	(13)	(28)
Intangible assets - software		**(9)**	(8)	(15)
Investment expenses		**(21)**	(15)	(28)
Provision for impairment losses on loans and receivables		**(8)**	(7)	(14)
Operating expenses		**(1,724)**	(711)	(3,573)
Operating profit		**248**	137	386
Share of profits of associated undertaking / joint venture		**17**	19	55
Profit before taxation		**265**	156	441
Taxation		**(35)**	(25)	(80)
Profit for the period		**230**	131	361
Attributable to				
Equityholders		**222**	130	358
Minority interests	9	**8**	1	3
		230	131	361
Earnings per share		**Cent**	Cent	Cent
Basic	7	**83.0**	49.0	134.5
Diluted	7	**82.0**	48.4	132.9

Consolidated Interim Balance Sheet - Statutory Basis (Unaudited)
As at 30 June 2007

	Notes	**30 June 2007 €m**	30 June 2006 €m	31 Dec 2006 €m
Assets				
Cash and balances with central banks		**256**	204	228
Items in course of collection		**239**	262	152
Financial assets				
- Debt securities		**9,644**	9,119	9,051
- Equity shares and units in unit trusts		**17,900**	13,523	15,985
- Derivative assets		**1,338**	452	816
- Loans and receivables to customers	6	**36,724**	29,907	33,732
- Loans and receivables to banks		**4,041**	6,439	8,429
Investment properties		**3,650**	2,665	3,340
Reinsurance assets		**1,950**	1,927	1,991
Prepayments and accrued income		**350**	394	358
Interest in associated undertaking / joint venture		**173**	157	174
Property and equipment		**495**	421	486
Shareholder value of in-force business		**696**	600	663
Goodwill and intangible assets		**257**	264	261
Deferred acquisition costs		**236**	186	212
Net post retirement benefit asset		**79**	71	73
Other assets		**380**	117	185
Total assets		**78,408**	66,708	76,136
Liabilities				
Financial liabilities				
- Deposits by banks		**2,018**	3,800	5,526
- Customer accounts		**14,429**	12,833	13,643
- Debt securities in issue		**20,233**	15,747	18,432
- Non-recourse funding - securitised assets		**3,534**	4,159	3,813
- Derivative liabilities		**894**	350	610
- Investment contract liabilities		**27,398**	21,236	24,762
Insurance contract liabilities		**4,057**	3,905	4,073
Outstanding insurance and investment claims		**139**	127	124
Accruals and deferred income		**436**	322	379
Other liabilities		**428**	244	435
Current tax liabilities		**36**	31	10
Deferred tax liabilities		**201**	161	199
Net post retirement benefit liability		**165**	157	159
Deferred front end fees		**147**	150	148
Subordinated liabilities		**1,650**	1,326	1,391
Total liabilities		**75,765**	64,548	73,704
Equity				
Share capital	10	**88**	88	88
Share premium	10	**123**	108	116
Retained earnings	10	**1,987**	1,736	1,904
Other reserves	10	**279**	219	277
Equity excluding minority interest		**2,477**	2,151	2,385
Minority interests	9	**166**	9	47
Total equity including minority interest		**2,643**	2,160	2,432
Total liabilities and equity		**78,408**	66,708	76,136

Consolidated Interim Statement of Recognised Income and Expense - Statutory Basis (Unaudited)
Six months to 30 June 2007

	Notes	**6 months to 30 June 2007 €m**	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Revaluation of property & equipment	10	**6**	19	82
Share of associate revaluation reserve			-	7
Change in value of available for sale financial assets	10	**(3)**	1	2
Deferred tax		**(1)**	-	(12)
Net amount recognised directly in equity		**2**	20	79
Profit for the period		**230**	131	361
Total recognised income and expense for the period		**232**	151	440
Attributable to :				
Equityholders		**224**	150	436
Minority interest	9	**8**	1	4
Total recognised income and expense for the period		**232**	151	440

Condensed Consolidated Interim Statutory Cashflow Statement (Unaudited)
Six months to 30 June 2007

	6 months to 30 June 2007 €m	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Net cashflows from operating activities	**(830)**	495	938
Investing activities			
Purchase of property and equipment	**(20)**	(14)	(34)
Sale of property and equipment	**4**	3	6
Purchase of intangible assets	**(6)**	(5)	(9)
Purchase of subsidiary undertaking	**-**	(3)	(3)
Investment in joint venture	**(1)**	-	(1)
Dividends received from associated undertaking	**19**	29	56
Net cashflows from investing activities	**(4)**	10	15
Financing activities			
Issue of ordinary share capital	**7**	35	43
Purchase of treasury shares for long term incentive plan	**-**	-	(4)
Issue of new subordinated liabilities	**307**	-	51
Interest paid on subordinated liabilities	**(50)**	(44)	(70)
Equity dividends paid	**(132)**	(117)	(173)
Net cashflows from financing activities	**132**	(126)	(153)
(Decrease) / increase in cash and cash equivalents	**(702)**	379	800
Analysis of changes in cash and cash equivalents			
Cash and cash equivalents at 1 January	**1,356**	556	556
Net cashflow before effect of exchange translation adjustments	**(702)**	379	800
Cash and cash equivalents at end of period	**654**	935	1,356

Notes to the 2007 Interim Statement - Statutory basis
Six months to 30 June 2007

1. Segmental Information

Segmental information is presented in respect of the group's business segments based on the group's management reporting and internal structure. The group comprises the following main business segments:

Banking	Retail banking services including current accounts, residential mortgages and other loans.
Insurance and investment	Long term savings products including pensions to both individuals and group schemes.
General insurance	Property and casualty insurance carried out through the group's associate company Allianz-Irish Life Holdings Plc.
Other	This includes a number of small business units including third party life assurance administration, insurance brokerage and corporate costs which are not attributable to any business unit.

The segmental results are as follows

6 months to 30 June 2007	Banking	Insurance & investment	General insurance	Other	Eliminations [1]	**Total**
Net interest receivable - external	**248**	**(22)**	**-**	**-**	**1**	**227**
- inter segmental	**(7)**	**-**	**-**	**-**	**7**	**-**
Other non-interest income - external	**27**	**(57)**	**-**	**16**	**-**	**(14)**
- inter segmental	**-**	**(6)**	**-**	**6**	**-**	**-**
Premiums on insurance contracts, net of reinsurance	**-**	**297**	**-**	**-**	**-**	**297**
Investment return	**1**	**1,306**	**-**	**-**	**(8)**	**1,299**
Fees from investment contracts and fund management	**-**	**120**	**-**	**11**	**-**	**131**
Change in shareholders' value of in-force business	**-**	**32**	**-**	**-**	**-**	**32**
Operating income	**269**	**1,670**	**-**	**33**	**-**	**1,972**
Claims on insurance contracts, net of reinsurance	**-**	**(163)**	**-**	**-**	**-**	**(163)**
Change in insurance / investment contract liabilities	**-**	**(1,243)**	**-**	**-**	**-**	**(1,243)**
Administrative expenses	**(139)**	**(92)**	**-**	**(36)**	**-**	**(267)**
Depreciation and amortisation	**(11)**	**(10)**	**-**	**(1)**	**-**	**(22)**
Investment expenses	**-**	**(21)**	**-**	**-**	**-**	**(21)**
Provision for impairment losses on loans and receivables	**(8)**	**-**	**-**	**-**	**-**	**(8)**
Operating expenses	**(158)**	**(1,529)**	**-**	**(37)**	**-**	**(1,724)**
Operating profit	**111**	**141**	**-**	**(4)**	**-**	**248**
Share of profits of associated undertaking / joint venture	**(1)**	**-**	**18**	**-**	**-**	**17**
Taxation	**(20)**	**(14)**	**-**	**(1)**	**-**	**(35)**
Profit for the period	**90**	**127**	**18**	**(5)**	**-**	**230**

Notes to the 2007 Interim Statement - Statutory basis
Six months to 30 June 2007

1. Segmental information (continued)

6 months to 30 June 2006

	Banking	Insurance & investment	General insurance	Other	Eliminations [1]	Total
Net interest receivable - external	204	(11)	-	-	-	193
- inter segmental	(5)	-	-	-	5	-
Other non-interest income - external	29	(49)	-	10	-	(10)
- inter segmental	-	(8)	-	8	-	-
Premiums on insurance contracts, net of reinsurance	-	226	-	-	-	226
Investment return	3	259	-	-	(5)	257
Fees from investment contracts and fund management	-	117	-	11	-	128
Change in shareholders' value of in-force business	-	54	-	-	-	54
Operating income	231	588	-	29	-	848
Claims on insurance contracts, net of reinsurance	-	(149)	-	-	-	(149)
Change in insurance / investment contract liabilities	-	(277)	-	-	-	(277)
Administrative expenses	(124)	(88)	-	(30)	-	(242)
Depreciation and amortisation	(10)	(11)	-	-	-	(21)
Investment expenses	-	(15)	-	-	-	(15)
Provision for impairment losses on loans and receivables	(7)	-	-	-	-	(7)
Operating expenses	(141)	(540)	-	(30)	-	(711)
Operating profit	90	48	-	(1)	-	137
Share of profits of associated undertaking / joint venture	-	-	19	-	-	19
Taxation	(10)	(15)	-	-	-	(25)
Profit for the period	80	33	19	(1)	-	131

12 months to 31 December 2006

	Banking	Insurance & investment	General insurance	Other	Eliminations [1]	Total
Net interest receivable - external	435	(26)	-	-	-	409
- inter segmental	(6)	-	-	-	6	-
Other non-interest income - external	57	(91)	-	27	-	(7)
- inter segmental	-	(10)	-	10	-	-
Premiums on insurance contracts, net of reinsurance	-	380	-	-	-	380
Investment return	3	2,816	-	-	(6)	2,813
Fees from investment contracts and fund management	-	228	-	19	-	247
Change in shareholders' value of in-force business	-	117	-	-	-	117
Operating income	489	3,414	-	56	-	3,959
Claims on insurance contracts, net of reinsurance	-	(293)	-	-	-	(293)
Change in insurance / investment contract liabilities	-	(2,698)	-	-	-	(2,698)
Administrative expenses	(253)	(187)	-	(57)	-	(497)
Depreciation and amortisation	(20)	(22)	-	(1)	-	(43)
Investment expenses	-	(28)	-	-	-	(28)
Provision for impairment losses on loans and receivables	(14)	-	-	-	-	(14)
Operating expenses	(287)	(3,228)	-	(58)	-	(3,573)
Operating profit	202	186	-	(2)	-	386
Share of profits of associated undertaking / joint venture	(1)	-	56	-	-	55
Taxation	(29)	(51)	-	-	-	(80)
Profit for the period	172	135	56	(2)	-	361

1 Eliminations relate to inter segmental interest receivable and payable on deposits and loans together with inter segmental commission payments and receipts.

Notes to the 2007 Interim Statement - Statutory basis
Six months to 30 June 2007

2. Interest receivable	**6 months to 30 June 2007 €m**	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Loans and receivables to customers	**824**	486	858
Loans and receivables to banks	**160**	70	482
Debt securities and other fixed income securities	**71**	37	184
Lease and instalment finance	**50**	42	78
	1,105	635	1,602

3. Interest payable	**6 months to 30 June 2007 €m**	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Interest on deposits by other banks and customer accounts	**385**	111	344
Interest on debt securities in issue	**454**	300	779
Interest on subordinated debt	**39**	31	70
	878	442	1,193

4. Fees and commission income	**6 months to 30 June 2007 €m**	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Fees and commission earned on banking services	**26**	25	51
Commission earned on insurance and investment contracts	**16**	10	27
	42	35	78

5. Fees and commission expenses	**6 months to 30 June 2007 €m**	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Fees and commission payable on banking services	**4**	3	6
Commission payable on life and investment contracts	**81**	52	121
Deferral of acquisition costs on investment contracts	**(43)**	(27)	(69)
Amortisation of deferred acquisition costs on investment contracts	**19**	23	39
	61	51	97

6. Loans and receivables to customers	**6 months to 30 June 2007 €m**	6 months to 30 June 2006 €m	12 months to 31 Dec 2006 €m
Residential mortgage loans	**32,754**	26,632	30,154
Commercial mortgage loans *	**1,631**	1,245	1,490
Finance leases	**1,609**	1,353	1,392
Term loans	**566**	525	535
Money market funds	**164**	152	161
	36,724	29,907	33,732

*Commercial mortgage loans exclude loans of €473m (June 2006 €303m; December 2006:€368m) to the group's life assurance operations for the benefit of unit-linked policyholders.
There is no particular concentration of risk within these categories.

Notes to the 2007 Interim Statement - Statutory basis
Six months to 30 June 2007

7. Earnings per share	**6 months to 30 June 2007**	6 months to 30 June 2006	12 months to 31 Dec 2006
(a) Basic EPS			
Weighted average ordinary shares in issue and ranking for dividend excluding own shares held for the benefit of life assurance policyholders and treasury shares	**267,495,053**	265,218,470	266,144,143
Profit for the year attributable to equityholders	**€222m**	€130m	€358m
EPS (cent)	**83.0**	49.0	134.5
(b) Fully diluted EPS			
Weighted average of potential dilutive ordinary shares arising from the group's share option schemes	**3,374,954**	3,365,278	3,175,396
Weighted average number of ordinary shares excluding own shares held for the benefit of policyholders used in the calculation of fully diluted EPS	**270,870,007**	268,583,748	269,319,539
Fully diluted EPS (cent)	**82.0**	48.4	132.9

8. Dividends	**6 months to 30 June 2007**	6 months to 30 June 2006	12 months to 31 Dec 2006
	€m	€m	€m
Dividends paid in the period			
Final (relating to prior period)	**132**	117	117
Interim	**-**	-	56
Total	**132**	117	173
	Cent	Cent	Cent
Dividends per share in the period			
Final (relating to prior period)	**47.9**	42.8	42.8
Interim	**-**	-	20.1
Total	**47.9**	42.8	62.9

9 Minority Interests	**6 months to 30 June 2007**	6 months to 30 June 2006	12 months to 31 Dec 2006
	€m	€m	€m
Minority interests in subsidiaries			
Opening Balance	**12**	8	8
Total recognised income and expense	**1**	1	4
Closing Balance	**13**	9	12
Minority interests in property unit trusts			
(third party interests in property investment unit trusts which are consolidated in the Group's results)			
Opening Balance	**35**	**-**	**-**
Total recognised income and expense	**7**	**-**	**-**
Investment in trusts	**111**	**-**	35
Closing Balance	**153**	**-**	35
Total minority interests	**166**	9	47

Notes to the 2007 Interim Statement - Statutory basis
Six months to 30 June 2007

10. Reconciliation of movement in capital and reserves

6 months to 30 June 2007

	Share capital	Share premium	Revaluation reserve	Available for sale reserve	Other capital reserves	Retained earnings	Total excluding minority interest	Minority interest	Total including minority interest
As at start of period (published)	**88**	**116**	**260**	**1**	**16**	**1,904**	**2,385**	**12**	**2,397**
Reclassification of minority interest in property unit trusts	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**35**	**35**
	88	**116**	**260**	**1**	**16**	**1,904**	**2,385**	**47**	**2,432**
Issue of share capital	**-**	**7**	**-**	**-**	**-**	**-**	**7**	**-**	**7**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**222**	**222**	**8**	**230**
Revaluation gains (net of tax)	**-**	**-**	**4**	**-**	**-**	**1**	**5**	**-**	**5**
Change in value of available for sale financial assets	**-**	**-**	**-**	**(3)**	**-**	**-**	**(3)**	**-**	**(3)**
Third party investment in property unit trusts	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**111**	**111**
Change in own shares at cost	**-**	**-**	**-**	**-**	**-**	**(8)**	**(8)**	**-**	**(8)**
Purchase of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Equity settled transactions	**-**	**-**	**-**	**-**	**1**	**-**	**1**	**-**	**1**
Dividends	**-**	**-**	**-**	**-**	**-**	**(132)**	**(132)**	**-**	**(132)**
As at end of period	**88**	**123**	**264**	**(2)**	**17**	**1,987**	**2,477**	**166**	**2,643**

6 months to 30 June 2006

	Share capital	Share premium	Revaluation reserve	Available for sale reserve	Other capital reserves	Retained earnings	Total excluding minority interest	Minority interest	Total including minority interest
As at start of period	87	74	189	(1)	15	1,711	2,075	8	2,083
Issue of share capital	1	34	-	-	-	-	35	-	35
Revaluation gains (net of tax)	-	-	-	-	-	130	130	1	131
Revaluation gains	-	-	19	-	-	-	19	-	19
Change in value of available for sale financial assets	-	-	-	1	-	-	1	-	1
Transfer between reserves	-	-	(5)	-	-	5	-	-	-
Change in own shares at cost	-	-	-	-	-	7	7	-	7
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Equity settled transactions	-	-	-	-	1	-	1	-	1
Dividends	-	-	-	-	-	(117)	(117)	-	(117)
As at end of period	88	108	203	-	16	1,736	2,151	9	2,160

12 months to 31 December 2006

	Share capital	Share premium	Revaluation reserve	Available for sale reserve	Other capital reserves	Retained earnings	Total excluding minority interest	Minority interest	Total including minority interest
As at start of period	87	74	189	(1)	15	1,711	2,075	8	2,083
Issue of share capital	1	42	-	-	-	-	43	-	43
Profit for the period	-	-	-	-	-	358	358	3	361
Revaluation gains (net of tax)	-	-	76	-	-	-	76	1	77
Change in value of available for sale financial assets	-	-	-	2	-	-	2	-	2
Transfer between reserves	-	-	(5)	-	(1)	6	-	-	-
Change in own shares at cost	-	-	-	-	-	6	6	-	6
Purchase of treasury shares	-	-	-	-	-	(4)	(4)	-	(4)
Equity settled transactions	-	-	-	-	2	-	2	-	2
Dividends	-	-	-	-	-	(173)	(173)	-	(173)
As at end of period	88	116	260	1	16	1,904	2,385	12	2,397

11. The Interim statutory financial information (which is unaudited) was approved by the Board of Directors on 28th August 2007.

Independent review report to Irish Life & Permanent plc

Introduction

We have been engaged by the Company to review the International Financial Reporting Standards ("IFRS") basis interim financial information for the six months ended 30 June 2007 set out on pages 31 to 40. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Irish Stock Exchange. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The Interim Report, including the IFRS basis interim financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the Interim Report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual financial statements except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 *Review of interim financial information* issued by the Auditing Practices Board for use in Ireland and the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK & Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the IFRS basis interim financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the IFRS basis interim financial information as presented for the six months ended 30 June 2007.

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin 1

28 August 2007