

INTERIM RESULTS

2011:

Agenda

PAGE

2

- Economic background
- Banking - PTSB
- Life & Fund management – Irish Life

Life and related activities (“Life Group”) are treated as discontinued activities in the IL&PGH financial statements. The Life results presented – on an embedded value basis and additional IFRS information - are taken from separately prepared financial statements of the Life Group for the six months to 30 June 2011.

2011 INTERIM RESULTS

Kevin Murphy : GROUP CEO

Banking

PAGE

3

- ❑ Improved net interest margin
- ❑ Acquisition of deposit books
- ❑ Good results from LME
- ❑ Arrears continuing to deteriorate
- ❑ Increase cost of government guarantee

permanent tsb 

2011 INTERIM RESULTS

Kevin Murphy : GROUP CEO

Bank Earnings

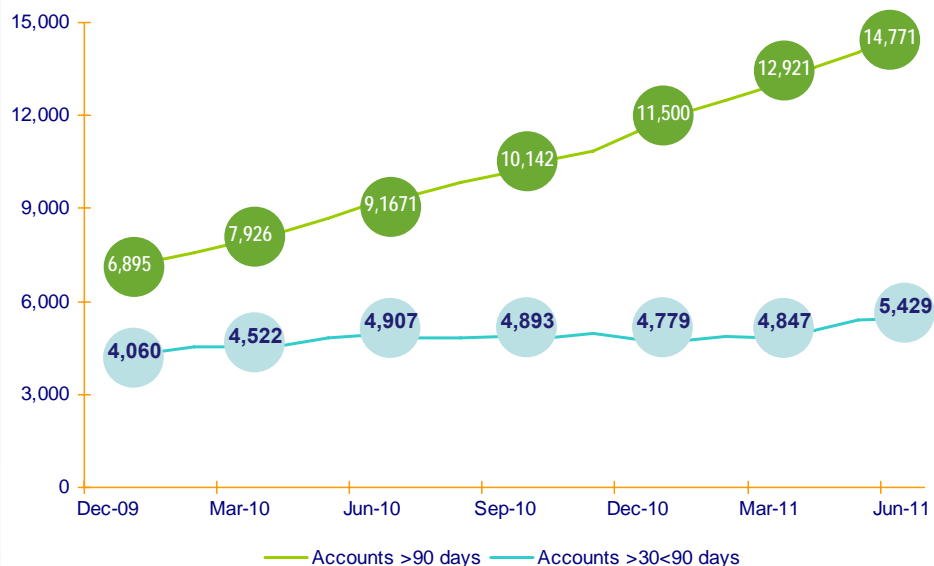
	H1 11	H1 10	Change
	€m	€m	%
Net interest income	212	192	10
Other income	21	18	
Government guarantee	(94)	(45)	
LME / Invest. Return*	740	4	
	879	169	
Expenses	(170)	(150)	
	709	19	
Impairment provisions	(333)	(150)	
Operating profit / (loss)	376	(131)	
Taxation	42	19	
Profit / (loss) after tax	418	(112)	

- ❑ Net interest income ahead given mix of funding and re-pricing
- ❑ Net interest margin 97bps excluding cost of ELG scheme (Dec 2010: 86bps)
- ❑ Significant increase in Government guarantee reflects higher cost of ELG and increased cover
- ❑ Costs down 4% excluding restructuring costs (€43m)
- ❑ Increased loan impairment provisions due to:
 - revised assumptions for house price decline
 - Arrears continuing to rise

* LME €763m less €23m incurred on own holdings of Tier 2

Bank Loan Arrears

PTSB Irish Residential Mortgage Arrears Cases*



PTSB Irish residential mortgages

- < 90 days arrears cases up 14% in H1 2011
- Average residential mortgage indexed LTV of 74% at June 2011

Total Irish residential mortgages

- > 90 days arrears cases increased to 8.8% at June 2011 (6.8% December 2010)

Total loan book

- Non-Performing Loans (NPL) balance for **total loan book** increased to 11% at June 2011 (8.9% December 2010)

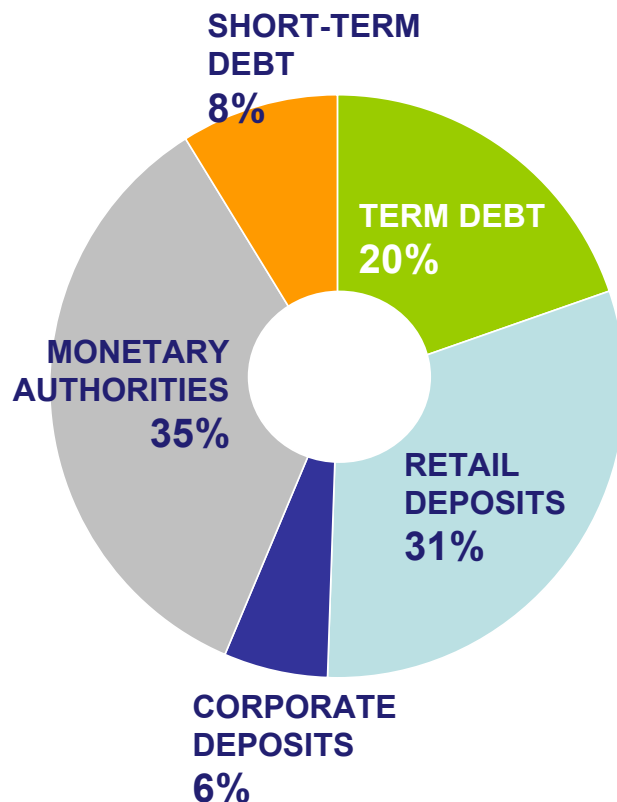
2011 INTERIM RESULTS

* includes owner-occupied & BTL

Kevin Murphy : GROUP CEO

Bank Funding Mix

June 2011 - Total €42.6n



- ❑ Retail deposits increase due to the acquisition of INBS deposits
- ❑ Corporate deposits impacted by sovereign and bank ratings downgrades
- ❑ Funding ratios

	Jun 11	Dec 10
Stable	51%	52%
LTD	227%	249%

- ❑ Agreement to acquire Northern Rock book*
- ❑ Deal agreed to raise unguaranteed secured funding of £1.4bn secured on UK loan book*

* not included in funding ratios above

2011 INTERIM RESULTS

Kevin Murphy : GROUP CEO

- ❑ Recapitalisation
 - Injection of €2.3bn equity and €0.4bn Tier 2 (contingent capital) in July
 - Generation of Tier 1 equity from redemption / sale of Tier 2 debt
 - Sale of life business
- ❑ Bank Restructuring Plan
 - Viable business post credit losses and de-leveraging in 2015
 - Mainly deposit funded, strong capitalisation and NI margin over 1%
- ❑ De-leveraging plan
 - Planning commenced and advisers appointed
- ❑ Acquisition of deposit books
 - INBS book acquired in February
 - Agreement to acquire Northern Rock book

- ❑ Sales broadly in line with 2010
- ❑ Risk experience positive
- ❑ Continued weakness in Retail persistency
- ❑ Strong capital position – solvency cover increased to 179%



Irish Life

Life Earnings – New Business

H1 2011	€m	▲%
Retail	68	+5
Corporate	66	(6)
ILIM	137	+14
Total*	271	+6

* APE basis (excluding ILI)

Margin	H1 2011 %	FY 2010 %
Life	7.9	11.5
ILIM	5.3	6.1

- ❑ Overall sales* ▲ 6%
- ❑ Single premium life sales ▲ 24%
 - Investment bonds ▲ 39%
 - Pension ▲ 19%
- ❑ Annual premium life sales ▼ 15%
 - Low salary growth and recruitment
 - Impact of budget measures
- ❑ ILIM continues to outperform
 - Inflows to €1.4bn
- ❑ Life margin principally down due to persistency assumption changes in 2010

Life Earnings – EV Basis

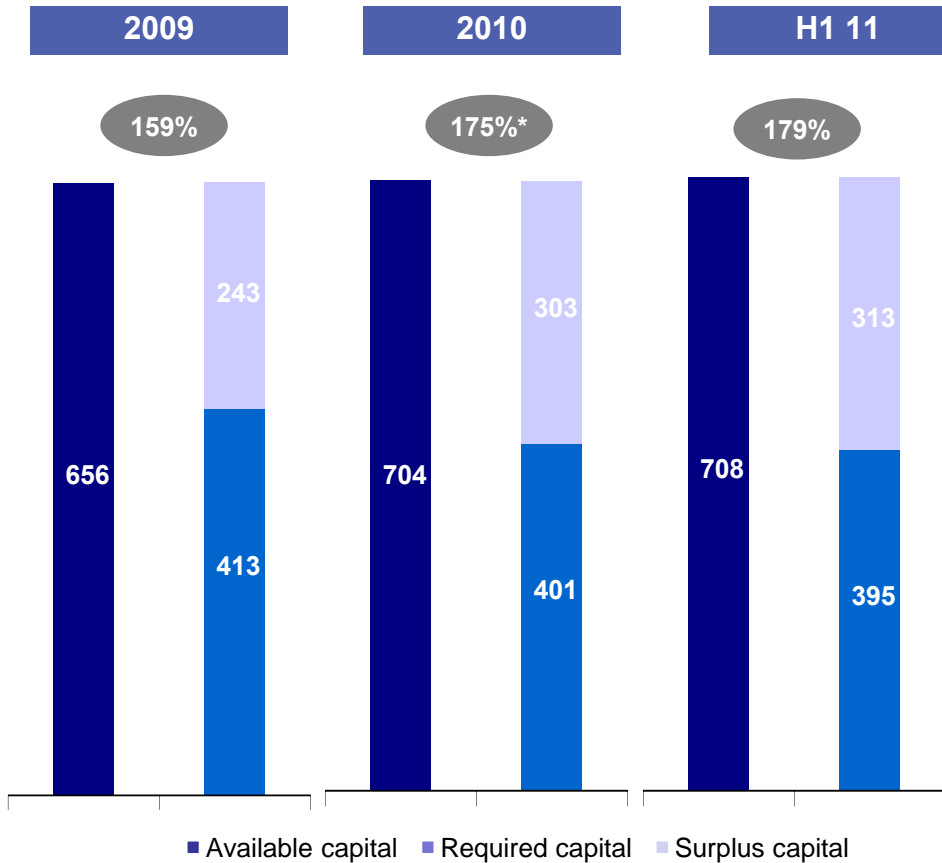
	H1 11	H1 10	Change
	€m	€m	%
New business	19	28	(32)
In-force			
• Expected return	68	68	
• Persistency	(13)	(7)	
• Risk	9	19	
• Other	(4)	(3)	
	60	77	(22)
• VSS / expenses	(2)	13	
• Pension levy	(13)	-	
In-force business	45	90	(50)
Operating profit	64	118	(46)
Investment fluctuations	(46)	(11)	
Economic assumptions / other	(28)	(7)	
Total (loss) / profit before tax	(10)	100	

2011 INTERIM RESULTS

- Combined Retail and Corporate life new business volumes flat offset by strong sales in ILIM
 - Overall sales ↑ 6%
 - Margins down
- In-force earnings
 - Lower risk profits and weaker persistency
 - Full impact of pension levy plus Retail restructuring costs
- Embedded value impacts:
 - Falling equity markets and property values - €46m
 - Increased reserving margins and increase in risk discount rate

Kevin Murphy : GROUP CEO

Life Capital & Cash Flows



2011 INTERIM RESULTS

- Strong capital position
 - Surplus €313m
 - Solvency margin cover 179%
- VIF loan repaid
- Dividend of €143m paid to bank
- S&P rating credit profile of ILA (26 Aug 2011) – ‘very strong risk-based capital adequacy’
- Operating life & fund management cash-flow of €68m in H1 2011

* after repayment of VIF loan & dividend paid to ILPGH

Kevin Murphy : GROUP CEO

- ❑ Good progress on sale of life company
 - Maximise return for company
 - Minimise capital requirement from tax payer / shareholders
- ❑ Trade sale
 - Information Memorandum issued
 - 2nd round in progress
- ❑ IPO
 - Evaluate through September
- ❑ Irish Life International
 - Sale to complete

Summary

- ❑ Strong capital position
 - Bank capital 26%
 - Life solvency cover 179%
- ❑ Banking
 - Deleveraging progressing
 - Restructuring plan submitted
- ❑ Life
 - New ownership structure

Forward looking statement

PAGE

14

A number of statements we make 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 US 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.

Irish Life & Permanent undertakes no obligation to update the forward-looking statements contained in this presentation. Forward-looking statements made in this presentation relate only to events as of the date on which they are made.

2011 INTERIM RESULTS

Additional information

PAGE

15

Page

- 16. Irish Life Group operating (loss) - EV basis
- 17. Irish Life Group variances and assumptions
- 18. Irish Life Group IFRS operating profit – segmental analysis
- 19. Irish Life Group IFRS operating profit – business line
- 20. Irish Life Group IFRS and EV basis results reconciliation

2011 INTERIM RESULTS

Irish Life Group Operating Profit - EV Basis

PAGE 16

	H1 2011	FY 2010
	€m	€m
Life assurance	53	127
Fund management	11	33
	64	160
Other	5	8
Share of Associate	0	9
	69	177
Investment fluctuations	(46)	49
Economic variance	(31)	(51)
VIF loan / goodwill impairment	3	(33)
(Loss) / profit before Tax	(5)	142

2011 INTERIM RESULTS

Irish Life Group Variances & Assumptions

PAGE 17

	Experience Variances		Assumption Changes	
	H1 11	H1 10	H1 11	H1 10
	€m	€m	€m	€m
Persistency	(8)	(7)	(5)	-
Risk	9	19	-	-
Expenses / Other	(15)	1	(4)	9
	(14)	13	(9)	9

2011 INTERIM RESULTS

Irish Life Group Operating Profit - IFRS Basis

PAGE 18

	H1 2011	FY 2010
	€m	€m
Life assurance	78	171
Fund management	8	16
	86	187
Other	5	8
Share of associate	0	9
Total operating profit	91	204
Investment fluctuations	(14)	22
Economic variance	(40)	(31)
VIF loan financing costs	(18)	-
Restructuring costs / other	(4)	3
Profit before Tax	15	198

2011 INTERIM RESULTS

Irish Life Group Operating Profit - IFRS Basis

PAGE 19

	H1 2011	FY 2010
	€m	€m
Investment contracts	116	216
Insurance contracts	130	287
Fees & commission	13	25
Return on shareholder assets	10	16
Total income	269	544
Acquisition costs / expenses	(161)	(321)
Other	(17)	(28)
Total expenses	(178)	(349)
Share of associate	-	9
Total operating profit	91	204
Investment fluctuations	(14)	22
Economic variance	(40)	(31)
VIF loan financing costs	(18)	-
Restructuring costs / other	(4)	3
Profit before Tax	15	198

2011 INTERIM RESULTS

Irish Life Group - IFRS / EV Reconciliation

	H1 2011 S' Holders Equity* €m	Total (Loss) / Profit €m
Embedded Value basis	1,781	(5)
Investment business		
• Value of in-force	(1,154)	(77)
• Deferred costs & fees	228	(11)
• Restatement of liabilities	63	0
Other	(41)	108
IFRS basis	877	15

* net of tax

Contact Information

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

www.irishlifepermanent.ie

Contact details:

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