



Friday 20th June 2008

DAILY COMPANY NOTE — Irish Life & Permanent See page 2 for full details

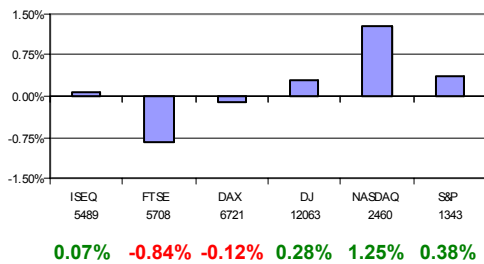
Daily Market Comment

Yesterday's Summary : With UK retail sales posting larger than expected gains and encouraging US continuing jobless claims data, the ISEQ crept into positive territory yesterday, closing 0.07% higher at 5,489.38. Among the financials, Irish Life & Permanent was the outperformer, climbing 5.14% to €9.20, after releasing a reassuring trading statement. The rest of the financials suffered from the news that HBOS wrote down another £1bn, as AIB shed 3.19% to €10.40, Bank of Ireland finished relatively flat at €6.57 and Anglo Irish Bank closed down 1.3% at €6.90. CRH, reversing its recent downward trend, added 75 cent to €18.90.

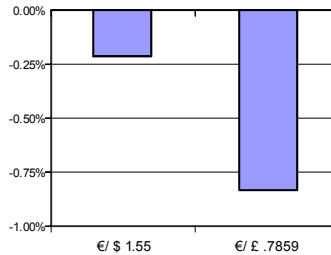
Overnight News : In Japan, the Nikkei 225 ended down 1.3% at 13,942.08, led by banking stocks amid renewed worries about risks faced by the U.S. financial sector. China's benchmark Shanghai Composite Index closed up 3.01% at 2,831.74, as it was boosted by oil refiners and power producers, after the government raised prices of gasoline, diesel and electricity.

Breaking News : According to media speculation, Barclays are close to a potential capital raising to shore up its balance sheet. The reports suggest that Sumitomo Mitsui Banking Corp is in the final stages of negotiations over a £470m capital infusion. Meanwhile, Moody's Investors Service has cut its ratings on Ambac Financial Group and MBIA due to concerns about the bond insurers' financial health. The rating house cut the insurance financial strength ratings for Ambac to "Aa3" from "Aaa" and for MBIA to "A2" from "Aaa". Shares in Citigroup dropped more than 3% to \$19.66 last night as Chief Financial Officer for the group, Gary Crittenden, told investors that the bank could have substantial subprime write-downs in the second quarter. HBOS has said it expects British house prices to fall 9% in 2008, which is compared to its previous guidance of mid single digit decline issued in April.

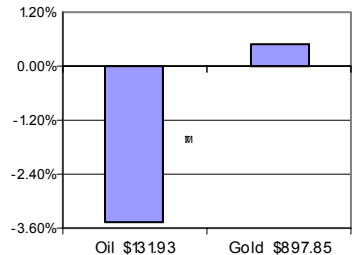
Equity Indices change on day



Currency daily % change



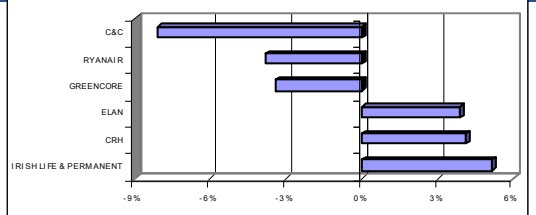
Oil/Gold daily % change



News

- "IL&P boss moves to rule out increased dividend"-**Irish Life & Permanent**-(I.I)
- "HBOS shares plummet amid €1bn writedowns"-**HBOS**-(Irish independent)
- "Elan's share health improve but relapse is possible"-**Elan**-(the Irish Times)
- "Oil falls \$4 after China announces fuel price hike"-(Irish Examiner)
- "Call for ECB to rethink rate rise"-(Irish Examiner)

ISEQ Performers/Losers 19/06/08



Market Themes and Movers

Inflation Pressures Continue: German producer-price inflation, an early indicator of economic pricing pressures in the economy, accelerated to its fastest pace in two years. Prices for goods from newsprint to plastics increased by 6% from last year and ahead of analyst expectations of 5.8%. Energy prices rose by 15% from a year earlier and oil prices were up by 25.9%. Inflation has been pushed up by record food and energy prices and is beginning to weigh on consumer spending in the Euro-Zone. Recall that on June 5th ECB President Jean Claude Trichet said that the central bank is on 'high inflation alert' and that it may increase interest rates when it meets on July 3rd. The market currently expects the ECB to increase interest rates by 0.25% to 4.25% next month.

China Raises Fuel Prices : China unexpectedly increased gasoline and diesel prices by at least 17% and increased power tariffs to curtail energy use that has been driving up inflation. The record price increase, the first since November, may ease refining losses at China Petroleum & Chemical Corp and PetroChina who have been forced to sell fuels below cost. Gasoline will increase by 17%, diesel will rise by 18% while jet fuel will climb by 25%. The announced increases sent crude oil down \$5 to \$132 on speculation that the increased prices will curb demand. Oil could potentially weaken next week if Saudi Arabia increases oil production by more than the 200,000 barrels a day that has been speculated.



Dolmen Securities
 75 St. Stephen's Green, Dublin 2, Ireland.
 45 South Mall, Cork, Ireland
 Theatre Court, Mallow St, Limerick, Ireland.

Website : www.dolmenstockbrokers.ie
 Tel : +353 1 633 3800/1890 400 300
 Tel : +353 21 422 2122
 Tel : +353 61 436 500

E-mail: info@dsl.ie
 E-mail: cork@dsl.ie
 E-mail: Limerick@dsl.ie

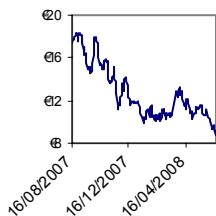
Irish Life & Permanent

Target
€14
Previous (14/12/07)
€15.50
Current
€9.18
ISEQ
Insurance
Company Profile

The Group's principal activity is providing financial services in Ireland. The Group operates through its Insurance and Investment, Banking, General Insurance and Other segments. Insurance and Investment includes long term savings products including pensions to both individuals and group schemes.

Fundamental view : Irish Life & Permanent (IL&P) has released a better-than-feared pre-close trading statement for H1 2008. The guidance that full year 2008 group pre-tax operating profit remains on course to be "down mid to high single digit percent" from the record result of €590m in 2007 is in line with the current consensus forecasts for 2008 group pre-tax operating profit and eps of €540m and €1.74 respectively. Life sales, excluding investment sales by ILIM, are expected to be "down by mid-teens percent" for H1 2008 from the record high SSIA maturity sales level of H1 2007, as a sharp fall in bond sales more than offsets some slight year on year growth in pension and protection sales. Full year life sales remain on course to be "down by circa 10%," and as a result, c.€25m of cost reductions have now been targeted across the life business. ILIM is expected to have H1 2008 inflows of over €1 bn and full year 2008 inflows of €2.5 bn. Full year 2008 bank earnings remain on course to be "down by low teens percent" assuming that current funding conditions persist for the remainder of the year, as "low single digit percent" balance sheet growth is more than offset by 0.17% net interest margin erosion from increased funding costs. However, credit quality across the loan book remains strong, with the number of arrears cases in the Irish residential mortgage portfolio broadly unchanged from the record low as at 31/12/07 and only a very modest deterioration in the group's UK loan book, resulting in guidance for a total full year 2008 impairment charge of between 0.07% and 0.08%.

Next catalyst : It was announced that c.€2 bn of the €3 bn of debt maturing in Q3 2008 will have been refinanced by 30/06/08, with the balance expected to be funded in July. Also, c.€100m of the €150m of Tier 2 debt needing to be refinanced in 2008 has now been done. The group confirmed that it will report strong capital ratios as at 30/06/08, with a Tier 1 capital ratio of 9.9% for the bank, and the life minimum solvency requirement expected to be covered 1.6 times. As a result, it was confirmed that the group's capital requirements can be satisfied by "internal sources", net of dividend payments. This confirmation also provides reassurance that the consensus current year dividend per share of 75c can be relied upon, representing a yield of 8.2% on the current share price. Potential positive share price catalysts during Q3 2008 would include the group's H1 2008 results' announcement on 27th August, as well as any overall improvement in credit market conditions which would ease funding concerns. A current year consensus eps of €1.74 implies a current pe ratio of only 5.3x, once again significantly below the consensus current year dividend yield of 8.2%.

Statistics
Price Performance

Chart View: IL&P

Support Primary: €8.35

Support Secondary: €7.70

Resistance Primary: €10.00

Resistance Secondary: €11.56

The chart outlook remains negative with the stock unable to break out of its longer-term downtrend. Given the size of the recent losses and the somewhat oversold state of the stock, some short-term gains are not unlikely. However, some caution is still warranted and downside risks remain. Expect volatility to remain elevated.

Profit by division


■ Insurance & Investment Business 61%

■ Banking 39%

Major Shareholders	%	Peer Group Multiples			
Capital Research Global	4.13%	Company name	P/E 08	P/E 09	EPS Growth 08-09
Bank of Ireland Asset Mgt.	3.93%	IL&P	5.3	5.6	-5.75%
Irish Life & Permanent	2.83%	Aviva	6.5	6.0	8.85%
Capital World Investors	2.61%	Friends Provident	10.4	9.7	6.80%
Allianz Global Investors	1.80%				
Shares Outstanding	276.78m				

Share Data		Financial Data	2007	2008	2009e
Current Price (€)	9.18	PBT (€m)	590	540	558
Mkt Cap (€m)	2,422	EPS (€)	1.47	1.74	1.64
Reuters	IPM.L	P/E(x)	6.24	5.28	5.60
Bloomberg	IPM ID	DPS (€)	0.75	0.75	0.75
Sector	Insurance	Dividend Yield	9.52%	8.17%	8.17%
CEO	Denis Casey				
CFO	Peter Fitzpatrick				
Website	www.irishlifepermanent.ie				





Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgment as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange. Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Stuart Draper, David Dunk and Stephen Taylor are responsible for the production of this report. Stuart Draper is Head of Research and David Dunk & Stephen Taylor are equity analysts.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.



DOLMEN SECURITIES LTD