



'Bank of Ireland's Strategy for Growth in a Challenging Environment'

BNP Paribas Conference

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Group Chief Executive

**SPECIAL OLYMPICS
WORLD GAMES
IRELAND 2003**

**4 June 2003
Paris**

Today's Presentation

- ❑ **Bank of Ireland Group**
- ❑ **Performance Overview**
- ❑ **State of the Nation.....Ireland**
- ❑ **Strategic Direction**
- ❑ **Conclusion**



Bank of Ireland Group

- ❑ Established 1783 by Royal Charter
- ❑ Market Capital - €10bn
- ❑ International spread of shareholders - 100% Free Float
- ❑ Total Assets of c.€90bn and Staff of c.18,000
- ❑ Number 1 or 2 in chosen domestic markets
- ❑ Focused niche player in UK and Internationally
- ❑ Asset Quality - low risk profile

Delivering high growth and returns with controlled risk



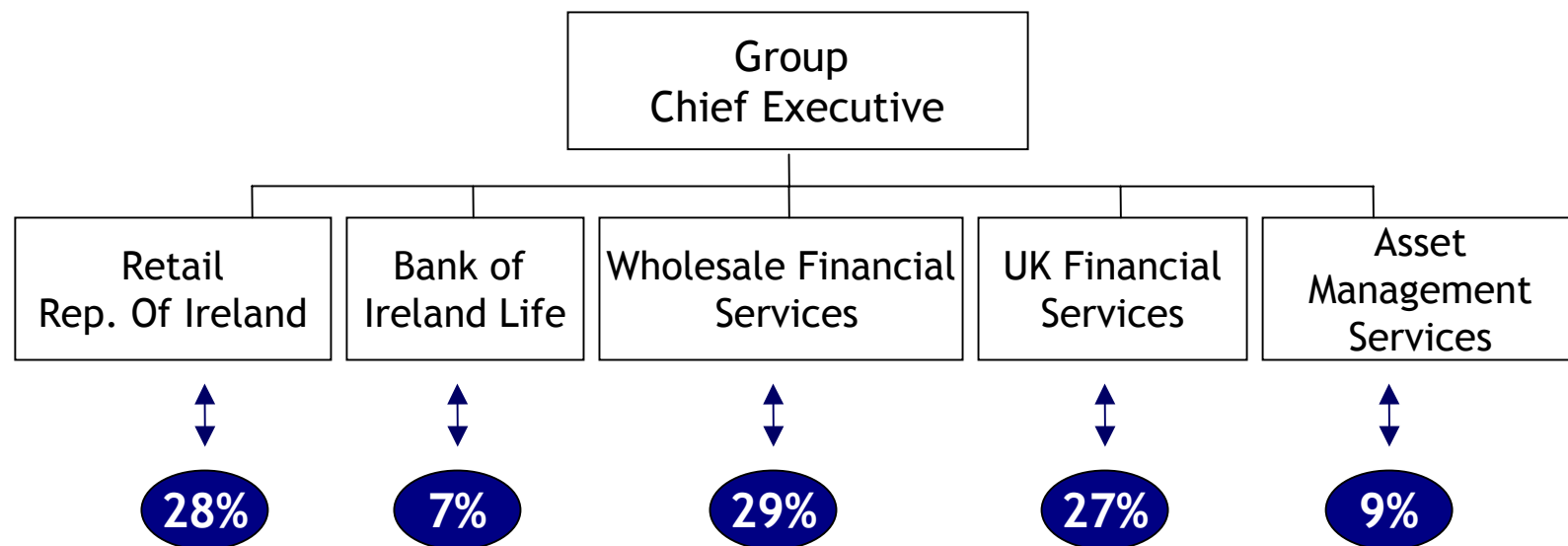
What is BOI Group?

- ❑ A diversified Financial Services Group.
 - Not 'just' a retail bank.
 - Various businesses, various geographies, different growth prospects.
 - Strength as a whole, not a simple 'sum of the parts'.
- ❑ Ireland and the UK together constitute the primary geographic footprint for the Group.
- ❑ Niche global play - Asset Management Services



Bank of Ireland Group

"Divisional Perspective"



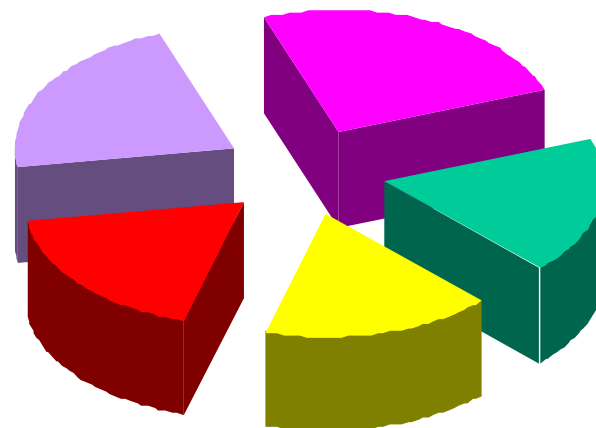
Geographic Analysis

Profit
March 2003



52%  Republic of Ireland
30%  UK
18%  Rest of the World

Shareholder Base
March 2003



18%  Republic of Ireland
17%  UK
18%  Europe / Other
22%  US
25%  Retail



Performance Overview

Year ended March 2003

- ❑ Robust performance from core businesses
- ❑ Good earnings in weak and volatile equity markets
- ❑ Diversification strategy enabling growth
- ❑ Significant slowdown in cost growth
- ❑ High standard of credit quality



Financial Highlights

	Mar 03	Mar 02	%
	€m	€m	Change
Profit on Ordinary Activities before Exceptional Item(s)*	1,177	1,122	5
Alternative EPS** (Cent)	99.2	93.4	6
Dividend (Cent)	37.0	33.0	12
Shareholder Value Added*	562	551	2
Return on Equity *	22.2%	23.5%	
Return on Average Assets***	1.1%	1.1%	

* Excluding exceptional exit costs €164m (€154m post tax), GTP costs €37m (€30m post tax)

** Excluding Goodwill Amortisation €23m (€15m in Mar 02) and Exceptional Item above

*** Pre exceptional items and Goodwill amortisation



Group Profit & Loss a/c

6 months

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02</i>	<i>%</i>	<i>Constant</i>
<i>€m</i>		<i>€m</i>	<i>€m</i>	<i>Change</i>	<i>Currency%</i>
849	Net Interest Income	1,729	1,578	10	11
<u>605</u>	Other Income	<u>1,188</u>	<u>1,227</u>	(3)	(2)
1,454	Total Income	2,917	2,805	4	5
814	Costs	1,662	1,582	5	6
56	Loan Losses	100	102	(2)	(1)
<u>18</u>	Associates/JVs	<u>22</u>	<u>1</u>	-	-
<u>602</u>	PBT Pre Exceptional	<u>1,177</u>	<u>1,122</u>	5	6



Strong Capital Base

Ongoing Optimisation of Capital Structure

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02</i>
<i>%</i>		<i>%</i>	<i>%</i>
4.4	Equity / Assets	4.3	4.4
10.6	Total Capital	11.1	11.5
7.4	Tier 1 Capital	8.0	7.6
6.8	Tier 1 Excluding Life	7.3	7.0
81	Equity Element of Tier 1	75	81

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02</i>	<i>Growth</i>	<i>Constant</i>
<i>€bn</i>		<i>€bn</i>	<i>€bn</i>	<i>%</i>	<i>Currency%</i>
90	Total Assets	90	87	3	10
55	Risk Weighted Assets	55	53	4	11



Profit Before Tax by Division

6 months

<i>Sept 02</i>	<i>Mar 03</i>	<i>Mar 02</i>	<i>%</i>	<i>Constant</i>
<i>€m</i>	<i>€m</i>	<i>€m</i>	<i>Change</i>	<i>Currency %</i>
189 Retail Republic of Ireland	375	321	17	17
56 Bank of Ireland Life	87	122	(29)	(29)
195 Wholesale Financial Services	389	355	10	10
166 UK Financial Services	352	318	11	13
56 Asset Management Services	113	126	(10)	(10)
<u>(38)</u> Group & Central	<u>(85)</u>	<u>(64)</u>	-	-
624	1,231	1,178	4	5
<u>(22)</u> Grossing up	<u>(54)</u>	<u>(56)</u>	-	-
<u>602</u> Pre Exceptional Profit before Tax	<u>1,177</u>	<u>1,122</u>	5	6



'State of the Nation'... Ireland

- ❑ Best positioned European economy in a Global Recovery
- ❑ Population of 3.9 million
- ❑ Employment growing
- ❑ Growth supported by exports
- ❑ Stable Government
- ❑ Business Spending picking up
- ❑ FDI inflows increasing



Economic Outlook - Ireland

Solid Economic Landscape Relative to the Rest of Europe and US

Actual

Forecast

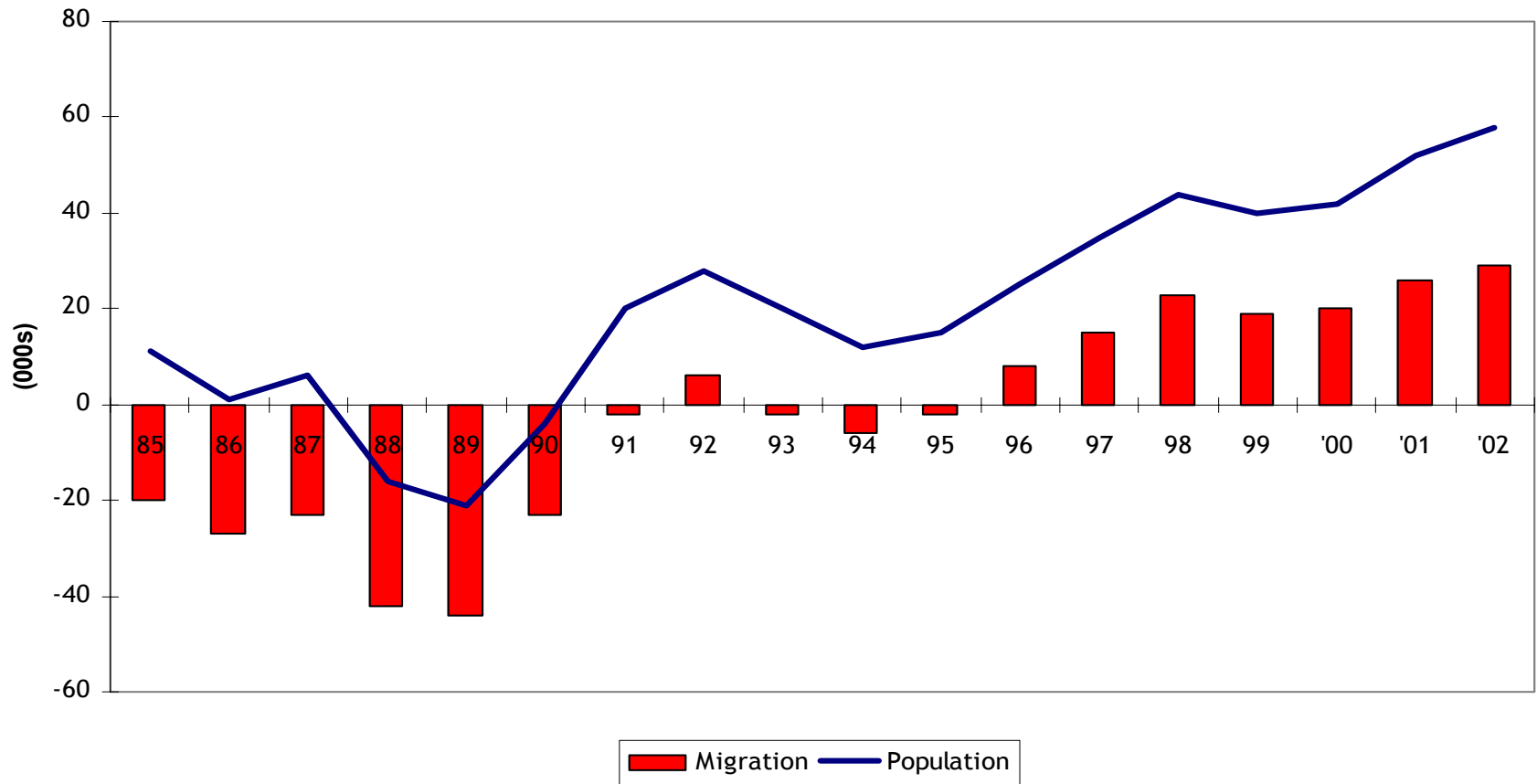
<i>% Growth</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>
GDP	5.7	6.3	3.9	4.7
GNP	4.6	0.6	2.9	3.5
Consumption	5.1	2.6	2.6	3.5
Exports	6.7	3.8	4.7	4.4
Inflation	4.9	5.0	4.0	3.1
Unemployment	3.8	4.9	4.9	5.2

Source: Consensus



'State of the Nation'...Ireland

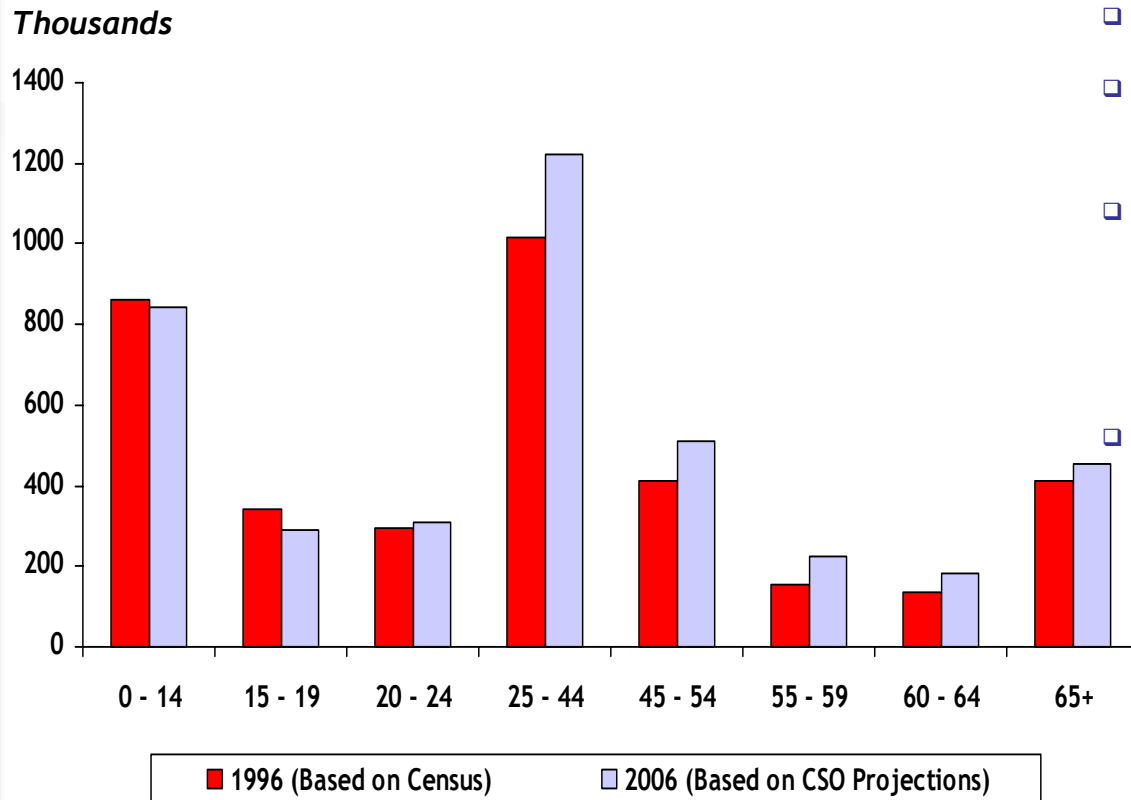
Positive Demographics



Source: BOI Economist



Population by Age Group

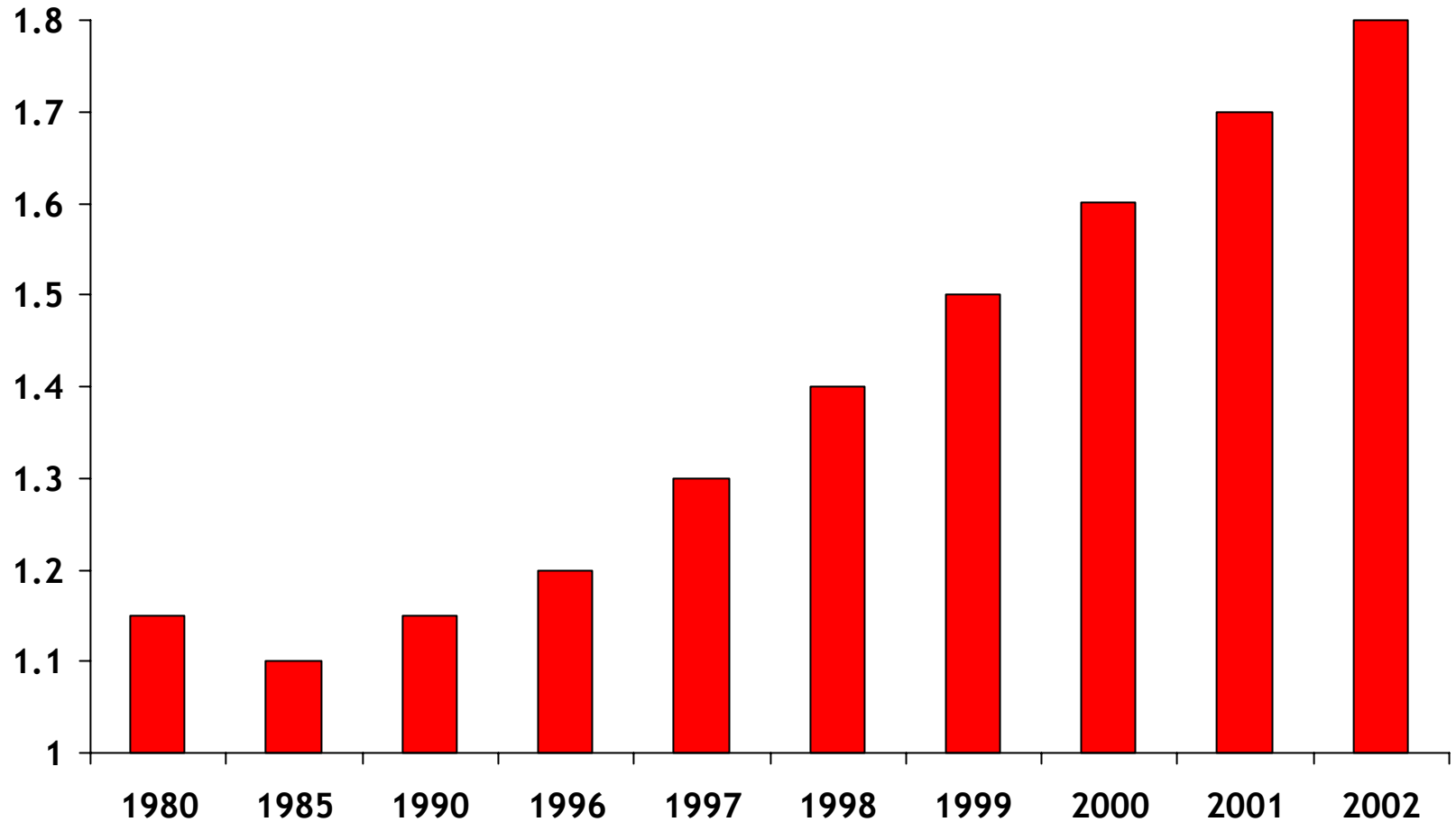


- Mortgage demand will slow
- Pension demand will increase
- Birth rate peaked in 1980 at 74k, down to 50k in 1990 (offset by migration flows).
- Type of property changing - 3 people per house today, down to 2.6 in 2011.

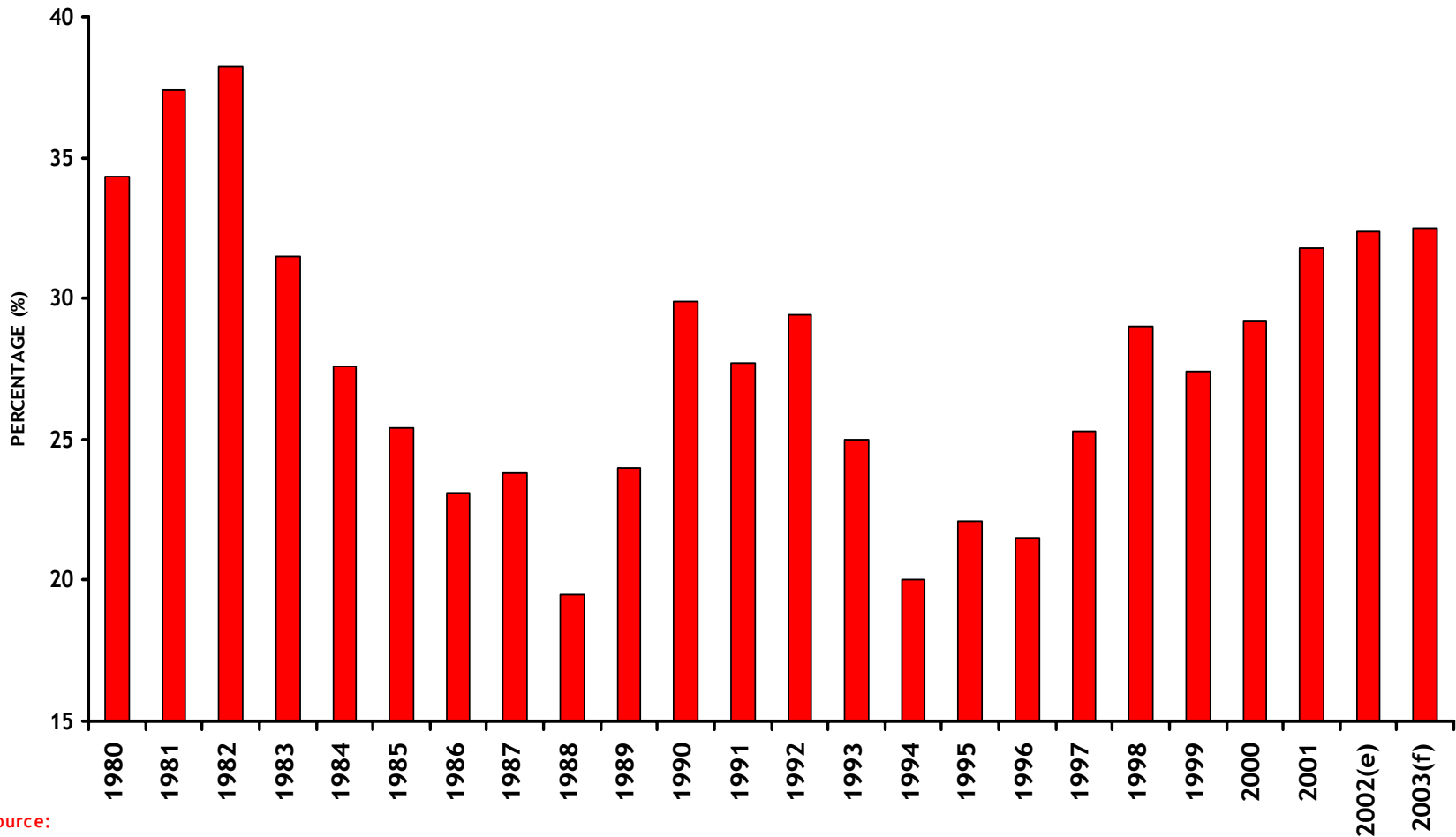


Employment Growth in Ireland

Million



Affordability in Ireland



Source:
Economic Research Unit (ERU)



Bank of Ireland Group Strategy

Deliver Growth in a Challenging Environment

**Organic
Growth**

**Capital
Management**

M & A
(Acquire & Divest)

**Strategic
Cost
Management**



Bank of Ireland Group Strategy



Ireland - Market Share

Corporate	55%
FX Markets	20%
Mortgages	27%
Credit Cards	38%
Personal Loans	26%
Business Banking	40%
Current Accounts	39%
Deposits	30%
Life	21%
Stockbroking	50%



Bank of Ireland Group Strategy



UK

- Personal Finance
 - Bristol & West Mortgages
- Business Finance
 - SME Lending - BOI UK Branches
- Independent Financial Advisers
 - Chase de Vere



Bank of Ireland Group Strategy



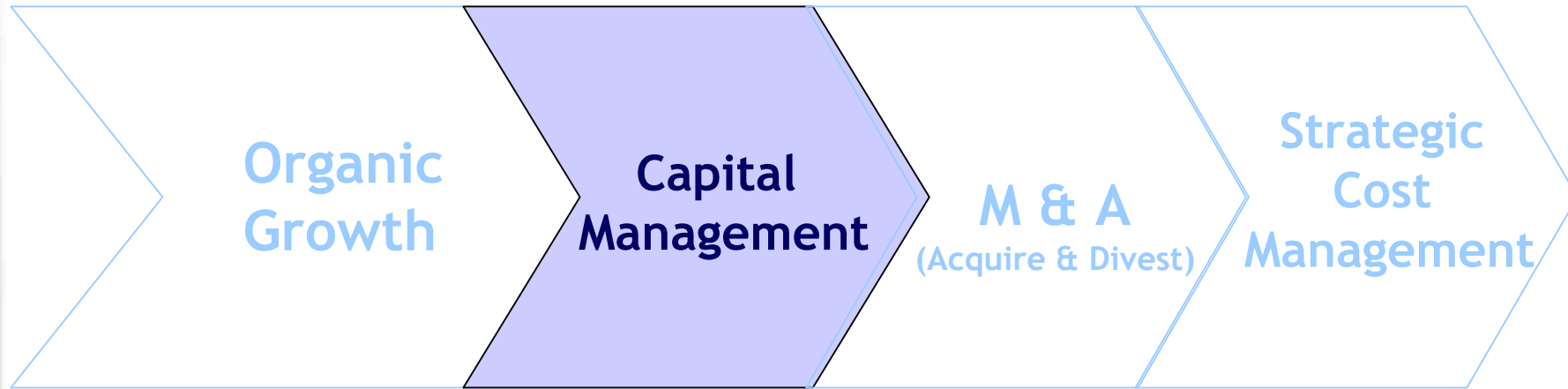
Asset Management Services

- Domestic
 - Number 1 in performance
 - 29% Market Share*
- International
 - BIAM (EFEA)
 - Iridian (US Dollars)

*Source: Irish Resident FUM



Bank of Ireland Group Strategy



Capital Management

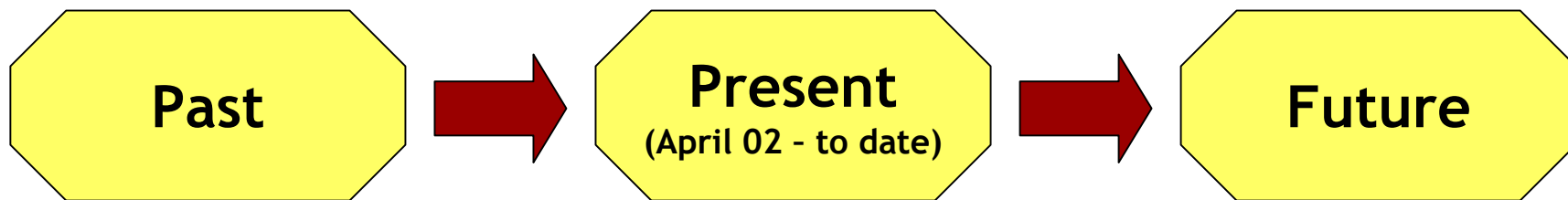
- ❑ Optimising Capital Structure
- ❑ Active Portfolio Management
- ❑ Capital Allocation/Withdrawal to optimise returns
- ❑ Balance Sheet Management



Bank of Ireland Group Strategy



Mergers & Acquisitions



Bank of Ireland Group Strategy



Strategic Cost Management

- ❑ Outsourcing
- ❑ Transformation
- ❑ Shared Services



Conclusion

**The right economy
The right foundations
The right strategy
The right team**

.....to deliver growth





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