



**Fox-Pitt, Kelton**

**‘Converting Asset Growth To Earnings Growth’**

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**London**

**24<sup>th</sup> November 2004**

This presentation contains certain forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995 with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance and the markets in which it operates. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include but are not limited to risks and uncertainties relating to profitability targets, prevailing interest rates, the performance of the Irish economy and the international capital markets, the Group's ability to expand certain of its activities, competition, the Group's ability to address information technology issues and the availability of funding sources. The Bank of Ireland Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

# Strong Group Performance

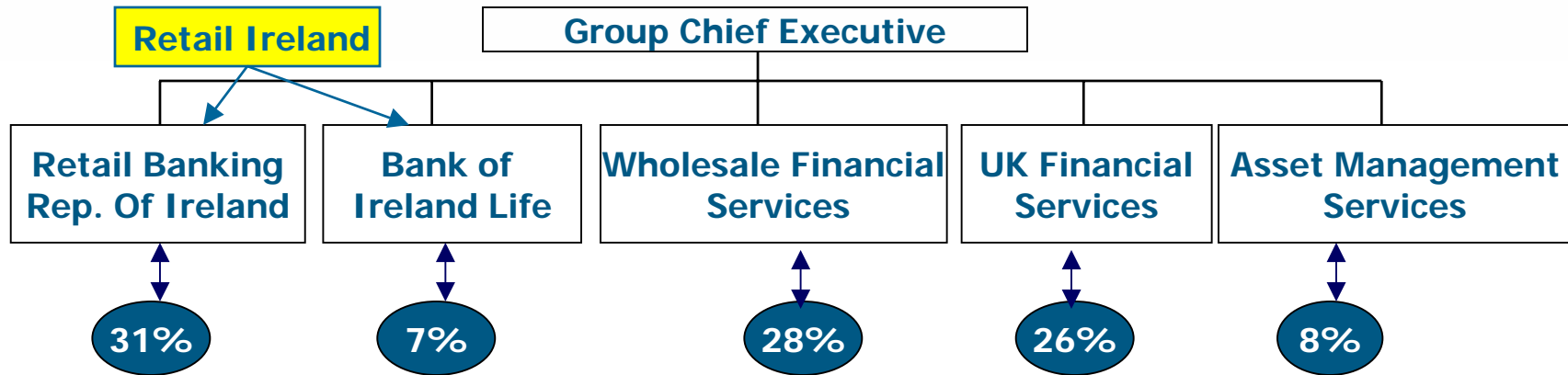
Interim Highlights – September 2004

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- **Profit before Tax & Exceptionals** **+5%**
- **Alternative EPS** **+9%**
- **PBT (excluding UK POFS)** **+9%**
- **Alternative EPS (excluding UK POFS)** **+11%**
- **Dividend** **+12%**
- **Return on Equity** **24%**



# Strong Divisional Performances



**Retail Republic of Ireland & Bank of Ireland Life**  
 • *Strong Volume and Market Share Gains*

**Wholesale Financial Services**  
 • *Developing Quality and Sustainable Income Streams*

**UK Financial Services**  
 • *Strong Volume Growth*

**Asset Management Services**  
 • *Global Footprint – Five Continents*

**UK Post Office Financial Services**  
 • *Successful National Launch of Five Products*

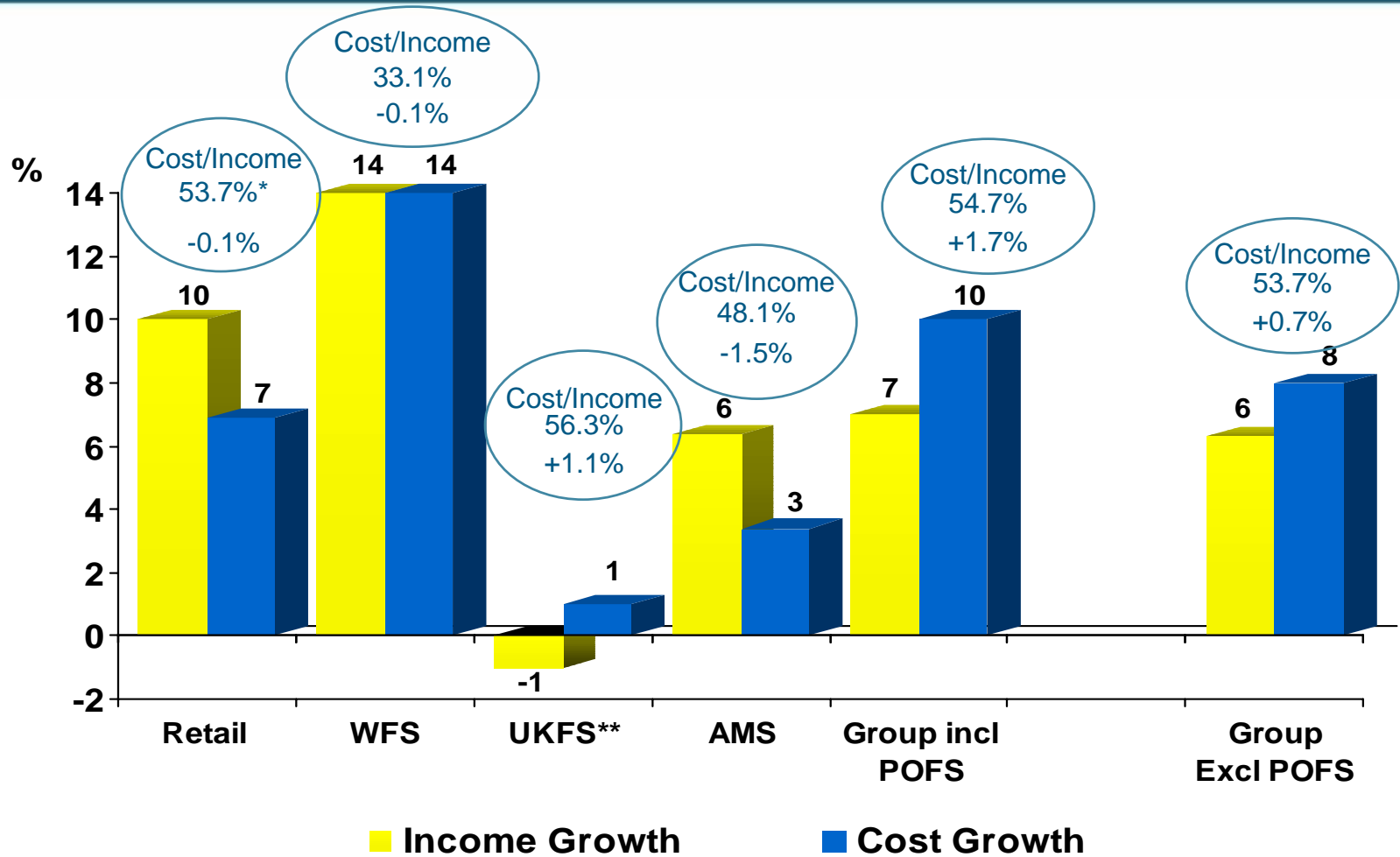
\* Profit percentages based on Sept 04 Excluding POFS and Central Costs

## Clear and Compelling Strategy

- **Maximise returns from our leading position in Ireland**
- **Substantially grow our businesses in the UK**
- **Grow our portfolio of niche skill-based businesses internationally**

- ***Develop a competitive, lower-cost operating model***
- **Conclude review of our UK businesses and take action**
- **Deliver on the UK Post Office Venture**
- **Create more growth platforms in international businesses**
- **Achieve real customer differentiation**

# Income and Cost Growth



Income includes Associates/JV's while Costs excludes Goodwill Amortisation

\* Includes Life

\*\* Calculated in £ sterling

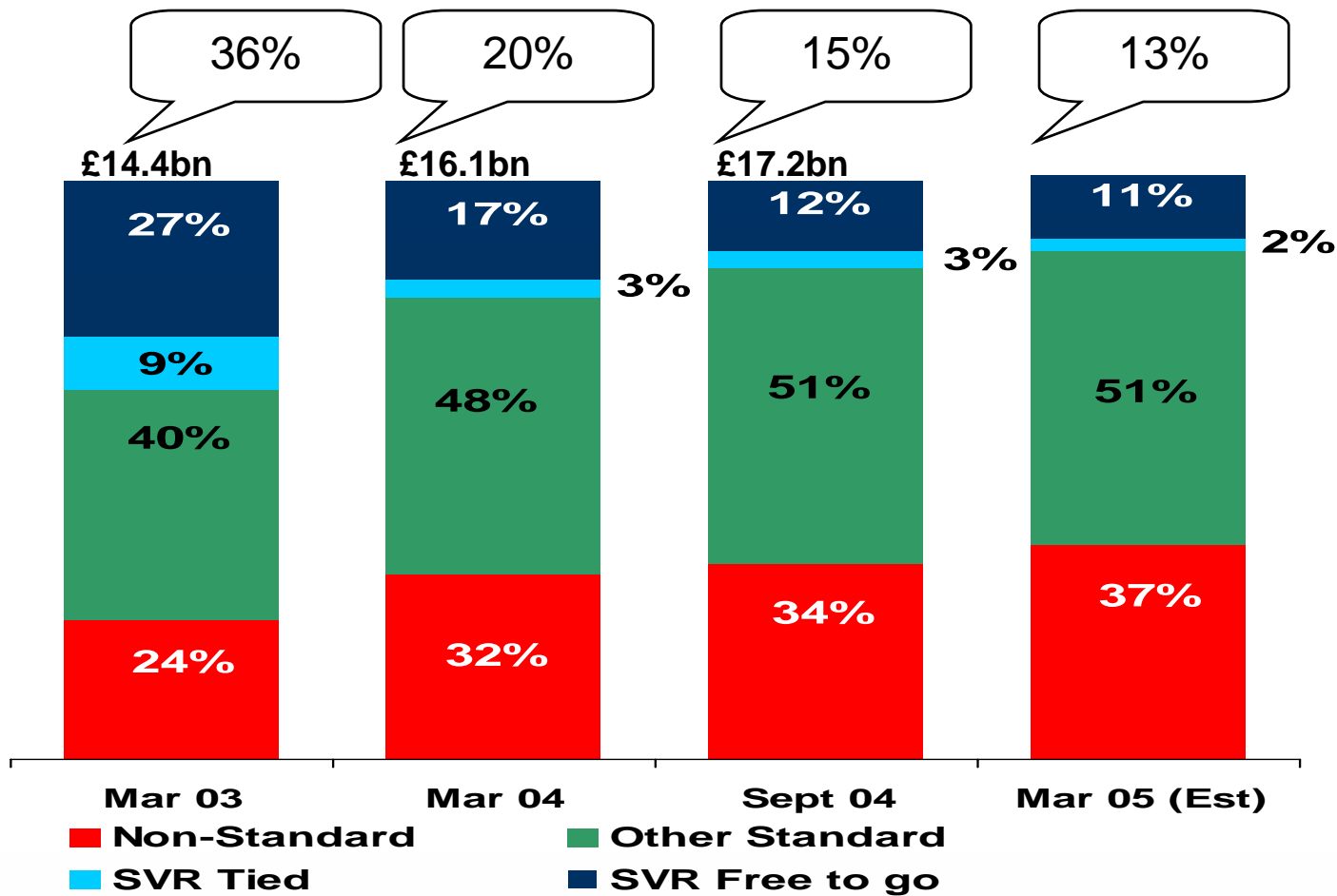
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# UK Financial Services

## Profit Before Tax – Divisional Analysis

6 months Mar 04 Stg£m		6 months Sept 04 Stg£m	6 months Sept 03 Stg£m	% Change
74	Personal Lending UK (Mortgage Business)	62	82	(24)
51	Business Banking (GB Business Banking & NI)	64	48	33
2	Consumer Banking (B&W Branches & CdV)	2	(2)	-
<u>5</u>	Other	<u>6</u>	<u>(1)</u>	-
<u>132</u>		<u>134</u>	<u>127</u>	6

## UK Residential Mortgage Book





- **Develop a competitive, lower-cost operating model**
- **Conclude review of our UK businesses and take action**
- **Deliver on the UK Post Office Venture**
- **Create more growth platforms in international businesses**
  - **Wholesale Financial Services**
  - **Asset Management Services**
- **Achieve real customer differentiation**

## **Retail Ireland**

***Converting “Top Line” Growth Into Earnings Growth***



- **Income** **+10%**
- **Continued Strong Volume Growth**
  - **Resources** **+10%**
  - **Mortgages** **+28%**
  - **Personal Lending** **+16%**
  - **Business Lending** **+22%**
  - **Life APE** **+19%**
- **Margin Contraction**
- **Strong fee income from Branch Network & Private Banking**
- **Costs** **+7%**
  - **Mainly Staff (+4%) & Depreciation charges (+22%)**
- **Loan Loss Charge 17 basis points**

**Is This Excellent Performance Sustainable??**

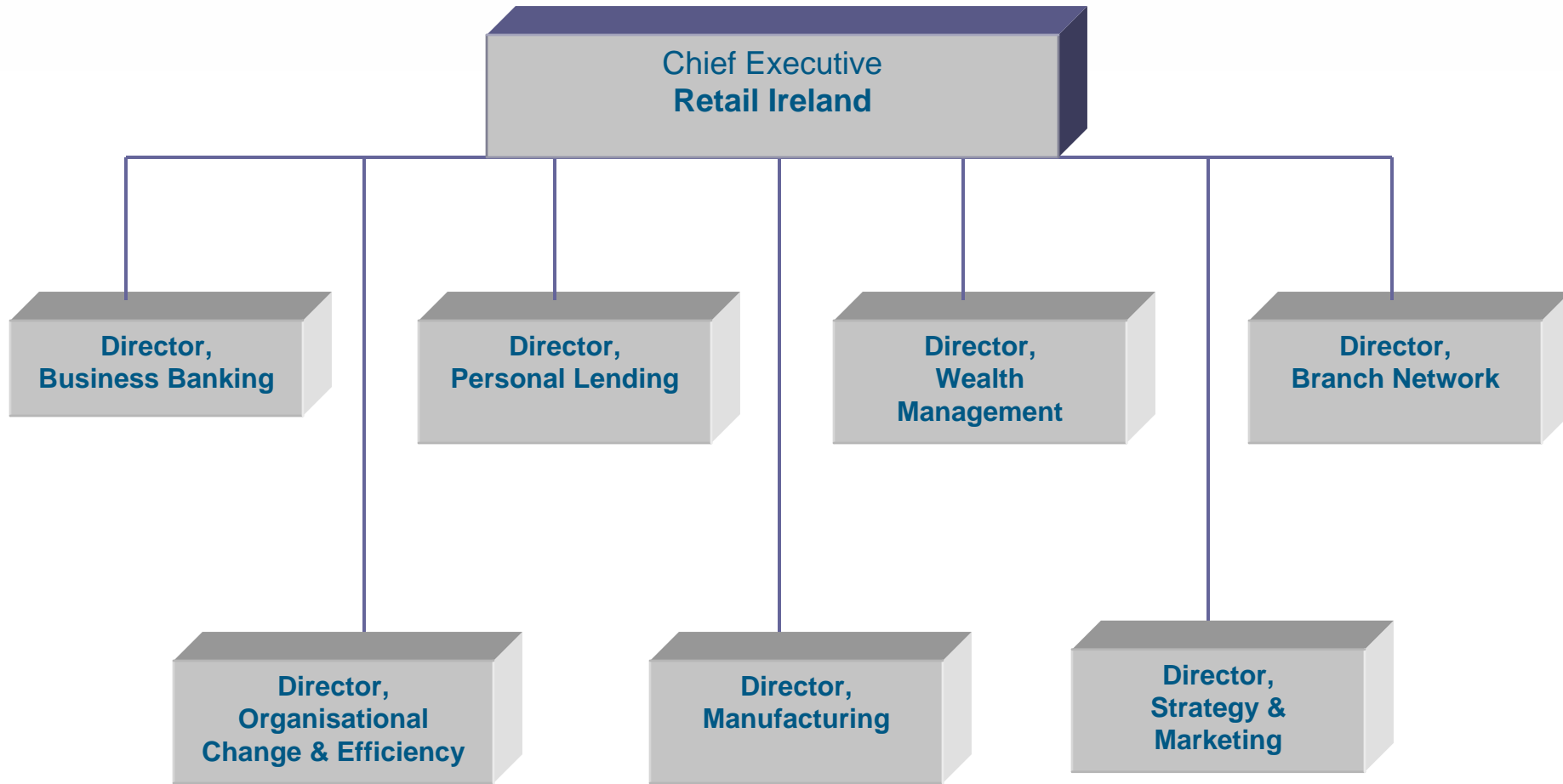


- Consistent double-digit Revenue and PBT growth
- Significant and sustained reduction in Cost / Income Ratio
- Major transformational change, delivering increased cross sales
- Strong market share growth across key product lines
- Customer-focused initiatives implemented
- High Levels of Employee Engagement and continued investment in human capital

**A Resilient and Proven Platform For Growth**

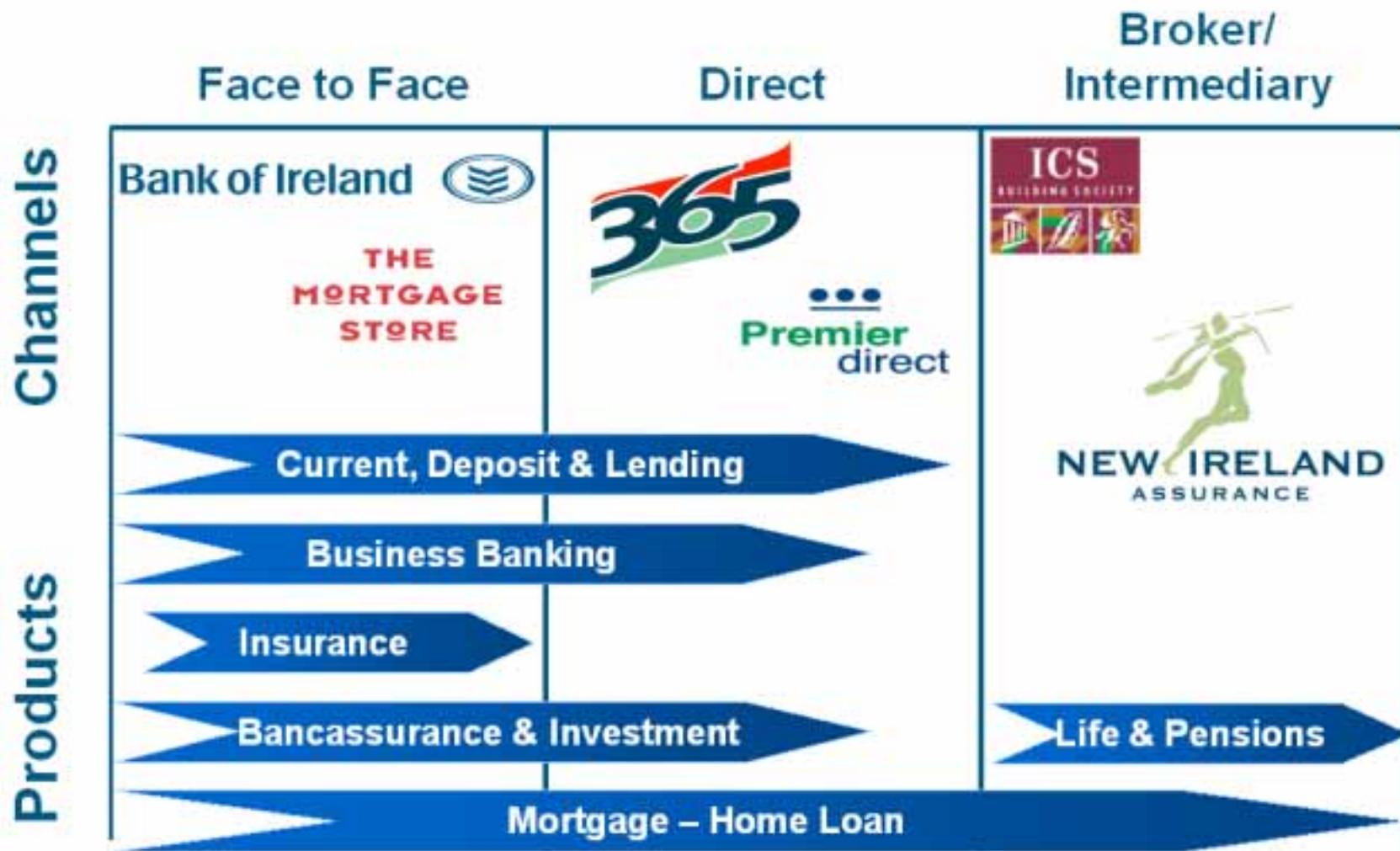
# A Business Structure Focused On Efficiency and Growth

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<i>Business</i>	<i>Personal</i>
Mid Corporate	Private Banking
Commercial	Top Personal Customers
Small Business	
Business Mainstream / Non Personal	Personal Mainstream
Recruitment and Retention	

# A Clear Multi-Channel Approach



# A Strong Brand Franchise

- Brand Value Ahead of leading UK banks and surpassed only by global FS brands
- Key Drivers of BOI Brand Value very positive
- BOI level of Brand 'bonding' is 3 times ahead of leading UK banks
- Significant ongoing investment in Brand Communications, with sustained positive Customer reaction

**Our Brand is one of our Strongest Assets**

<p><u>Sales Strategy and Customer Management</u></p> <ul style="list-style-type: none"><li>•Clear Sales Strategy</li><li>•Customer Segmentation</li><li>•Business Portfolio Management</li><li>•Channel Alignment</li></ul>	<p><u>Sales Talent Management</u></p> <ul style="list-style-type: none"><li>•Sales Competency model</li><li>•Up-skilling/Product Knowledge</li><li>•Differentiate Stars/underperformers</li><li>•Sales Mgmt Process clearly defined</li></ul>
<p><u>Sales Planning and Processes</u></p> <ul style="list-style-type: none"><li>•Sales Process clearly defined</li><li>•Sales Productivity standards</li><li>•Best Practice Sharing</li><li>•Sales Planning</li></ul>	<p><u>Sales Culture and Climate</u></p> <ul style="list-style-type: none"><li>•Sales Leadership</li><li>•Reward and recognition</li><li>•Behaviours <i>and</i> Output management</li></ul>

**Incentivised, Responsible Selling Culture**

# And Excellent Market Share Performance In An Increasingly Competitive Environment

<u>(Key) Business Line</u>	<u>2000*</u>	<u>2004*</u>
Mortgages (New)	23%	27%
Mortgages (Book)	18%	20%
Assurance (New)	19%	25%
Resources	22%	25%
Credit Cards (New Cards)	32%	36%
Business Advances	18%	20%

\* BOI Estimates

**While competition is intensifying, significant potential remains for further BOI market share growth.**



### **The first choice for financial services in RoI**

- Best Customer propositions and highest Customer satisfaction
- No.1 or 2 in all key segments

### **Superior Financial Performance**

- Strong Revenue & Profit Performance
- Significant cost containment & Reducing Cost / Income Ratio
- Profitable increase in Business Banking Market Share (Build on excellent recent performance)

### **Employee Engagement**

- Top decile of financial service organisations

**Our Strategy enables Retail Ireland to continue to convert top-line Volume & Fee growth to bottom-line Earnings growth**

# Bank of Ireland Group – A Clear Strategy and A Positive Outlook

- **Strong Group Financial Performance**
- **Dynamic Asset Growth and Excellent Asset Quality**
- **Addressing Challenges**
  - **UK**
  - **Costs**
  - **BIAM**
- **Irish and UK economies in very good shape**

**We look forward to the full year out-turn with confidence**



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