

Navigating the Sea of Change

Bank of Ireland Retail Banking



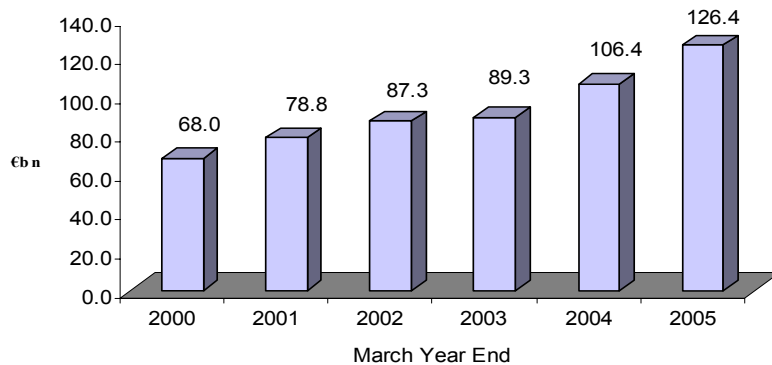
**Des Crowley,
Chief Executive Officer
Retail Financial Services Ireland**

9th June 2005

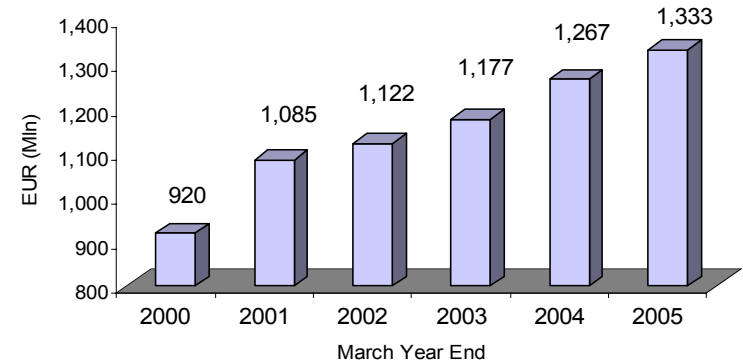
- **Bank of Ireland Overview**
- **Change in Retail Ireland 2000/04**
- **Change in Retail Ireland 2005/10**
- **Summary**

Bank of Ireland continues the trend of increasing earnings while delivering strong returns to shareholders:

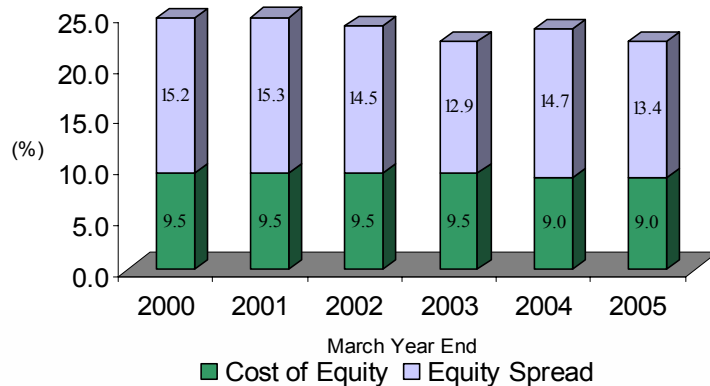
Asset Growth



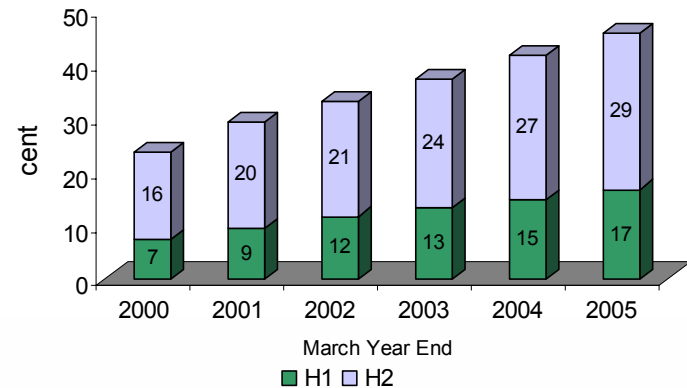
Profit (Before Tax and exceptional items)



ROE



Dividend per Share



04/05

05/06

06/07

07/08

08/09

'Get Fit'

'Breakout'

Customer:

Achieve Distinctive Competence in Customer Focus

Cost & Capability: Competitive Lower Cost Operating Model

Growth:

Mobilise for and Accelerate Growth

People:

Strengthen Human Capital

Reputation:

Leverage Group Reputation

- **Cost Efficiency**
 - High Cost Income Ratio
- **Customer**
 - Limited segmentation
 - Lack of sales culture
- **Business Banking**
 - Under performing
 - Lack of focus
- **Organisation**
 - Many layers
 - Speed of decision
- **Processes**
 - Fragmented, many “hand-offs”
- **Distribution**
 - Duplication
 - Need for channel integration
 - Too much paper

Compelling Case

- **Branch Network Modernisation**
 - From 46 Districts reporting to 3 Network Heads
 - To 10 Regions reporting to 1 Network Head
 - Closure of 20% of branches
- **Customers**
 - Segmentation
 - Sales culture
 - Centre of decisions
- **Business Banking**
 - Segment focus
 - Portfolio driven
- **Process**
 - Centralise
 - Re-engineered processes
- **Distribution**
 - Multi-channel offering
 - Branch
 - Phone
 - On-Line
 - ATM
 - Routine transactions – migrated to Direct

(Key) Business Line	2000	2005	Gain¹
Mortgages (New)	23%	27%	+4
Mortgages (Book)	18%	20%	+2
Assurance (New)	19%	24%	+5
Resources	22%	25%	+3
Credit Cards (New Cards)	32%	38%	+6
Business Advances	18%	20%	+2

¹ Percentage Points

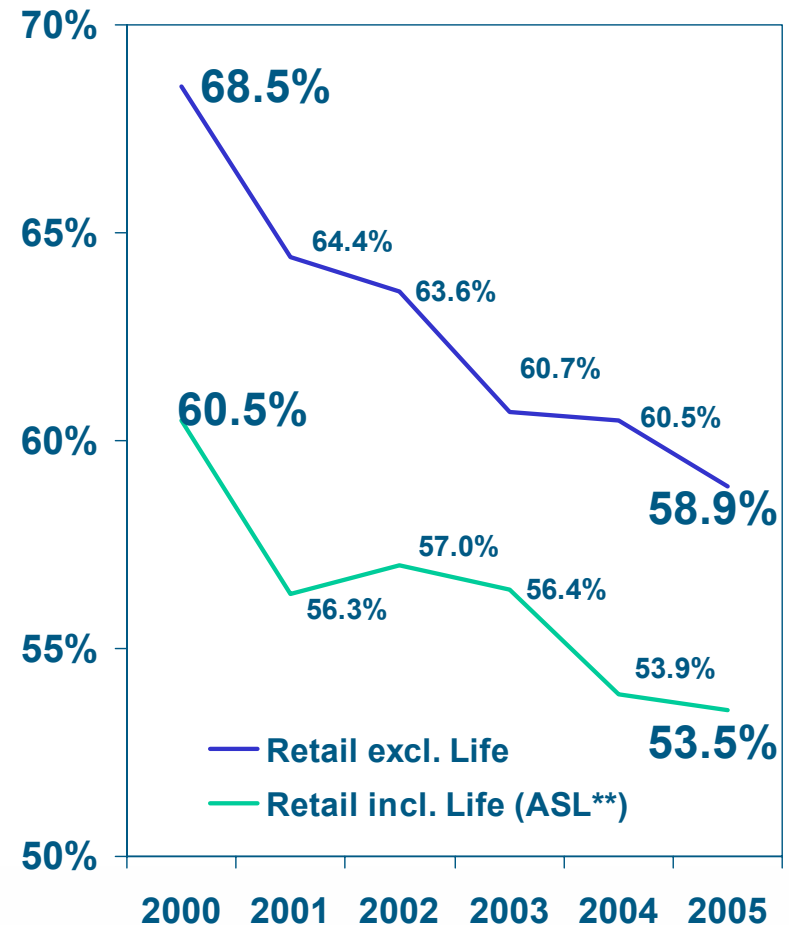
Although competition is intensifying, significant potential remains for further BOI market share growth.

- **Cost Income**
 - Significant reduction
- **Cost Drivers**
 - Understood & managed
- **Growth 2000 to 2005**
 - Income (excl. Life): 10.3% CAGR
 - Cost (excl. Life) 7.0% CAGR
 - Operating Profit (incl. Life) 13.2% CAGR

	2000	2005	Change
FTE*	9,329	8,810	5.6%↓
Income/FTE (excl. Life)	€97.0k	€170.4k	11.9% p.a.↑
PBT/FTE	€36.0k	€70.9k	14.5% p.a.↑

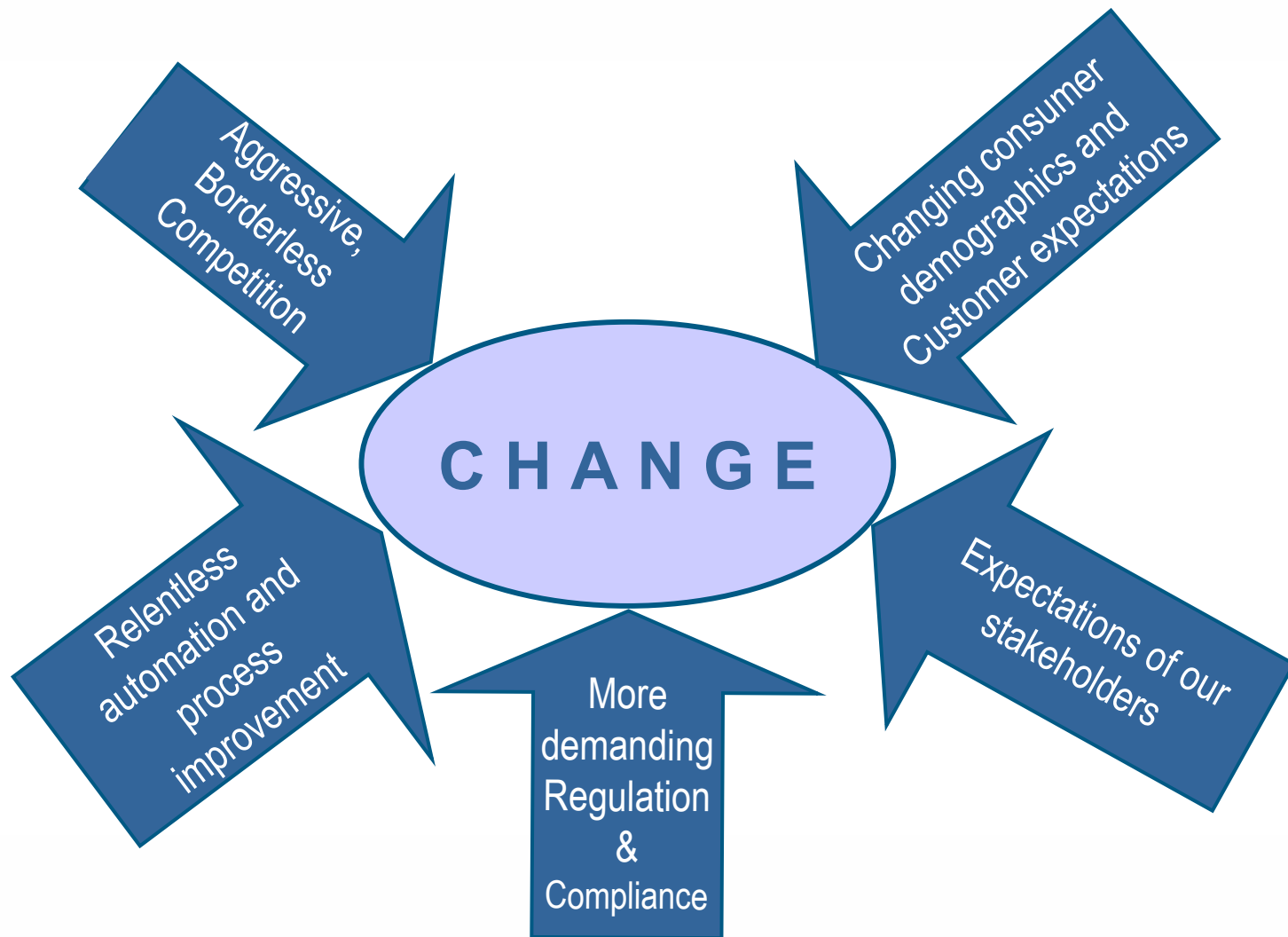
* Full Time Equivalent

Cost Income Ratio



** Assurance as a Single Line





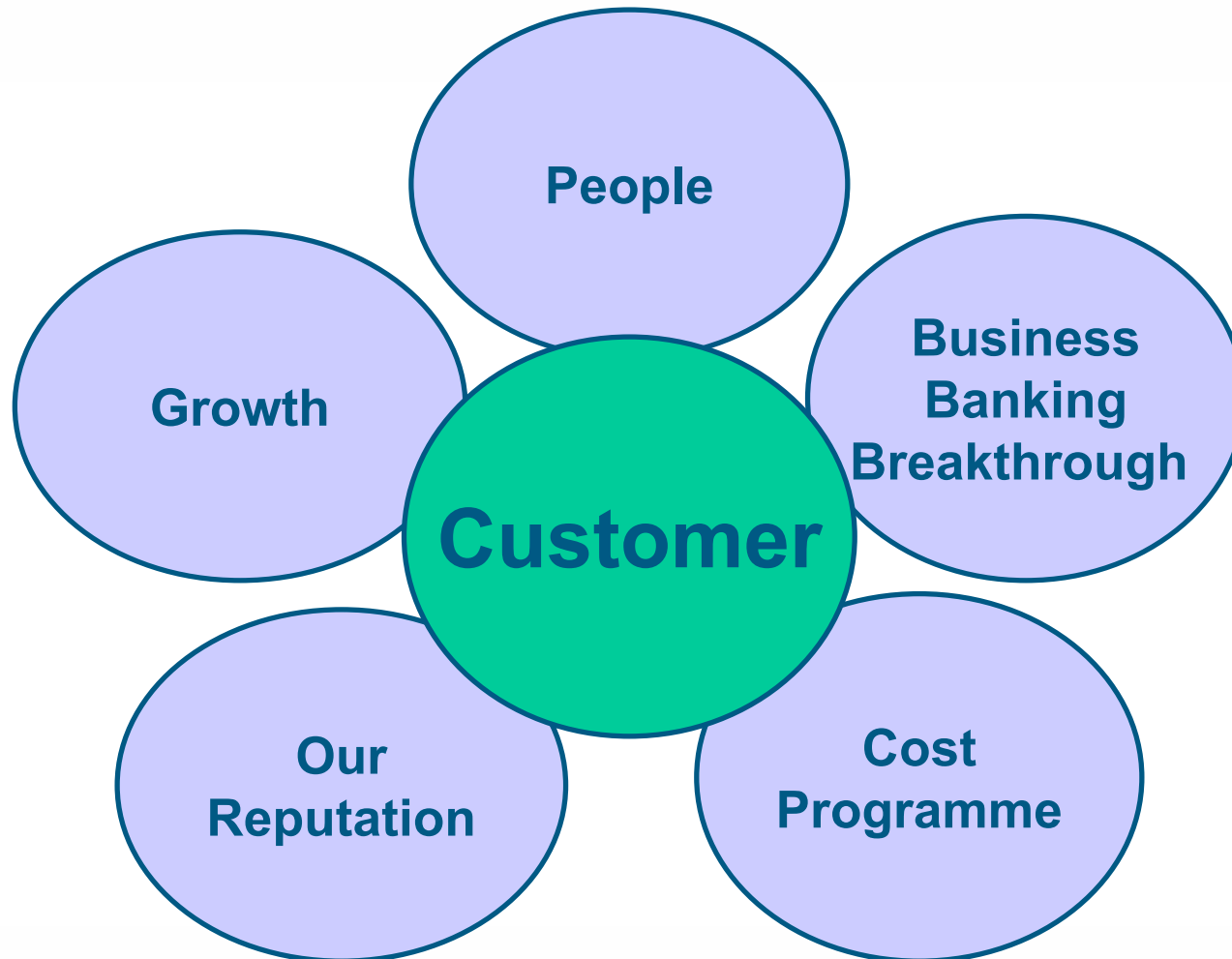
- **Ireland is a great place to be...**
- **We continue to build on our current strengths**
 - e.g. Distribution, Products, etc.
- **Business Banking growth**
 - We're 'on the cusp'
- **Our People**
 - High levels of Capability and Engagement
- **Potential for Group leverage**
 - e.g. UK Post Office JV
 - Group Manufacturing

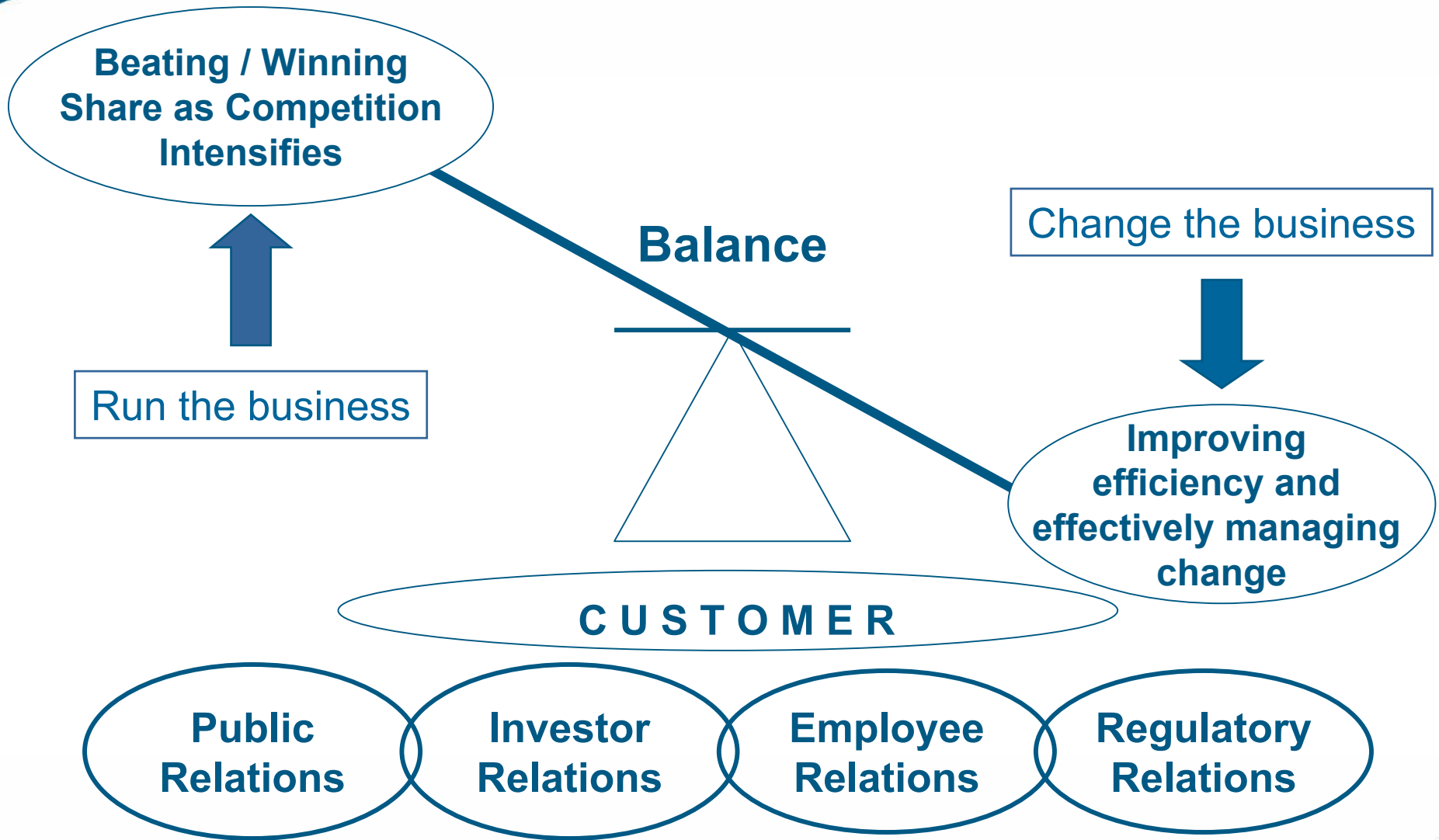
- **New Competition**
- **Reduction in Prices**
- **Customer Attitude/Expectation**
- **War for Talent**
- **Regulatory Burden**

By 2010

“To be Ireland’s most respected and dynamic bank, fit by international standards to compete and win”

- Growth
- Market Share
- Employee Engagement
- Customer Satisfaction





- **Revenue AND Cost**
- **Prioritise and Focus**
- **The Journey Continues**
- **Customer is Key**
 - Scale is a Bonus