



Merrion Capital Equity Conference

Bank of Ireland

20th July 2006

Agenda

- Review of Group year end results and strategy
- Irish Economy & Housing Market
- Bank of Ireland Personal Lending



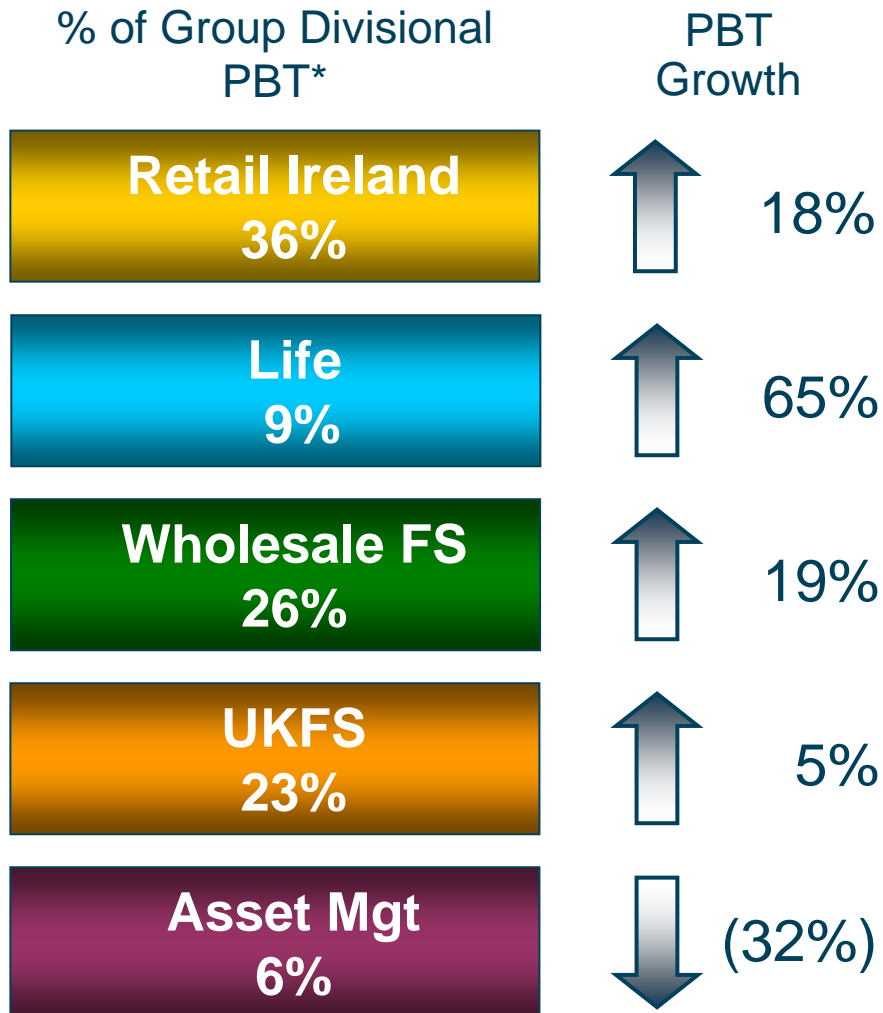
Year End Highlights and Strategy

Year End Highlights

| | March 2006 | March 2005 | | Change |
|--------------------------------------|------------|------------|---|--------|
| Profit Before Tax | €1599m | €1220m | ↑ | 31% |
| Underlying Profit Before Tax | €1393m | €1206m | ↑ | 16% |
| Earnings Per Share | 136.4c | 103.9c | ↑ | 31% |
| Underlying Earnings Per Share | 118.5c | 102.3c | ↑ | 16% |
| Impairment Losses | 11bps | 11bps | | - |
| Dividend | 52.5c | 45.6c | ↑ | 15% |
| Return on Equity | 24% | 23% | ↑ | 1 |
| Cost Income Ratio | 57.1% | 59.9% | ↓ | 2.8 |

Note: Underlying excludes the impact of non-core items: gains on disposal of business activities; gross-up of policyholder tax in the Life business; charge for hedge ineffectiveness on transition to IFRS; restructuring programmes and impairment loss provision write back.

16% PBT growth driven by strong divisional performance



- Excellent growth in Retail, Life and Wholesale
 - Strong volume growth
 - Excellent cost control
 - Excellent asset quality
 - Strong economic backdrop
- UK Financial Services poised for significant profit uplift
- Profit decline in Asset Management as guided
 - Broadening scope of activities

* Excludes Group Centre

Building on a position of strength

Profit growth: 16%

15 years

Consecutive profit growth

Dividend growth: 15%

14 years

Consecutive dividend growth

ROE: 24%

13 years

Consecutive ROE $\geq 20\%$

Loan Impairment: 11bps

12 years

Consecutive loan impairment ≤ 20 bps

All historical growth figures to 31 March 2006.

Bank of Ireland vision & strategy

Our Vision:

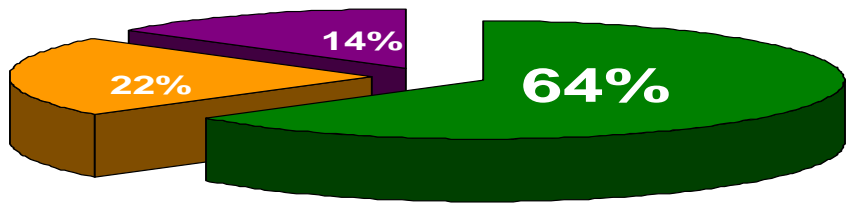
“To be the number one bank in Ireland with dynamic businesses growing internationally”

Our 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

Maximising returns from leading position in Ireland

PBT by Geography
(March 06)



■ Ireland ■ UK ■ Rest of World

- 64% of Group Profit
- Leading from a position of strength
- Growing market share profitably

Retail

- Leading positions in mortgages, personal current accounts, credit cards and business banking

Life

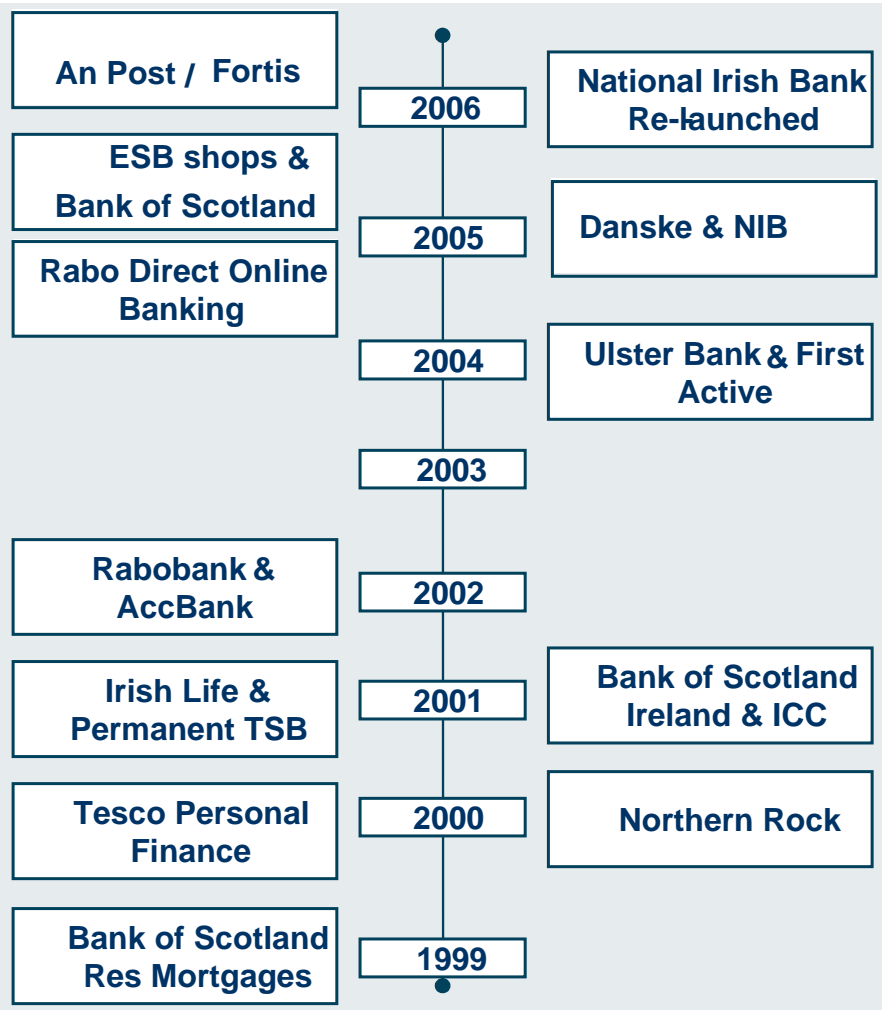
- Leading multi-channel distribution network & bancassurance model

Wholesale

- Leading in Corporate Banking, Treasury, Stock-broking & Corporate Finance

Buoyant conditions attract new entrants...

Competitive landscape of banking in Ireland

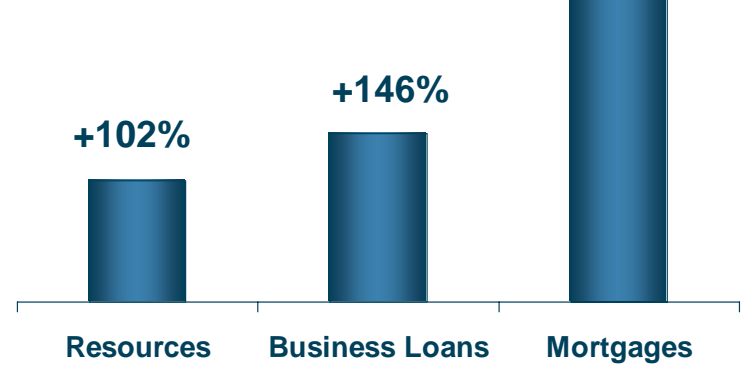


BOI performance to date against this backdrop

Market Share Gains*

| | 2000 | 2006 | Gain |
|-----------------|------|------|------|
| Mortgages | 18% | 19% | +1 |
| Life & pensions | 19% | 25% | +6 |
| Resources | 22% | 25% | +3 |

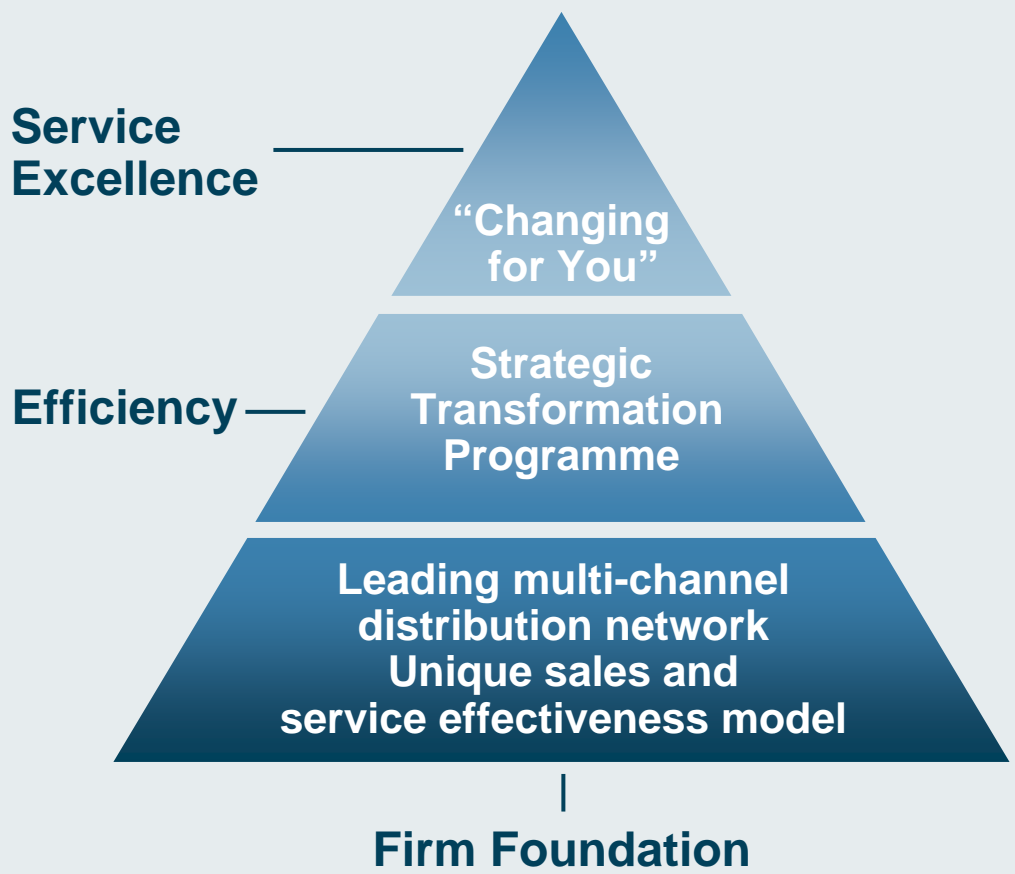
6 Year Volume Growth 2000 to 2006*



* All figures at March 06

Maximising returns from leading position in Ireland

Building strength in Retail Ireland




Delivering results

- Competition - anticipated & managed
- Customer Programme initiatives
 - Free-banking proposition
 - Launching innovative customer propositions - Business Start-ups & Migrant offerings
 - Branch re-modelling
 - 500 new frontline staff
- New Customers
 - Over 80,000 additional personal current accounts
- 18% profit growth
- Strong volume growth & tight cost management
 - 23% loan & 15% resource growth
 - RFSI Cost income ratio down from 60.4% to 56.7%

Maximising returns from leading position in Ireland

Favourable backdrop

- 
- A strong economy
 - Growing population
 - Full employment
 - Significant job creation
 - Rising incomes & consumption
 - Excellent savings ratio
 - Poor pension coverage
 - SSIA opportunity

Life business

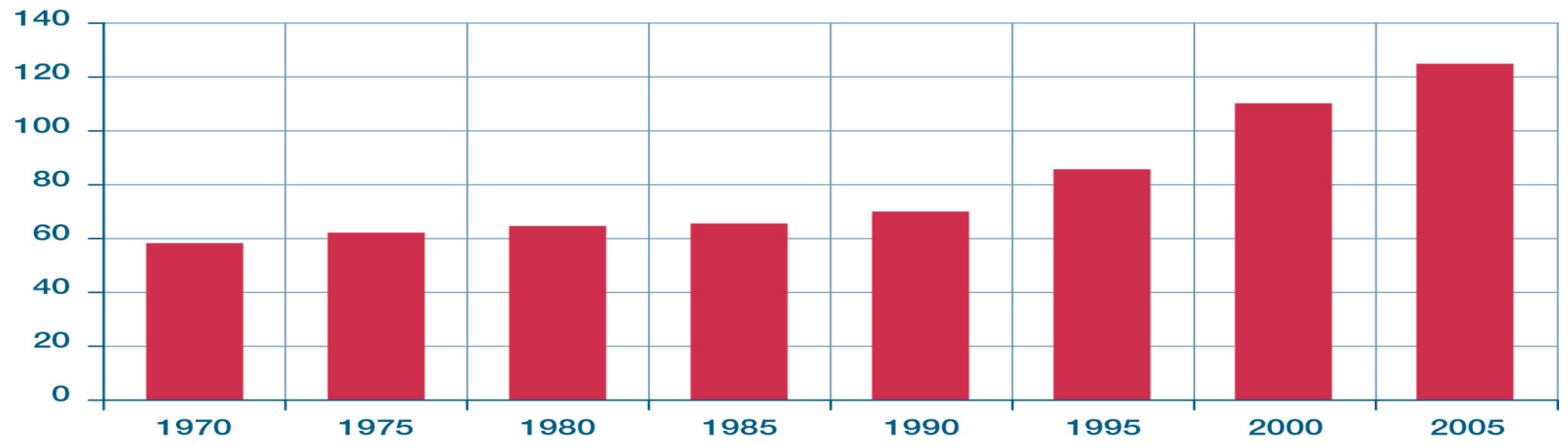
- Leading multi-channel distribution network – leading bancassurance model
- Strong competitive position
 - Multi-channel distribution
 - Sales effectiveness
- Growing market shares
 - Market share gain of 1 point to 25% in 2005



Irish Economy & Housing Market

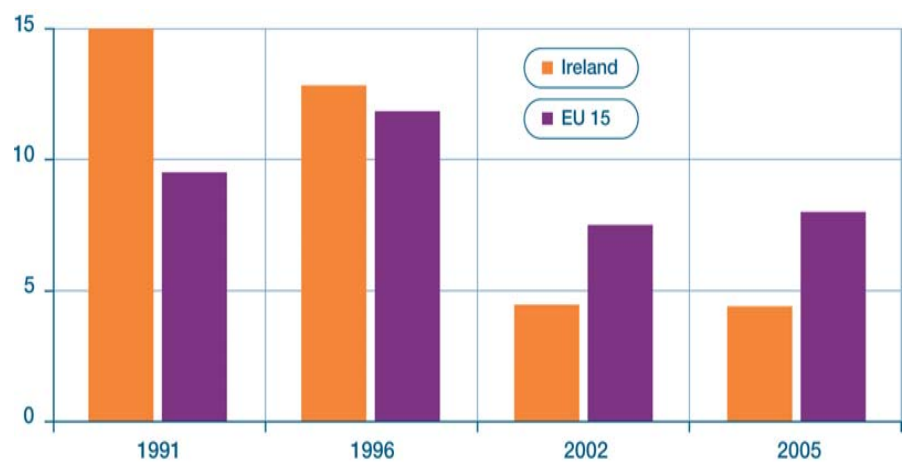
Irish Economy...the most successful growth story in Europe

Irish GDP per Capita (EU15=100)



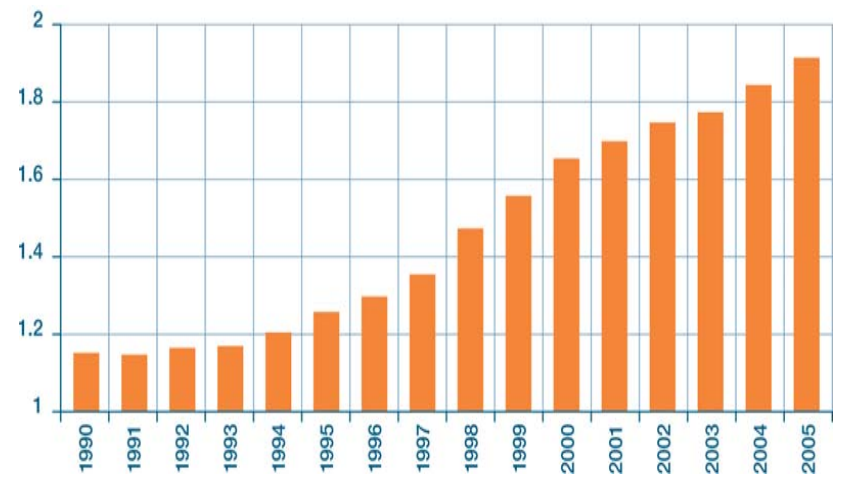
Source: CSO

Unemployment (%)



Source: CSO and Eurostat

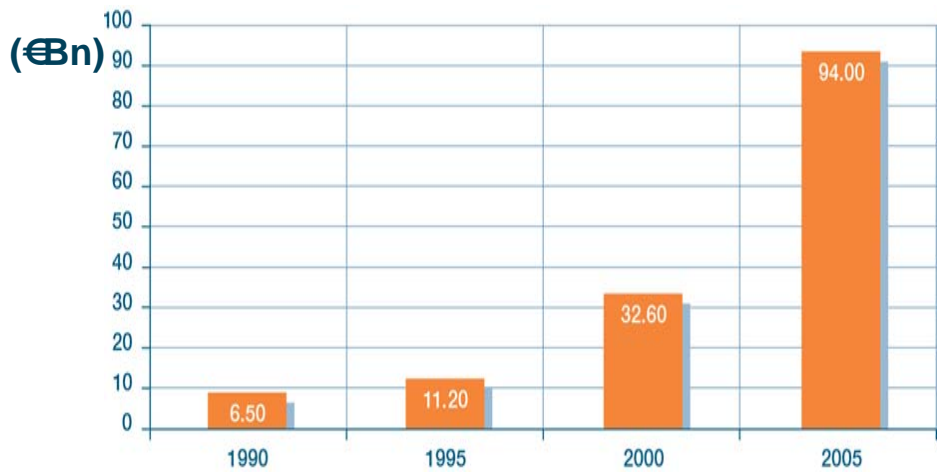
Irish Employment (Mn)



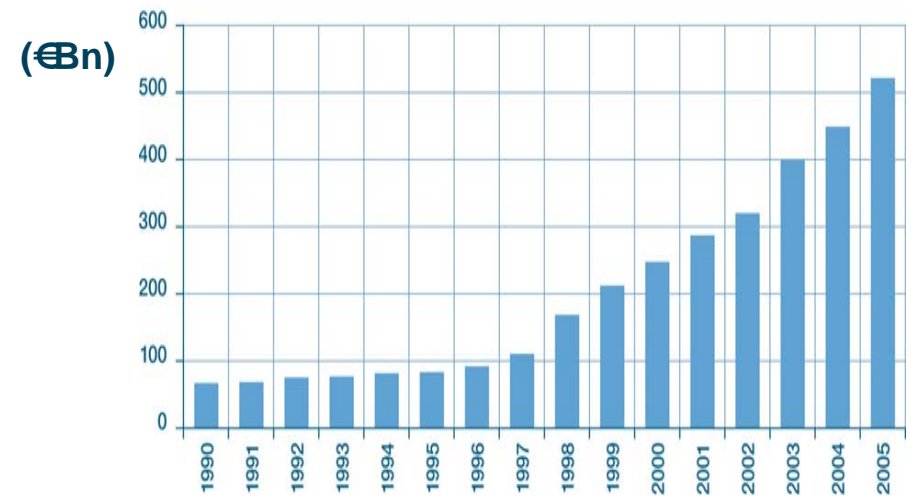
Source: CSO

Irish Housing market... a dynamic market place

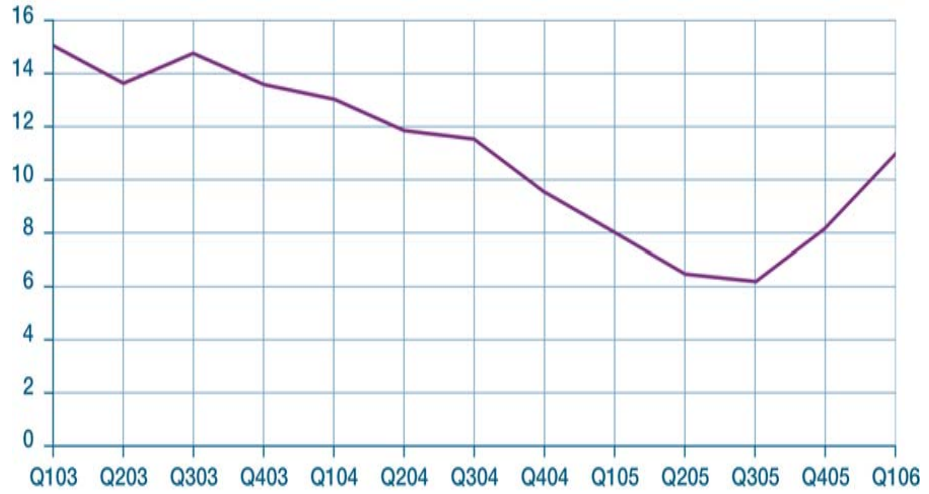
Mortgage Debt (€Bn)



Value of Housing Stock (Annual Average)

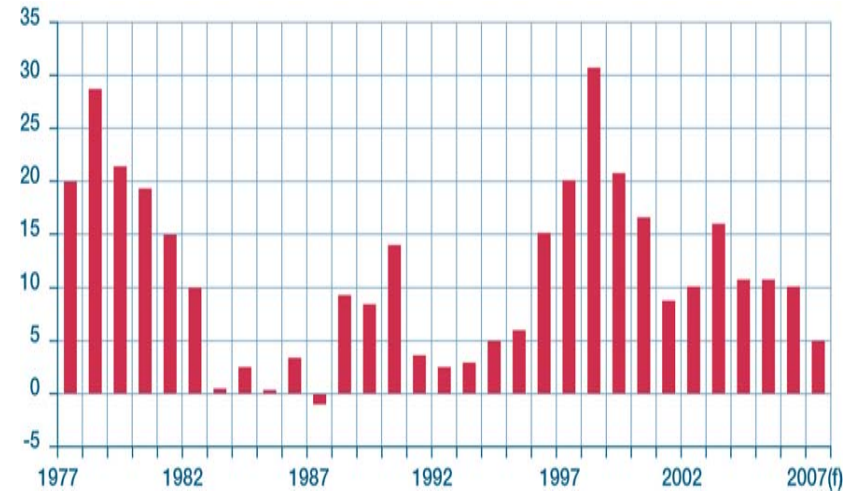


Annual House Price Inflation (%)



Source: Permanent TSB/ESRI

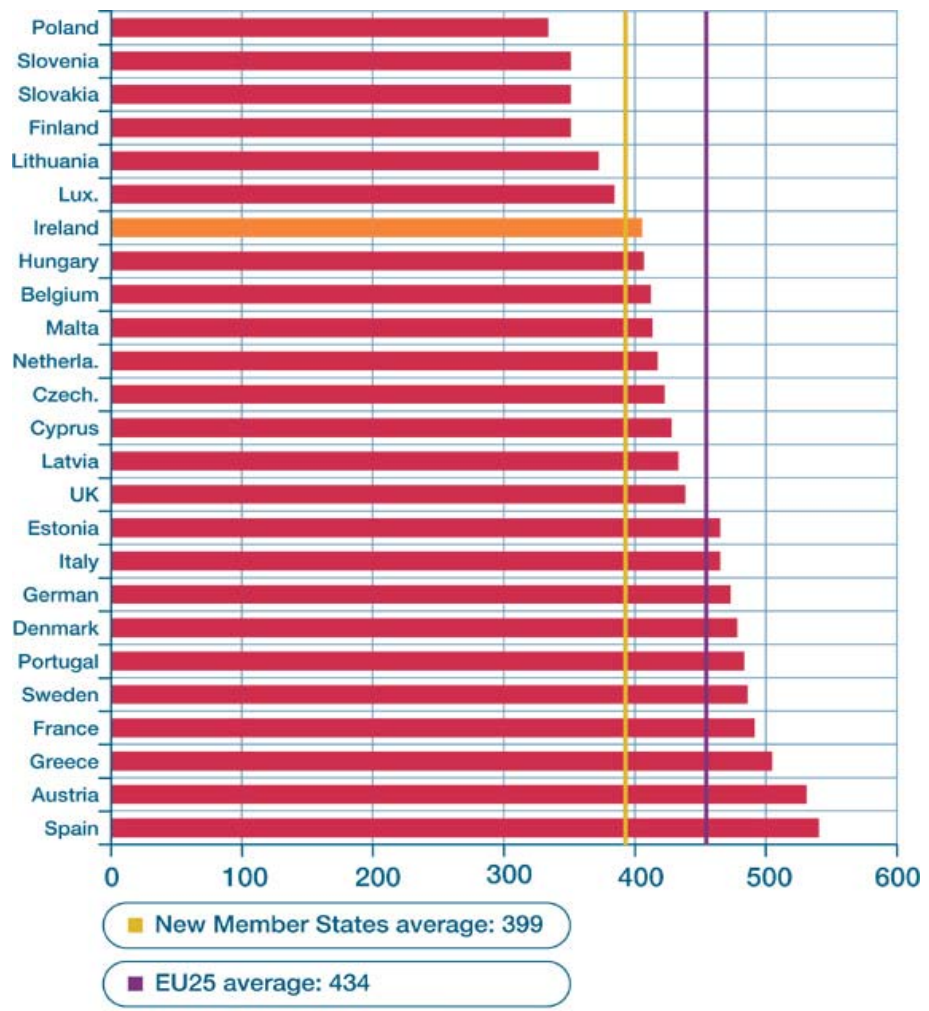
House Prices (% change)



Source: Department of the Environment/BOIGM Forecasts

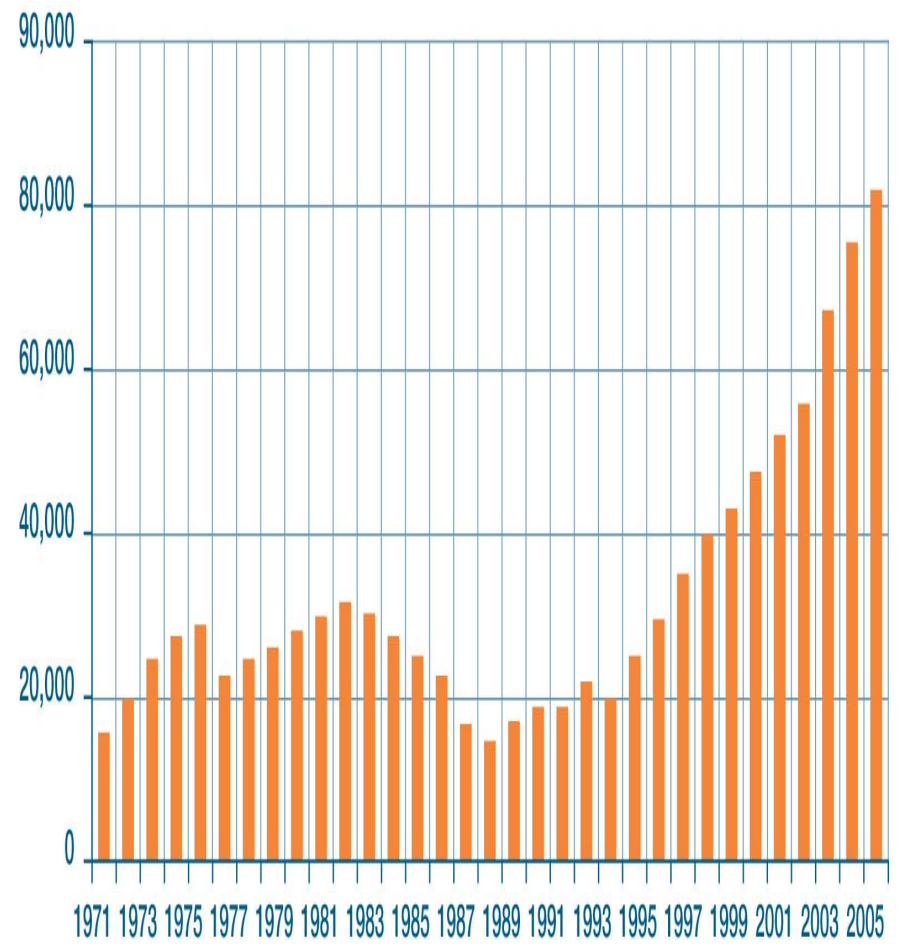
Housing Supply – A robust response...housing stock still low

Dwelling Stock per 1,000 Inhabitants



Source: European Mortgage Federation, Hyostat 2004

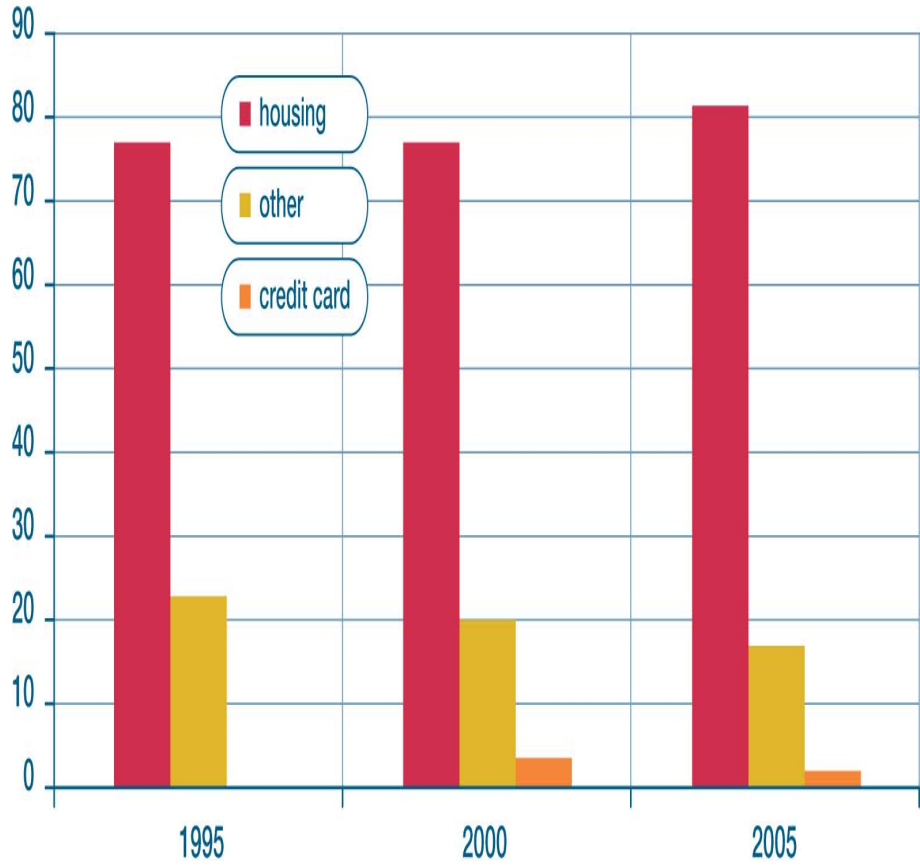
House Completions (000)



Source: Department of the Environment

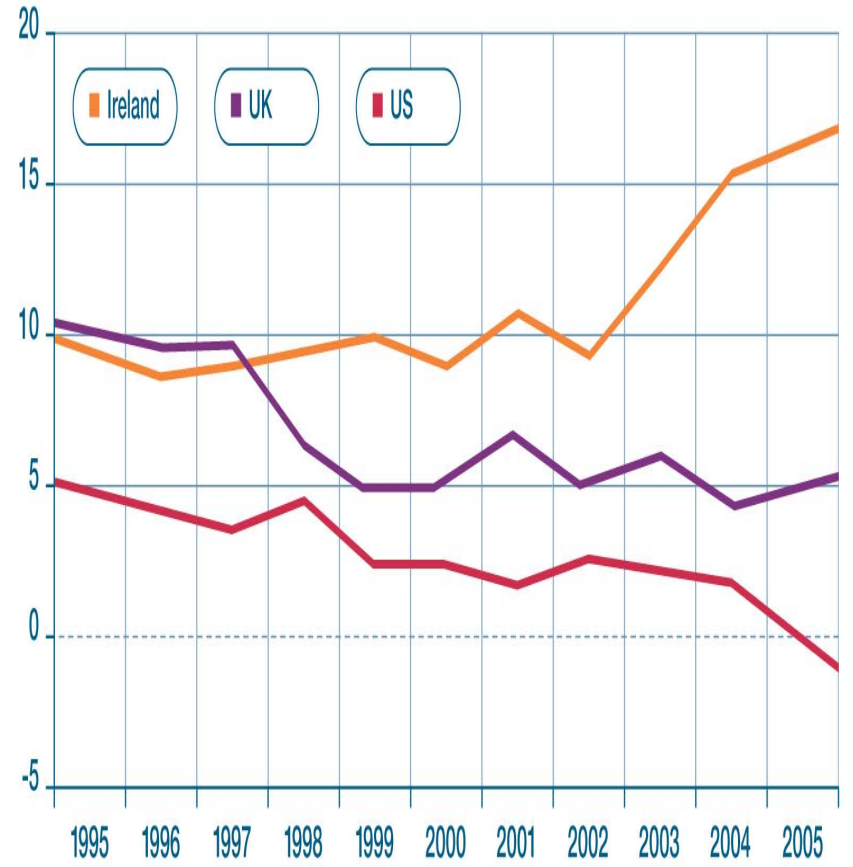
Household debt remains primarily secured on property & savings are high

Composition of Personal Sector Credit (% of total)



Source: Central Bank of Ireland

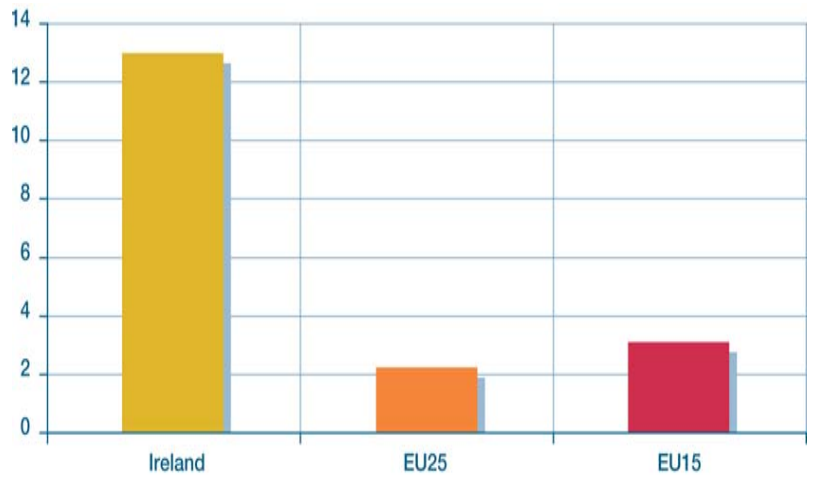
Personal Sector Savings Rate (% of personal income)



Source: CSO, ONS, BEA

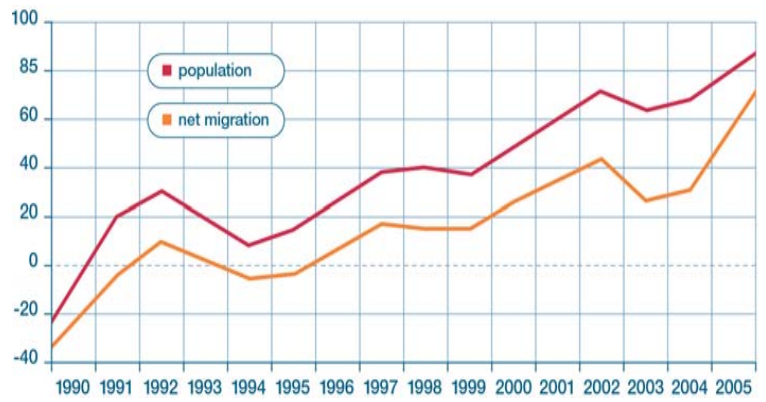
Economic sustainability further supported by favourable demographics

Projected Population Growth 2004-2015 (%)



Source: CSO, Eurostat

Population Change (000)



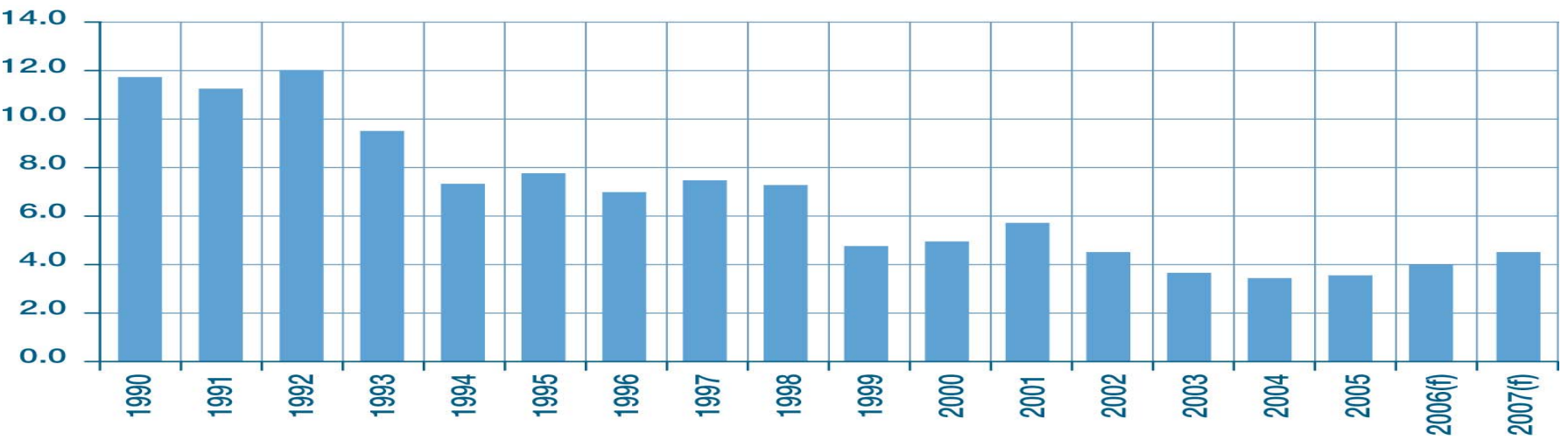
Source: CSO

Population by Cohort (Mn)



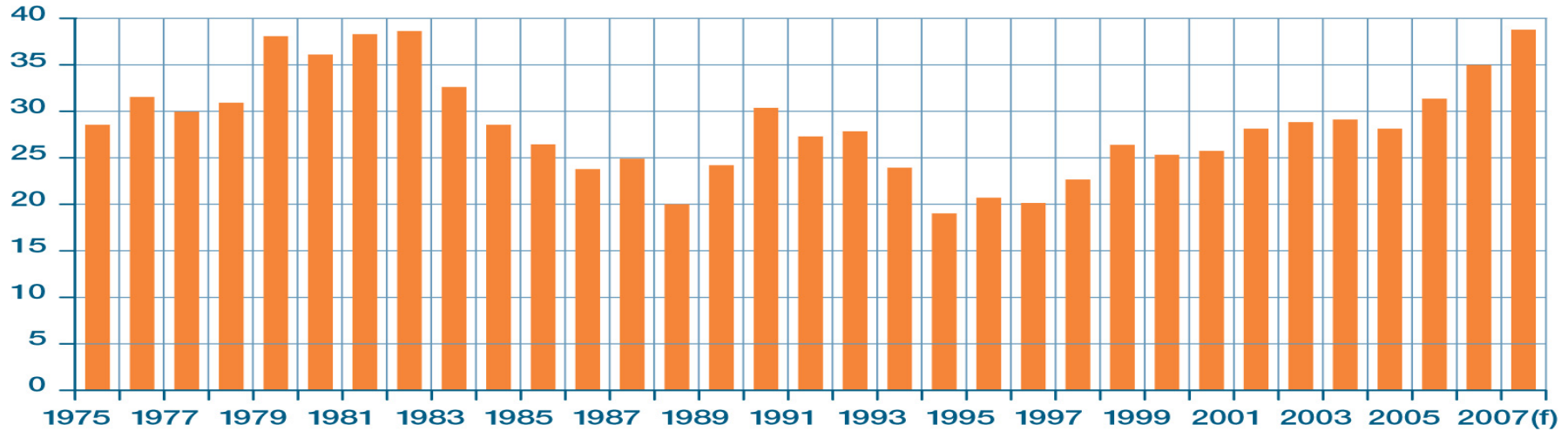
Affordability will moderate the pace of house price inflation

Mortgage Rate (%)



Source: Central Bank of Ireland, BOIGM forecasts

New Mortgage Service Cost/Income (%)



Source: BOIGM



Bank of Ireland Personal Lending

Overview

The
Mortgage
Business

A dynamic / innovative business, providing more new mortgages than anyone else in the Republic of Ireland and delivering quality earnings to the BOI Group

Our Ambitions:

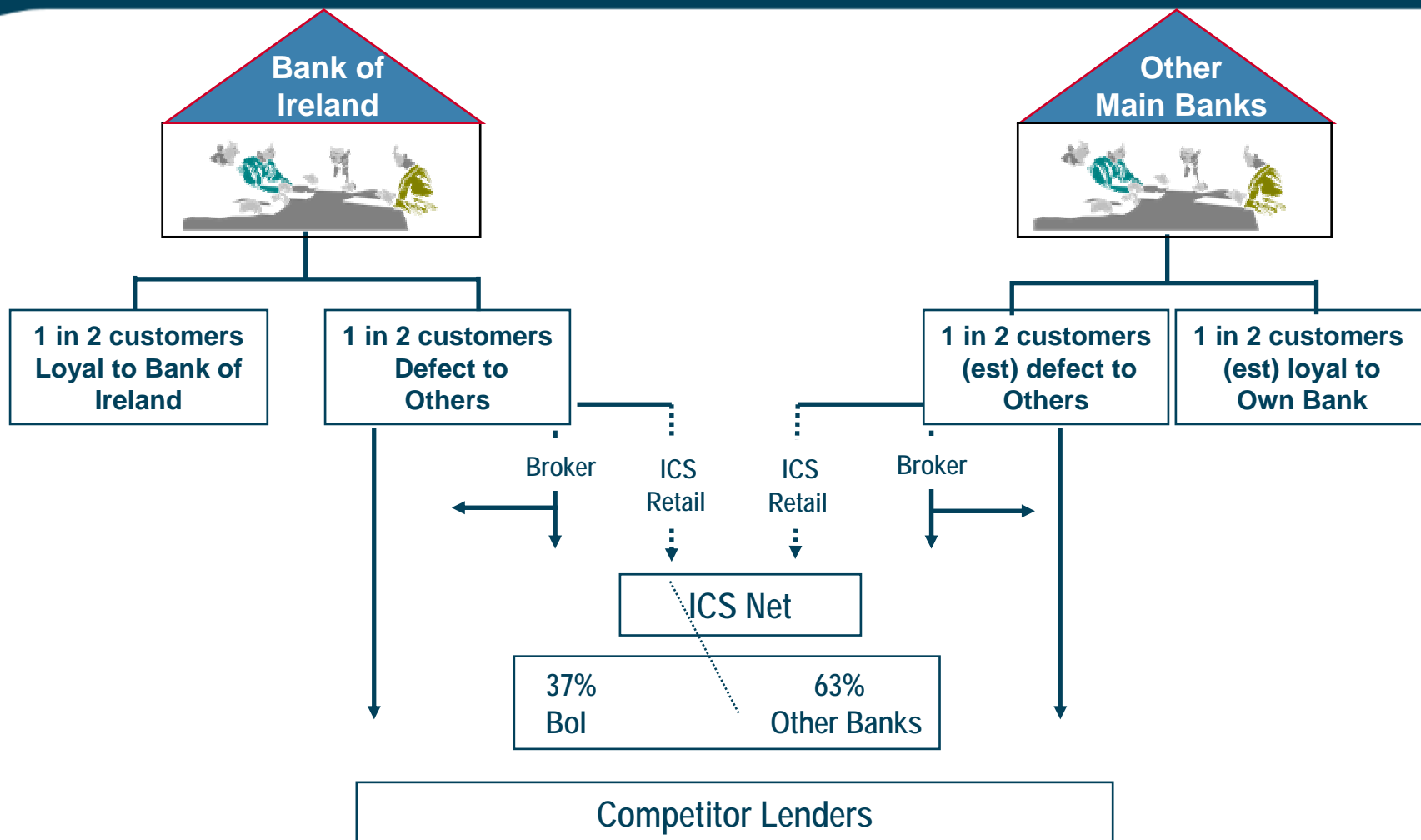
Undisputed No. 1

- Market Leaders
- Book Quality
- Customer Retention
- Staff Engagement / Customer Satisfaction
- Process Efficiency
- Return on Equity

Mortgages:

Recognised as a Key Anchor Product
for Bank of Ireland Group

Multi-channel, multi-brand approach to the market



- 260 Branches
- 9 Mortgage Stores
- ICS Building Society - Brokers

How do we compete in the market?

Product Range

- Traditionally offered fixed and variable products. Launched Tracker product in 2004 which now accounts for 63% of all new mortgages
- Fixed rate products are of short-term nature.
- 100% Mortgage & Affordable Housing Mortgage launched in 2005

Distribution

- Distribution is critical
- Mortgages are bought face-to-face due to complex nature of product
- Retail branches and intermediaries remain key channels of distribution

Underwriting Skills

- We have best in class underwriting skills, which are evidenced by our lower than market average arrears levels.

Pricing Proposition

- Mortgage pricing continues to be at historically low levels, likely that ECB rate will increase in 2006 to > 3%
- Bank of Ireland prices for risk

Bank of Ireland Mortgages year end highlights

2005/06 Highlights:

- Leading mortgage provider in Ireland with 19.4% of outstanding mortgages
- 29% growth in new advances, 27% Book growth
- 72% of new loans originated through branch network
- No undue risk concentration in type, location or employment sector
- Loss experience zero in last 12 months / arrears significantly below industry average
- Book rated Grade A > 99% rated satisfactory

**THE
MORTGAGE
STORE**



www.bankofireland.ie

Cards & Loans

Share

- Personal Loans No. 2 position in market
Credit Unions have no. 1 position
- Credit Card Debt No. 2 position in market
Reflects strength of customer base
- Credit Card CIF/Turnover No. 1 position in market

Quality

- Book quality Exceptionally strong
- Loan Arrears Well below market average
- Loan loss Very low by any historic measure

Conclusion

- The Mortgage and Personal Lending markets have seen continued strong growth in 2005/06. Bank of Ireland Group again provided more new mortgages than any other lender in the ROI.
- Supply has responded well to pent-up demand. House price inflation for 2005 reached 12% and market has ticked up further since then. We expect a combination of increasing interest rates and record supply to moderate house price inflation
- Interest rates, although increasing are low by historic standards. Rising interest rates will impact at the margins, especially First Time Buyers where affordability is an issue
- A major unemployment shock looks improbable.
- Bank of Ireland will deliver mid twenties book growth in 2006/07 with current book and new advances growth supporting this assumption.
- We believe the quality of our business, in terms of asset quality and earnings stream, will continue to be a key component of Bank of Ireland profitability.
- Bank of Ireland remains well positioned to continue to grow its Mortgages and Personal Lending business



For Further Information

Please contact

Geraldine Deighan

Group Investor Relations

Tel: 353-1-6043502

Fax: 353-1-6615105

E-mail: investor.relations@boimail.com