

## Year End Results March 2005

# Forward Looking Statement

This document 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, development and implementation of the Group's strategy, including the ability to achieve estimated cost reductions, competition, the Group's ability to address information technology issues and the availability of funding sources. Any forward-looking statements speak only as of the date they were made. 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. The reader should however, consult any additional disclosures that the Group has made or may make in documents it has filed or submitted or may file or submit to the U.S. Securities and Exchange Commission.



# Brian Goggin

Group Chief Executive



# Year End Highlights

Profit Before Tax & Exceptionals



+5%

Alternative EPS



+7%

PBT (excluding UK POFS)



+10%

Alternative EPS (excluding UK POFS)



+9%

Dividend



+10%

Return on Equity

22.4%



# Robust Divisional Performances

- **Retail Republic of Ireland & Bank of Ireland Life**
  - Excellent Growth in Volumes and Product Sales
  - Significant Market Share Gain in Life
  - Considerable Progress in Business Banking
- **Wholesale Financial Services**
  - Consolidating our Strong Domestic Franchise
  - Exploiting Niche International Opportunities
- **Asset Management Services**
  - Experienced Investment Team Focused on Performance
- **UK Financial Services**
  - Significant Growth Potential
  - Resolving Specific Challenges
  - Strong Mortgage Business
  - Business Banking Loan Growth



# Progress on Post Office Joint Venture

**“To provide simple, value-for-money products delivered through a convenient personalised service.”**

- Proven sales effectiveness model now established
- 3 million people on mailing database
- 100,000<sup>th</sup> customer this week
- Targeting 400,000 customers by March 2006



# The Macro-economic Environment

## Ireland

2005 (F)

- GDP 6%
- Continued low interest rates
- 55,000 new jobs
- Unemployment 4.2%
- Inflation 2.2%
- Strong Demographics

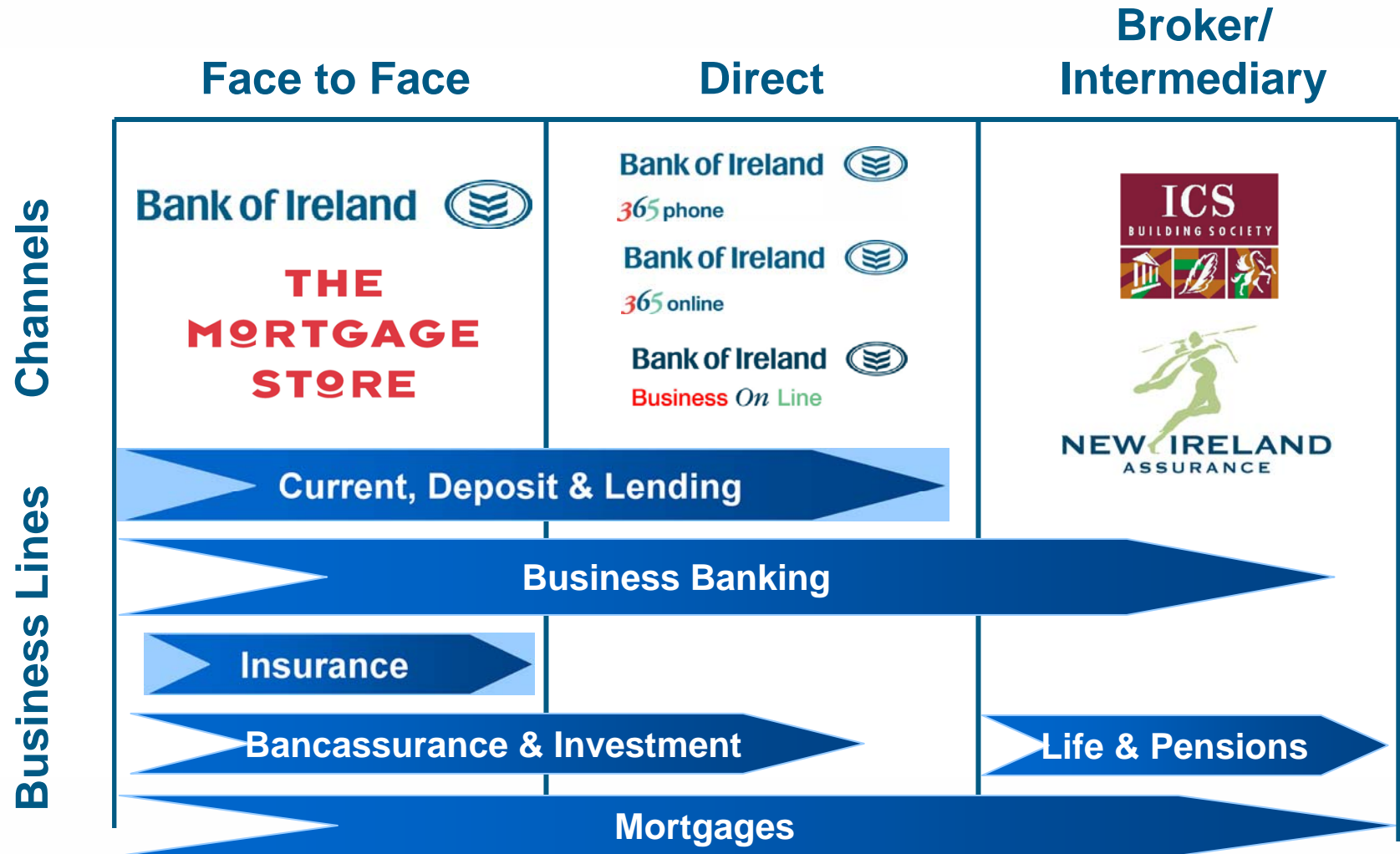
## UK

2005 (F)

- GDP 2.8%
- Inflation 1.9%
- Unemployment 2.6%



# Strong Competitive Positioning in Ireland



# Strategic Transformation Programme



## Initiatives for implementation

Retail Ireland (40%)

Back office functions

Small number of branch closures

Group Support Services (40%)

Procurement

HR & Learning

Facilities

IT Infrastructure

Process Consolidation (20%)

Contact centres

Credit underwriting



## Looking Forward

- Strategic and Financial Momentum
- Dynamic Businesses with Growth Potential
- Well Positioned in Strong Economies
- Optimistic on Business Prospects for 2005/06



# Financial Highlights

John O'Donovan

Chief Financial Officer



# Financial Highlights

|  | March 05<br>€m | March 04<br>€m | % Change |
|--|----------------|----------------|----------|
| Profit before Tax & Exceptional Items*               | 1,333          | 1,267          | +5       |
| Profit before Tax & Exceptional Items*<br>excl. POFS | 1,398          | 1,270          | +10      |
| Alternative EPS (Cent)**                             | 114.2          | 106.7          | +7       |
| Alternative EPS** excl. POFS (Cent)                  | 116.9          | 106.9          | +9       |
| Dividend (Cent)                                      | 45.6           | 41.4           | +10      |
| Return on Equity*                                    | 22.4%          | 23.7%          |          |

\* Excluding exceptional items €5m (-€97m in Mar 04), loan loss provision release €100m and Strategic Transformation Programme charge €117m

\*\* Excluding Goodwill Amortisation €25m (€19m in Mar 04) and exceptional items above



# Strong Capital Base

| <b>Sept 04</b> |                          | <b>March 05</b> | <b>March 04</b> |
|----------------|--------------------------|-----------------|-----------------|
| <b>%</b>       |                          | <b>%</b>        | <b>%</b>        |
| 3.9            | Equity /Assets           | 3.7             | 4.0             |
| 10.8           | Total Capital            | 10.6            | 11.3            |
| 7.3            | Tier 1 Capital           | 7.6             | 7.2             |
| 6.7            | Tier 1 Excluding Life    | 7.0             | 6.6             |
| 75             | Equity Element of Tier 1 | 68              | 75              |

| <b>Sept 04</b> |                      | <b>Mar 05</b> | <b>Mar 04</b> | <b>Growth</b> | <b>Constant</b>   |
|----------------|----------------------|---------------|---------------|---------------|-------------------|
| <b>€bn</b>     |                      | <b>€bn</b>    | <b>€bn</b>    | <b>%</b>      | <b>Currency %</b> |
| 116            | Total Assets         | 126           | 106           | 19            | 20                |
| 69             | Risk Weighted Assets | 76            | 63            | 20            | 22                |



# Exceptional Items

| 6 months<br>Sept 04* |  | Mar 05     | Mar 04     |
|----------------------|--|------------|------------|
| €m                   |  | €m         | €m         |
| 31                   | Sale of Share in euroConex                       | 31         | -          |
| -                    | Sale of Share in State Street Alliance           | -          | 36         |
| -                    | Loan Loss Provision Write Back                   | 100        | -          |
| -                    | Strategic Transformation Programme               | (117)      | -          |
| 7                    | Sale of Chase de Vere / Restructuring of UK IFAs | (12)       | (118)      |
| -                    | UKFS Business Improvement Programme              | (10)       | (14)       |
| <u>(1)</u>           | <u>Other</u>                                     | <u>(4)</u> | <u>(1)</u> |
| 37                   | Pre Tax  | (12)       | (97)       |
| 38                   | Post Tax   | (10)       | (96)       |

\* Restatement of €5m from Other to UKFS Business Improvement Programme

# Group Profit & Loss Account

| 6 months<br>Sept 04<br>€m |                            | Mar 05<br>€m | Mar 04<br>€m | %<br>Change | Constant<br>Currency<br>% |
|---------------------------|----------------------------|--------------|--------------|-------------|---------------------------|
| 922                       | Net Interest Income        | 1,898        | 1,744        | 9           | 8                         |
| <u>628</u>                | Other Income               | <u>1,275</u> | <u>1,234</u> | 3           | 3                         |
| 1550                      | Total Income               | 3,173        | 2,978        | 7           | 6                         |
| 875                       | Costs                      | 1,807        | 1,654        | 9           | 9                         |
| 28                        | Loan Losses                | 79           | 86           | (8)         | (8)                       |
| <u>29</u>                 | Associates/JVs             | <u>46</u>    | <u>29</u>    | 59          | 55                        |
| <b>676</b>                | <b>PBT Pre-Exceptional</b> | <b>1,333</b> | <b>1,267</b> | <b>5</b>    | <b>5</b>                  |

PBT up 10% excluding UK POFS

# Net Interest Income +9%

€154m increase

|              | €m         | %        |
|--------------|------------|----------|
| Volume       | 306        | 18       |
| Margins      | (161)      | (9)      |
| FX           | <u>9</u>   | -        |
| <b>Group</b> | <b>154</b> | <b>9</b> |



# Strong Growth in Volume

## Retail Financial Services

|                      |              |
|----------------------|--------------|
| Mortgages            | + 27%        |
| Business Lending     | + 23%        |
| Personal Lending     | + 21%        |
| <b>Total Lending</b> | <b>+ 24%</b> |

Resources + 12%

## UK Financial Services

|                      |             |
|----------------------|-------------|
| Mortgages            | + 9%        |
| Commercial Loans     | +19%        |
| <b>Total Lending</b> | <b>+12%</b> |

Resources + 2%

## Wholesale Financial Services

Corporate Banking  
Lending +26%



# Net Interest Margin -20 bps

**6 months**

**Sept 04**

**%**

**March 05**

**%**

**March 04**

**%**

2.31 Domestic

2.24

2.43

1.74 Foreign

1.65

1.87

**2.07 Group**

**2.01**

**2.21**

## Drivers of Margin Attrition

|                      |       |
|----------------------|-------|
| Wholesale Funding    | -6bps |
| Liability Spreads    | -3bps |
| Back Book Re-Pricing | -4bps |
| Mortgage Margins     | -2bps |
| Lending Mix          | -4bps |
| Other                | -1bp  |

## Source of Margin Attrition

|                |        |
|----------------|--------|
| Retail Ireland | -10bps |
| UKFS           | -9bps  |
| Other          | -1bp   |



# Other Income Growth

Increase March 05 on March 04



+3%

Impact of “one-off”\* in March 04



+3%

Underlying Growth



+6%

- Mainly driven by :
  - Corporate Banking Fees
  - Life Sales
  - Fee Income in Retail Ireland
- But impacted by:
  - Lower Advice Based Fee Income in UKFS
  - Lower Fees in Bank of Ireland Asset Management

\* Discount Rate Change (€19m) and lower Investment Return Variance (€10m) in Life



# Group Costs

6 months

Sept 04

€m

Mar 05

€m

Mar 04

€m

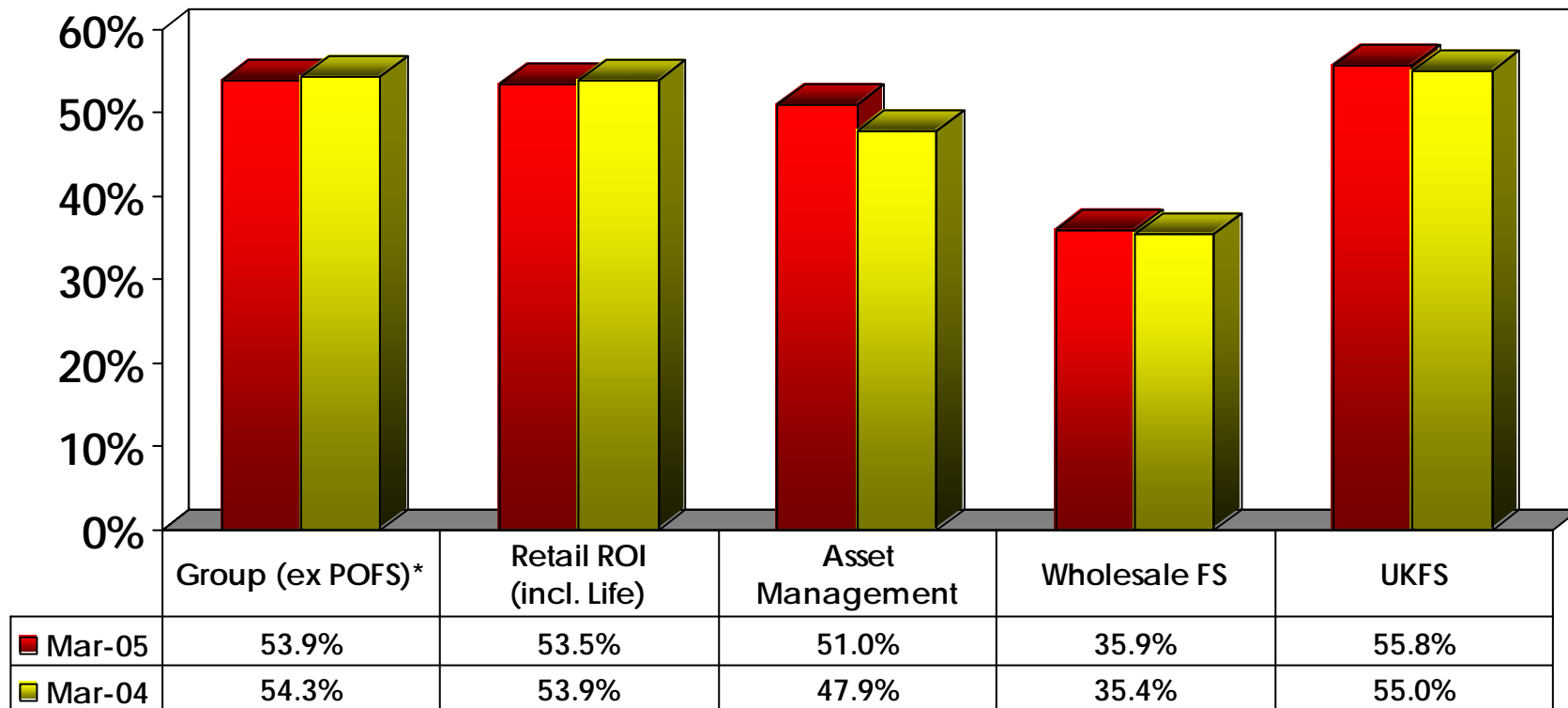
%  
Change

|            |                |              |              |           |
|------------|----------------|--------------|--------------|-----------|
| 498        | Staff          | 1,016        | 965          | 5         |
| 289        | Administrative | 605          | 506          | 20        |
| 76         | Depreciation   | 161          | 164          | (2)       |
| <u>12</u>  | Goodwill       | <u>25</u>    | <u>19</u>    | 32        |
| <b>875</b> | <b>TOTAL</b>   | <b>1,807</b> | <b>1,654</b> | <b>9*</b> |

\* Excluding UK POFS Group Costs +6%



# Cost Income Ratios



\* Group including POFS 55.4% in Mar 05 (54.4% in Mar 04)



# Loan Loss Charge\*

| Sept 04   |          |                    | March 05  |           | March 04  |           |
|-----------|----------|--------------------|-----------|-----------|-----------|-----------|
| €m**      | bps***   |                    | €m**      | bps***    | €m**      | bps***    |
| <b>28</b> | <b>8</b> | <b>Group Total</b> | <b>79</b> | <b>11</b> | <b>86</b> | <b>14</b> |
| 68        | 19       | Specific           | 138       | 19        | 134       | 21        |
| (1)       | -        | General            | (10)      | (1)       | 4         | 1         |
| (27)      | (8)      | NDSP               | (28)      | (4)       | (39)      | (6)       |
| (12)      | (3)      | Recoveries         | (21)      | (3)       | (13)      | (2)       |

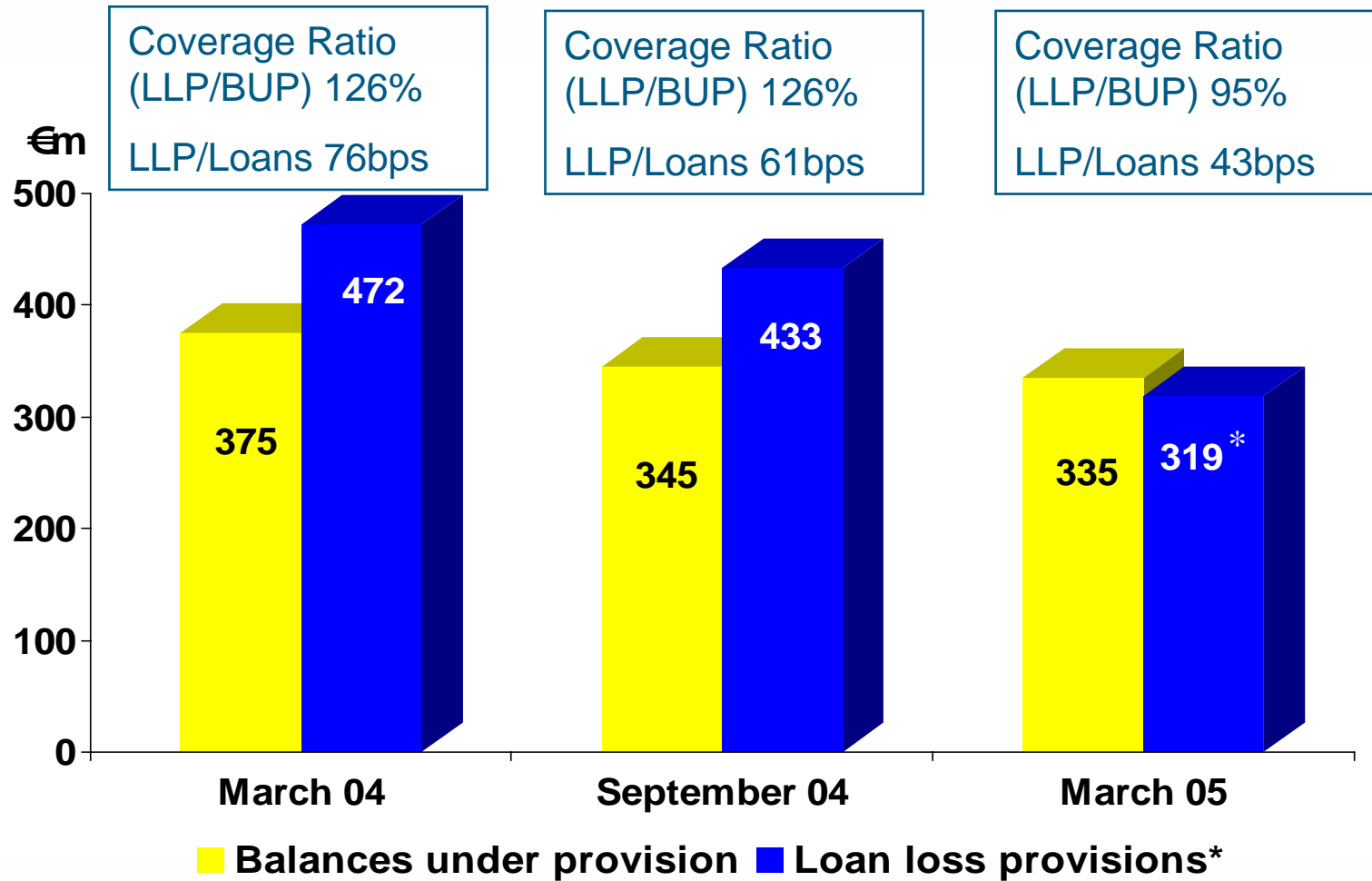
\* Excludes €100m release from general loan loss provisions

\*\* Loan Loss Charge (€m)

\*\*\* Charge/Average Loans (bps)



# Asset Quality



\* After release from general loan loss provisions of €100m arising from a review of loan loss provisions

# Business Review

# Profit Before Tax by Division

6 months

| Sept 04     |  | Mar 05       | Mar 04       | %        | Constant |
|-------------|--|--------------|--------------|----------|----------|
| €m          |  | €m           | €m           | Change   | Currency |
|             |  |              |              |          | %        |
| 243         | Retail Republic of Ireland               | 490          | 419          | 17       | 17       |
| 59          | Bank of Ireland Life                     | 135          | 147          | (8)      | (8)      |
| 216         | Wholesale Financial Services             | 407          | 371          | 10       | 9        |
| 200         | UK Financial Services                    | 388          | 373          | 4        | 2        |
| 64          | Asset Management Services                | 115          | 125          | (8)      | (7)      |
| (20)        | UK Post Office Financial Services*       | (55)         | (3)          |          |          |
| <u>(61)</u> | Group & Central                          | <u>(128)</u> | <u>(115)</u> | (11)     | (12)     |
| <b>701</b>  |  | <b>1,352</b> | <b>1,317</b> | <b>3</b> | <b>2</b> |
| <u>(25)</u> | Grossing Up                              | <u>(19)</u>  | <u>(50)</u>  | 62       | 62       |
| <b>676</b>  | <b>Pre Exceptional Profit Before Tax</b> | <b>1,333</b> | <b>1,267</b> | <b>5</b> | <b>5</b> |

\* POFS fully consolidated from 1<sup>st</sup> August 2004



# Retail Republic of Ireland

32% of Group Divisional Profitability

## 6 months

Sept 04

€m

Mar 05

€m

Mar 04

€m

%  
Change

|            |                          |            |            |           |
|------------|--------------------------|------------|------------|-----------|
| 492        | Net Interest Income      | 1,018      | 909        | 12        |
| <u>151</u> | Other Income*            | <u>301</u> | <u>287</u> | 5         |
| 643        | Total Income             | 1,319      | 1,196      | 10        |
| 377        | Operating Costs          | 778        | 724        | 7         |
| <u>23</u>  | Loan Loss Provision      | <u>51</u>  | <u>53</u>  | (4)       |
| <b>243</b> | <b>Profit Before Tax</b> | <b>490</b> | <b>419</b> | <b>17</b> |

\* Includes Income from Associates & Joint Ventures -€3m (-€2m Mar 04 and -€1m Sept 04)



# Retail Republic of Ireland

Excellent Overall Performance

- PBT +17%
- Income +10%
  - Volume Growth
    - Resources +12%
    - Mortgages +27%
    - Personal Lending +21%
    - Business Lending +23%

+24%
  - Margin Attrition of 34bps
    - Product Spreads
    - Wholesale Funding
  - Strong Fee Income (+5% growth) from Branch Network & Private Banking
- Costs + 7%
- Mainly Staff Costs & Depreciation
- Loan Loss Charge 18bps (Mar 04 23bps)

Net Interest  
Income +12%

Other Income  
+5%



# Bank of Ireland Life

9% of Group Divisional Profitability

6 months

| Sept 04     |                               | Mar 05      | Mar 04      | %          |
|-------------|-------------------------------|-------------|-------------|------------|
| €m          |                               | €m          | €m          | Change     |
| 24          | New Business                  | 59          | 51          | 16         |
| 45          | Existing Business             | 81          | 73          | 11         |
| 28          | – Expected Return             | 59          | 54          | 9          |
| 13          | – Experience Variances        | 18          | 14          | 29         |
| 4           | – Operating Assumption Change | 4           | 5           | (20)       |
| 3           | Shareholder Returns           | 5           | 8           | (38)       |
| <u>(12)</u> | Intra Group Costs             | <u>(26)</u> | <u>(30)</u> | (13)       |
| <b>60</b>   | <b>Operating Profit</b>       | <b>119</b>  | <b>102</b>  | <b>17</b>  |
| (1)         | Investment Return Variance    | 16          | 26          | (38)       |
| <u>-</u>    | Economic Assumption Changes   | <u>-</u>    | <u>19</u>   | -          |
| <b>59</b>   | <b>Profit Before Tax</b>      | <b>135</b>  | <b>147</b>  | <b>(8)</b> |



# Bank of Ireland Life

- Strong Growth in Operating Profit +17%
- New Business Profitability +16%
- APE Sales +13%
- Market Share 24%
  - Up by 3 percentage points
- Prudent Underlying Actuarial Assumptions
- Excellent Financial Strength
  - Solvency Cover 2.7 times



# Wholesale Financial Services

27% of Group Divisional Profitability

6 months

Sept 04

€m

Mar 05

€m

Mar 04

€m

%  
Change

160 Net Interest Income

302

292

3

190 Other Income\*

392

331

18

350 Total Income

694

623

11

116 Operating Costs

249

221

13

18 Loan Loss Provision

38

31

23

**216 Profit Before Tax**

**407**

**371**

**10**

\* Includes Income from Associates & Joint Ventures €53m (€33m Mar 04 & €34m Sept 04)



# Wholesale Financial Services

Profit Before Tax - Business Analysis

**6 months**

**Sept 04**

€m

**March 05**

€m

**March 04**

€m

**%  
Change**

101 Corporate Banking

182

158

15

64 Global Markets

127

143

(11)

51 Other\*

98

70

40

**216 WFS**

**407**

**371**

**10**

\* Includes First Rate Enterprises, Davy and IBI Corporate Finance



# Wholesale Financial Services

- **Total Income**

**+ 11%**

- Strong growth in lending volumes and fee based income
- Satisfactory performance by Global Markets in challenging market conditions
- Excellent out-turn from First Rate's FX JV with the UK Post Office
- 3 months contribution from Burdale (acquired early Jan 2005)

- **Costs**

**+ 13%**

- Investment in domestic and international growth initiatives
- Business as usual costs well contained
- Burdale acquisition



# Wholesale Financial Services

18% of Group Loan & Advances to Customers\* (€15bn)

## Risk Management

- Strong Asset Quality - well diversified book with no undue risk concentrations
- Loan Loss Charge of 26 bps (Mar 04 26bps and Sep 04 26bps)
- Modest Proprietary Trading – Lower VaR usage
- Sound Governance, Controls & Risk Culture

\* Includes Corporate Debt Securities €3.2bn at March 2005 (€3.1bn Mar 04)



# UK Financial Services (Sterling)

25% of Group Divisional Profitability

6 months

Sept 04

Stg£m

Mar 05

Stg£m

Mar 04

Stg£m

%  
Change

|            |                          |             |            |          |
|------------|--------------------------|-------------|------------|----------|
| 205        | Net Interest Income      | 414         | 417        | (1)      |
| <u>81</u>  | Other Income             | <u>164</u>  | <u>171</u> | (4)      |
| 286        | Total Income             | 578         | 588        | (2)      |
| 161        | Operating Costs          | 323         | 323        | -        |
| <u>(9)</u> | Loan Losses              | <u>(10)</u> | <u>2</u>   |          |
| 134        | Operating Profit         | 265         | 263        | 1        |
| <u>-</u>   | Goodwill                 | <u>-</u>    | <u>4</u>   |          |
| <b>134</b> | <b>Profit Before Tax</b> | <b>265</b>  | <b>259</b> | <b>2</b> |



# UK Financial Services

6 months

Sept 04

Stg £m

March 05

Stg £m

March 04

Stg £m

%

Change

|            |  |            |            |          |
|------------|--|------------|------------|----------|
| 62         | Personal Lending UK<br>(Mortgage Business)         | 131        | 156        | (16)     |
| 64         | Business Banking<br>(GB Business Banking & NI)     | 118        | 99         | 19       |
| 2          | Consumer Banking<br>(B&W Branches & Chase de Vere) | 6          | 0          |          |
| <u>6</u>   | <u>Other</u>                                       | <u>10</u>  | <u>4</u>   | 150      |
| <b>134</b> |  | <b>265</b> | <b>259</b> | <b>2</b> |



# UK Financial Services

- **Income**

- Strong lending growth in both Business Banking (+19%) & Mortgages (+9%)
- Net Interest Income impacted by Mortgage Back Book re-pricing, base rate increases, redemption income and competitive pressures

- **Costs**

- Tight cost management resulting in flat cost growth
- Business Improvement Programme on track to save £30m p.a. (£17m in 04/05; £25m in 05/06; £30m in 06/07)

- **Asset Quality**

- Loan Loss Provision release of £10m due to transfer of loan book
- Remains very strong with below industry average arrears levels



# Asset Management Services

7% of Group Divisional Profitability

6 months

Sept 04

€m

Mar 05

€m

Mar 04

€m

%  
Change

|            |                          |            |            |            |
|------------|--------------------------|------------|------------|------------|
| 2          | Net Interest Income      | 4          | 3          | 33         |
| <u>133</u> | Fee Income               | <u>252</u> | <u>258</u> | (2)        |
| 135        | Operating Income         | 256        | 261        | (2)        |
| <u>65</u>  | Operating Costs          | <u>130</u> | <u>125</u> | 4          |
| 70         | Operating Profit         | 126        | 136        | (7)        |
| <u>6</u>   | Goodwill                 | <u>11</u>  | <u>11</u>  | -          |
| <b>64</b>  | <b>Profit Before Tax</b> | <b>115</b> | <b>125</b> | <b>(8)</b> |



# Asset Management Services

BIAM – Assets under Management

|                    | <b>6 months</b> | <b>6 months</b> | <b>Full Year</b> | <b>Full Year</b> |
|--------------------|-----------------|-----------------|------------------|------------------|
|                    | <b>Sept 04</b>  | <b>Mar 05</b>   | <b>Mar 05</b>    | <b>Mar 04</b>    |
|                    | <b>€bn</b>      | <b>€bn</b>      | <b>€bn</b>       | <b>€bn</b>       |
| <b>Opening AUM</b> | <b>57.5</b>     | <b>55.7</b>     | <b>57.5</b>      | <b>42.7</b>      |
| Net Cashflow       | (2.0)           | (11.5)          | (13.5)           | 2.4              |
| Performance        | 0.2             | 2.7             | 2.9              | 12.4             |
| <b>Closing AUM</b> | <b>55.7</b>     | <b>46.9</b>     | <b>46.9</b>      | <b>57.5</b>      |



# Asset Management Services

|   |                   | YoY % Change |
|---|-------------------|--------------|
| • BIAM  |                   |              |
| – Assets Under Management   | <b>€46.9bn</b>    | <b>(18%)</b> |
| – Net outflows due to poor relative EAFE investment performance and departures from investment team |                   |              |
| – Investment Team swiftly reorganised after departures  |                   |              |
| • Iridian   |                   |              |
| – Assets Under Management   | <b>US\$10.3bn</b> | <b>5%</b>    |
| – Further 15% acquired June 2004 (to 76%)   |                   |              |
| • Securities Services   |                   |              |
| – Assets under Custody and Administration   | <b>€136bn</b>     | <b>1%</b>    |

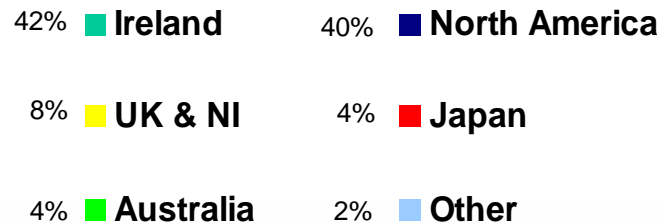
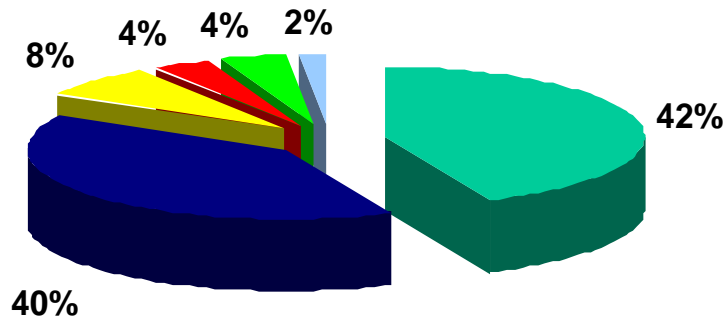


# Asset Management Services

BIAM - Global Footprint

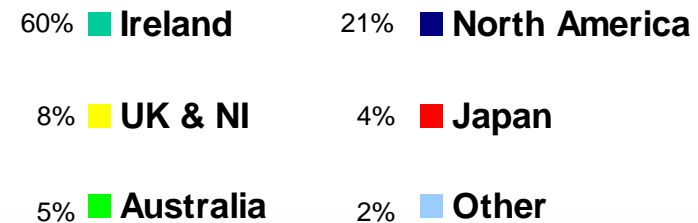
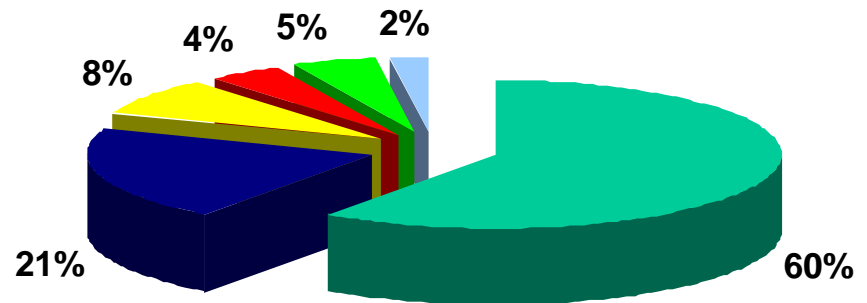
## March 2004

€57.5bn



## March 2005

€46.9bn



# UK Post Office Financial Services

| 6 months    |                        |             |            |
|-------------|------------------------|-------------|------------|
| Sept 04     |                        | Mar 05      | Mar 04     |
| Stg£m       |                        | Stg£m*      | Stg£m      |
| 2           | Operating Income       | 5           | -          |
| 8           | Operating Costs        | 29          | -          |
| -           | Loan losses            | <u>3</u>    | <u>-</u>   |
| (6)         | Operating Loss         | (27)        | -          |
| <u>(3)</u>  | Share of Joint Venture | <u>(3)</u>  | <u>(3)</u> |
| (9)         | Loss pre-goodwill      | (30)        | (3)        |
| <u>(4)</u>  | Goodwill               | <u>(8)</u>  | <u>-</u>   |
| <b>(13)</b> | <b>Loss Before Tax</b> | <b>(38)</b> | <b>(3)</b> |

\* POFS fully consolidated from 1<sup>st</sup> August 2004



# UK Post Office Financial Services

## Product Launch Schedule

| Products Launched in Year 1<br>(04/05) |         | Products Scheduled for Year 2<br>(05/06) |
|--|---------|--|
| Personal Loans                         | Mar 04  | Extended Growth Bond Range               |
| Car Insurance                          | July 04 | Credit Cards                             |
| Growth Bonds                           | Oct 04  | Instant Access Account                   |
| GEBs                                   | Oct 04  | Mortgages (Pilot)                        |
| Home Insurance                         | Nov 04  | Term Protection (Pilot)                  |
| Child Trust Funds                      | Jan 05  |  |



# UK Post Office Financial Services

Building a sales climate whilst offering a competitive product suite

## Sales Transformation Programme

### •Segmentation

Branches divided into three divisions:

- Top 3000: Diamond
- Next 5000: Platinum
- Remaining 7000: Gold

### •Sales Management

Sales General Managers appointed for each division, supported by a team of Financial Services coaches

### •Sales Training

Sales Managers and coaches building the foundations of a focussed sales model and implementing a strong sales culture

## Very Competitive Products

- Personal Loan – Top 5 in the market
- Car Insurance – one-third less than market average
- Home Insurance – 30% less than market average
- Growth Bonds – 5% per annum
- GEBs – second best in market
- Child Trust Funds – Top 3 product in stakeholder market

**Milestone of 100,000 customers achieved in May 2005**

**Target is 400,000 customers by March 2006**



# Summary

- Excellent financial performance for the year
  - Alternative EPS (excluding POFS) up 9%
  - Return on Equity 22.4%
  - Asset Quality remains very strong
- Positive outlook for Group underpinned by:
  - Strong business pipeline
  - Excellent asset quality
  - Prudent capital and funding
  - Strength of Irish economy
  - Actions being taken to address specific challenges
- Optimistic on Group's performance for the year to March 06



# Supplementary Information

# Index- Supplementary Information

- UK Post Office FS Impact on Group Alternative EPS
- Economic Outlook – Ireland and UK
- Geographic Analysis of Profit and Shareholder Base
- Volume Growth: Constant Currency
- UKFS Lending & Resources
- UKFS Residential Mortgage Book
- Geographic & Sectoral Analysis of Group Loan Book
- Asset Quality
- UK Financial Services (Euro)
- Group Balance Sheet
- IFRS



# UK Post Office FS impact on Group Alternative EPS

|  | March 05      |
|--|---------------|
|  | €m            |
| Loss before Tax                          | (55)          |
| Goodwill                                 | 12            |
| Tax & Minority Interest                  | 24            |
| Cost of Funding (after tax)              | <u>(7)</u>    |
| Bank of Ireland Impact pre-goodwill      | (26)          |
| <b>Alternative EPS Impact - dilutive</b> | <b>(2.7c)</b> |



# Economic Outlook - Ireland

|                   | <u>Actual</u> | <u>Forecast</u> |             |
|-------------------|---------------|-----------------|-------------|
| <u>% Growth</u>   | <u>2004</u>   | <u>2005</u>     | <u>2006</u> |
| GDP               | 4.9           | 6.0             | 6.2         |
| GNP               | 5.5           | 6.0             | 6.2         |
| Consumer Spending | 3.2           | 5.5             | 7.0         |
| Exports           | 4.4           | 5.5             | 5.0         |
| Inflation         | 2.2           | 2.2             | 2.4         |
| Unemployment      | 4.5           | 4.2             | 4.1         |

Source: Bank of Ireland Global Markets



# Economic Outlook - UK

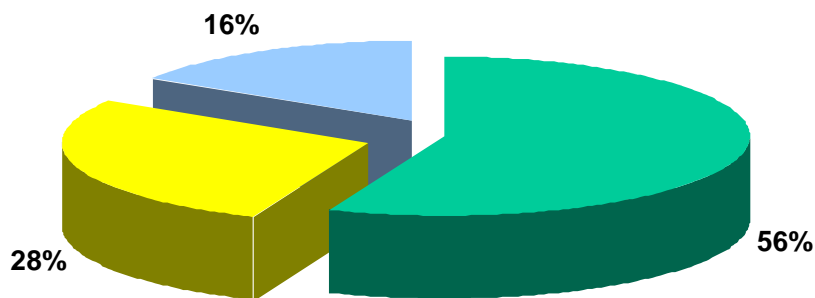
|                   | <u>Actual</u> | <u>Forecast</u> |             |
|-------------------|---------------|-----------------|-------------|
| <b>% Growth</b>   | <u>2004</u>   | <u>2005</u>     | <u>2006</u> |
| GDP               | 3.1           | 2.8             | 2.4         |
| Consumer Spending | 3.3           | 2.5             | 2.5         |
| Exports           | 3.0           | 4.5             | 3.5         |
| Inflation         | 1.4           | 1.9             | 2.1         |
| Unemployment      | 2.8           | 2.6             | 2.8         |

*Source: Bank of Ireland Global Markets*



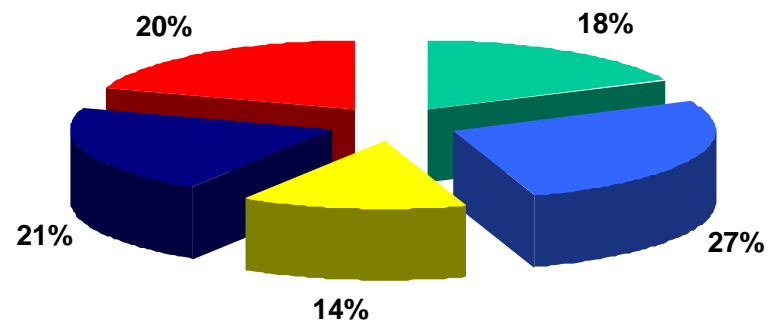
# Geographic Analysis

**Profit before Tax  
March 2005**



- Republic of Ireland
- UK
- Rest of World

**Shareholder Base  
March 2005**



- Republic of Ireland
- Retail
- UK
- US
- Europe/Other



# Volume Growth: Constant Currency

|                     | Lending        |                    | Resources      |                    |
|---------------------|----------------|--------------------|----------------|--------------------|
|                     | PIT % Increase | Average % Increase | PIT % Increase | Average % Increase |
| Group               | 18             | 18                 | 12             | 9                  |
| Republic of Ireland | 23             | 21                 | 18             | 12                 |
| UK                  | 13             | 14                 | 0              | 5                  |



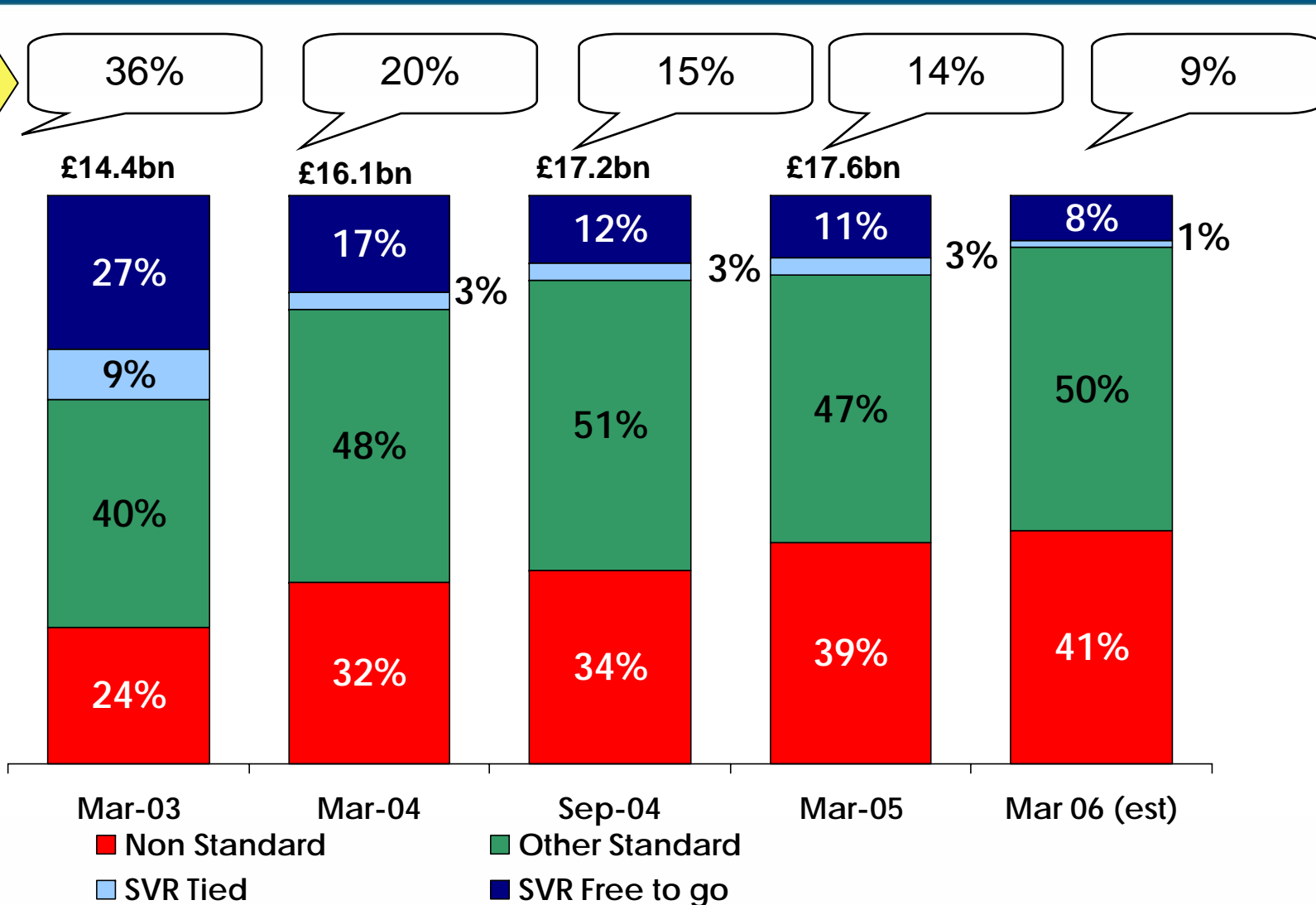
# UK Financial Services Lending & Resources

| 6 months<br>Sept 04<br>Stg £bn |                       | March 05<br>Stg £bn | March 04<br>Stg £bn | %<br>Change |
|--------------------------------|-----------------------|---------------------|---------------------|-------------|
|                                | Residential Mortgages |                     |                     |             |
| 11.3                           | ▪ Standard            | 10.7                | 10.9                | (2)         |
|                                | ▪ Non-Standard        |                     |                     |             |
| 3.7                            | • Buy to Let          | 4.2                 | 3.4                 | 24          |
| <u>2.2</u>                     | • Specialised         | <u>2.7</u>          | <u>1.8</u>          | 50          |
| 17.2                           |                       | 17.6                | 16.1                | 9           |
| <u>6.6</u>                     | Commercial Loans      | <u>7.4</u>          | <u>6.2</u>          | 19          |
| <b>23.8</b>                    | <b>Loan Book</b>      | <b>25.0</b>         | <b>22.3</b>         | 12          |
| <b>13.1</b>                    | <b>Resources</b>      | <b>13.2</b>         | <b>12.9</b>         | <b>2</b>    |



# UKFS Residential Mortgage Book

Total SVR



# Group Loan Book €83.1bn\*

Well diversified book with no undue risk concentrations

|                           | <u>Group %</u> | <u>ROI %</u> | <u>UK %</u> | <u>International %</u> |
|---------------------------|----------------|--------------|-------------|------------------------|
| Residential Mortgages     | 49             | 18           | 31          | -                      |
| Business & Other Services | 14             | 6            | 2           | 6                      |
| Personal Lending          | 10             | 8            | 2           | -                      |
| Construction & Property   | 10             | 4            | 5           | 1                      |
| Manufacturing             | 6              | 3            | 1           | 2                      |
| Other Lending             | 4              | 2            | 1           | 1                      |
| Commercial Mortgages      | 3              | -            | 3           | -                      |
| TMT                       | 3              | 3            | -           | -                      |
| Agriculture               | 1              | 1            | -           | -                      |
| <b>Total %</b>            | <b>100</b>     | <b>45</b>    | <b>45</b>   | <b>10</b>              |

\* Loans & Advances to Customers €79.9bn + Corporate Debt Securities €3.2bn

# Asset Quality

|  |   | <u>Residential Mortgages</u> |           | <u>Other Lending</u> |            | <u>Total</u> |            |
|--|---|------------------------------|-----------|----------------------|------------|--------------|------------|
|  |   | Mar 05                       | Mar 04    | Mar 05               | Mar 04     | Mar 05       | Mar 04     |
|  |   | €m                           | €m        | €m                   | €m         | €m           | €m         |
| <b>Balances Under Provision (BUP)</b>        | Ireland                                   | 3                            | 3         | 182                  | 217        | 185          | 220        |
|  | UK  | 17                           | 16        | 39                   | 34         | 56           | 50         |
|  | International                             | -                            | -         | 94                   | 105        | 94           | 105        |
|  |   | <b>20</b>                    | <b>19</b> | <b>315</b>           | <b>356</b> | <b>335</b>   | <b>375</b> |
| <b>Loan Loss Provision</b>                   | General & Specific                        |                              |           |                      |            |              |            |
|  | Ireland                                   | 15                           | 13        | 194                  | 210        | 209          | 223        |
|  | UK  | 18                           | 26        | 62                   | 60         | 80           | 86         |
|  | International                             | -                            | -         | <u>61</u>            | <u>62</u>  | <u>61</u>    | <u>62</u>  |
|  |   | <b>33</b>                    | <b>39</b> | <b>317</b>           | <b>332</b> | <b>350</b>   | <b>371</b> |
|  | NDSP                                      | 25                           | 26        | 44                   | 75         | 69           | 101        |
|  | Release from General Loan Loss Provisions |                              |           |                      |            | (100)        |            |
| <b>TOTAL</b>                                 |   | <b>58</b>                    | <b>65</b> | <b>361</b>           | <b>407</b> | <b>319</b>   | <b>472</b> |
| <b>LLP as % BUP</b>                          |   | 290%                         | 342%      | 115%                 | 114%       | 95%          | 126%       |
| <b>LLP as % of Average Loans</b>             |   | 0.15%                        | 0.20%     | 1.00%                | 1.20%      | 0.43%        | 0.76%      |
| <b>P &amp; L Annual Charge/Average Loans</b> |   | -                            | -         | 0.22%                | 0.30%      | 0.11%        | 0.14%      |



# Asset Quality

## Loan to Value – New Business

### Residential Mortgages: ROI

| <b>Average Loan to Value</b> | <b>Mar 05</b> | <b>Mar 04</b> |
|------------------------------|---------------|---------------|
| Owner Occupied               | 73%           | 71%           |
| Investors                    | 64%           | 66%           |

### Residential Mortgages: UKFS Personal Lending

| <b>Average Loan to Value</b> | <b>Mar 05</b> | <b>Mar 04</b> |
|------------------------------|---------------|---------------|
| Standard                     | 58%           | 58%           |
| Specialised                  | 73%           | 76%           |
| Buy to Let                   | 67%           | 73%           |

# Republic of Ireland Residential Mortgages

| <b>New Business LTVs</b> | <b>&lt;75%</b> | <b>75-90%</b>   | <b>91-92%</b>   | <b>93-100%</b> |
|--------------------------|----------------|-----------------|-----------------|----------------|
| Mar 05 (%)               | 42             | 35              | 17              | 6              |
| Mar 04 (%)               | 44             | 37              | 16              | 3              |
| <b>Book LTVs</b>         | <b>&lt;75%</b> | <b>75-90%</b>   | <b>91-92%</b>   | <b>93-100%</b> |
| Mar 05 (%)               | 59             | 32              | 6               | 3              |
| Mar 04 (%)               | 62             | 31              | 5               | 2              |
| <b>Arrears Profile</b>   | <b>1-6mths</b> | <b>6-12mths</b> | <b>12+ mths</b> | <b>Total</b>   |
| Mar 05 (%)               | 0.7            | 0.2             | 0.2             | 1.1            |
| Mar 04 (%)               | 0.8            | 0.2             | 0.2             | 1.2            |



# UK Residential Mortgages

| <b>New Business LTVs</b> | <b>&lt;75%</b> | <b>75-90%</b>   | <b>91-92%</b>   | <b>93-100%</b> |
|--------------------------|----------------|-----------------|-----------------|----------------|
| Mar 05 (%)               | 55             | 37              | 6               | 2              |
| Mar 04 (%)               | 51             | 42              | 5               | 2              |
| <b>Book LTVs</b>         | <b>&lt;75%</b> | <b>75-90%</b>   | <b>91-92%</b>   | <b>93-100%</b> |
| Mar 05 (%)               | 55             | 37              | 6               | 2              |
| Mar 04 (%)               | 54             | 35              | 7               | 4              |
| <b>Arrears Profile</b>   | <b>1-6mths</b> | <b>6-12mths</b> | <b>12+ mths</b> | <b>Total</b>   |
| Mar 05 (%)               | 0.7            | 0.1             | 0.1             | 0.9            |
| Mar 04 (%)               | 1.1            | 0.1             | 0.1             | 1.3            |

# UK Financial Services (Euro)

| 6 mths<br>Sept 04<br>€bn |                          | Mar 05<br>€m | Mar 04<br>€m | %<br>Change |
|--------------------------|--------------------------|--------------|--------------|-------------|
| 304                      | Net Interest Income      | 606          | 601          | 1           |
| <u>121</u>               | Other Income             | <u>240</u>   | <u>246</u>   | (2)         |
| 425                      | Total Income             | 846          | 847          | -           |
| 239                      | Operating Costs          | 472          | 466          | 1           |
| <u>(14)</u>              | Loan Losses              | <u>(14)</u>  | <u>2</u>     |             |
| 200                      | Operating Profit         | 388          | 379          | 2           |
| <u>-</u>                 | Goodwill                 | <u>-</u>     | <u>6</u>     |             |
| <b>200</b>               | <b>Profit Before Tax</b> | <b>388</b>   | <b>373</b>   | <b>4</b>    |

# Group Balance Sheet

|                                 | Mar 05              | Mar 04              |
|---------------------------------|---------------------|---------------------|
| <b>Assets</b>                   | €bn                 | €bn                 |
| Bank Loans                      | 7.8                 | 7.8                 |
| Loans and Advances to Customers | 79.9                | 67.6                |
| Debt Securities                 | 21.3                | 15.7                |
| Other                           | <u>8.9</u>          | <u>8.3</u>          |
|                                 | 117.9               | 99.4                |
| Life Assurance                  | <u>8.5</u>          | <u>7.0</u>          |
|                                 | <b><u>126.4</u></b> | <b><u>106.4</u></b> |
| <b>Liabilities</b>              |                     |                     |
| Bank Deposits                   | 20.3                | 17.1                |
| Customer Deposits               | 60.3                | 54.4                |
| Debt Securities in Issue        | 20.5                | 12.9                |
| Other*                          | 11.8                | 10.5                |
| Stockholders Funds              | <u>4.8</u>          | <u>4.3</u>          |
|                                 | 117.7               | 99.2                |
| Life Assurance                  | <u>8.7</u>          | <u>7.2</u>          |
|                                 | <b><u>126.4</u></b> | <b><u>106.4</u></b> |

\*Includes subordinated liabilities €4.1bn (Sept 04 €3.7bn, Mar 04 €3.7bn)



# IFRS

The Group gave a market update on the indicative impact of International Financial Reporting Standards (IFRS) on 10 March 2005. The key conclusions looking forward were as follows:

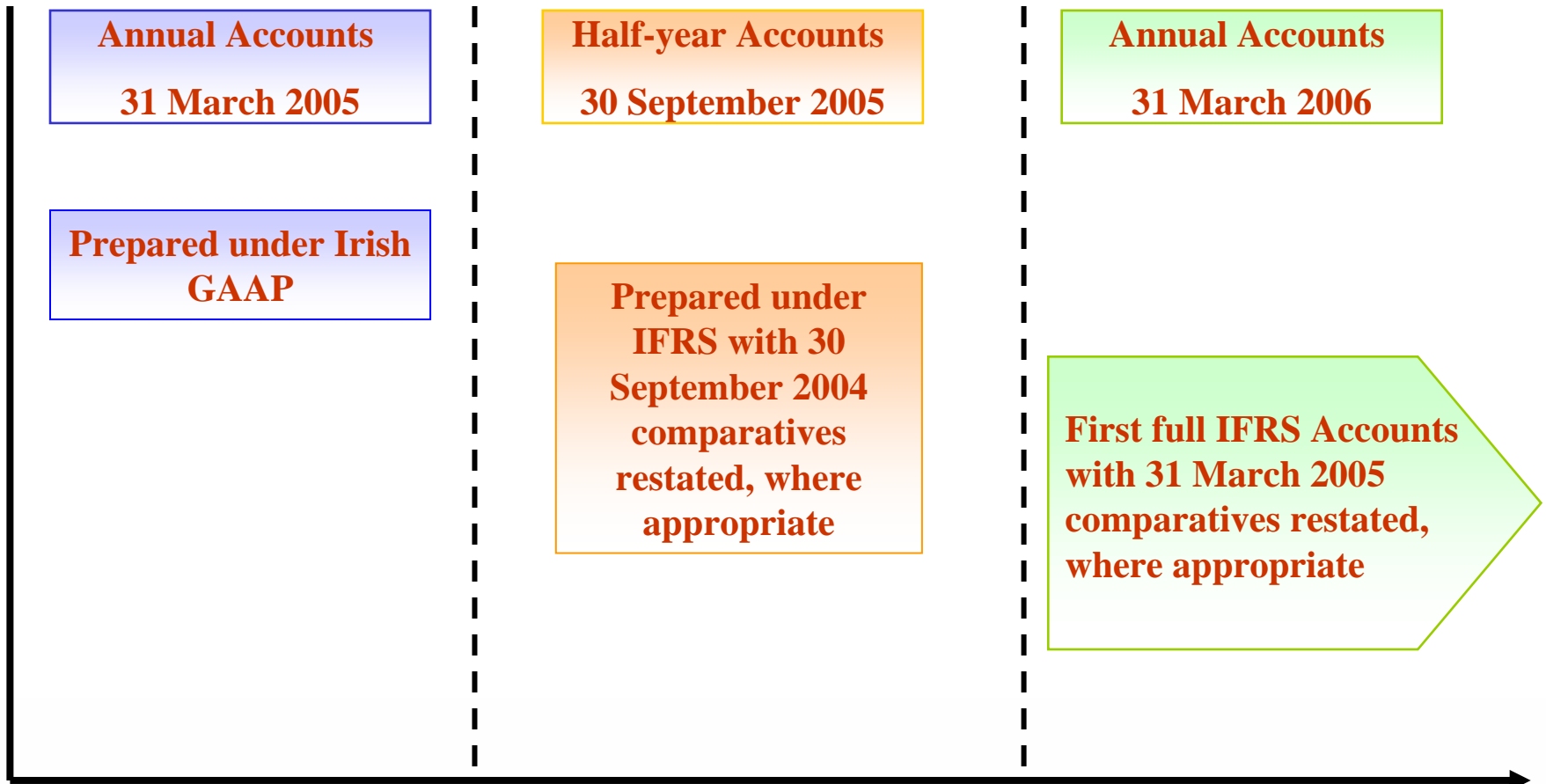
- The impact of IFRS on EPS is estimated to be a reduction of approximately 10 cent per share
- The impact of IFRS on PBT is estimated to be a reduction of circa €85m
- No material impact expected on Tier 1 capital

Detailed impacts, as presented on the 10<sup>th</sup> March 2005, are set out in the Supplementary Information. The full presentation is available on the Group Website: [www.bankofireland.ie](http://www.bankofireland.ie)

We expect to provide a re-statement of March 2005 financials to the markets during the third quarter of Calendar 2005



# IFRS Timeline



# For Further Information

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