



# The importance of participating in European Consolidation

Goldman Sachs European Financials Conference  
8th June 2006

# Forward Looking Statement

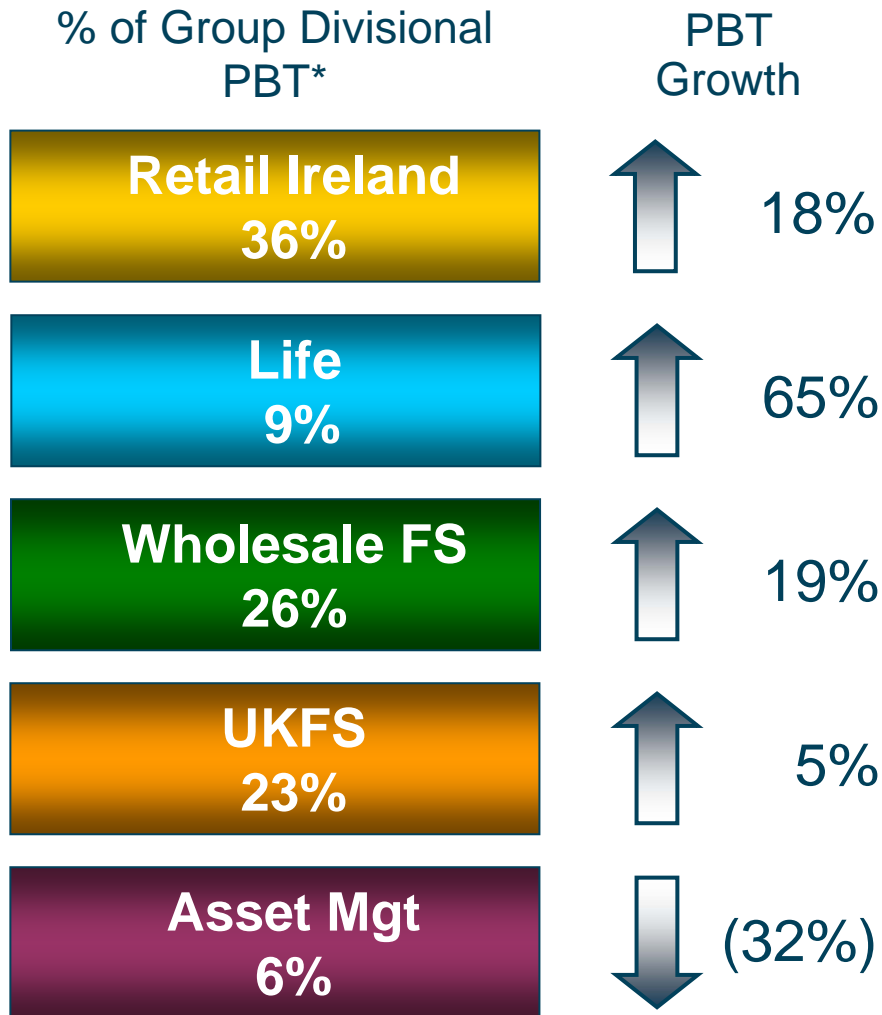
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# Year End Highlights

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

# The importance of participating in European Consolidation

- Pan European consolidation is likely to increase ...
- Drivers ...
  - Domestic markets largely consolidated
  - Slowing growth in certain markets
  - Potential for value creation through synergies
  - Defence against competition
  - Generally favourable regulatory environment
- But ...
  - Execution risks are higher
  - Challenge to achieve synergies
  - Cultural issues as barrier
  - Valuations are high
  - Pace of consolidation not clear

# 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

## Building strength in Retail Financial Services Ireland (*incl. Life*)



## Delivering results

- ***Retail Ireland***
- Competition - anticipated & managed
- Customer Programme initiatives
  - Free banking proposition
  - Launching innovative customer propositions- Business Start ups & Migrant offerings
  - Branch re modeling & 500 new frontline staff
- Excellent performance
  - 18% profit growth
  - 23% loan & 15% resource growth
  - Over 80,000 additional personal current accounts
- ***Life***
- Excellent financial performance
  - 30% APE sales growth
  - 65% PBT growth
  - Market share gain of 1 percent to 25% in 2005
- ***Driving Divisional efficiency***
- RFSI Cost Income Ratio down from 60.4% to 56.7%

# Substantially grow our businesses in the UK

## 3 key businesses

### Mortgages

- Specialist provider
- Broker distribution
- Differentiation on service

### Business Banking

- Focus on SME & Mid Corporate
- Geographic emphasis
- Relationship banking

### Consumer Financial Services

- Long established relationship with UK PO
- Sales effectiveness & product innovation

## Poised for profit growth

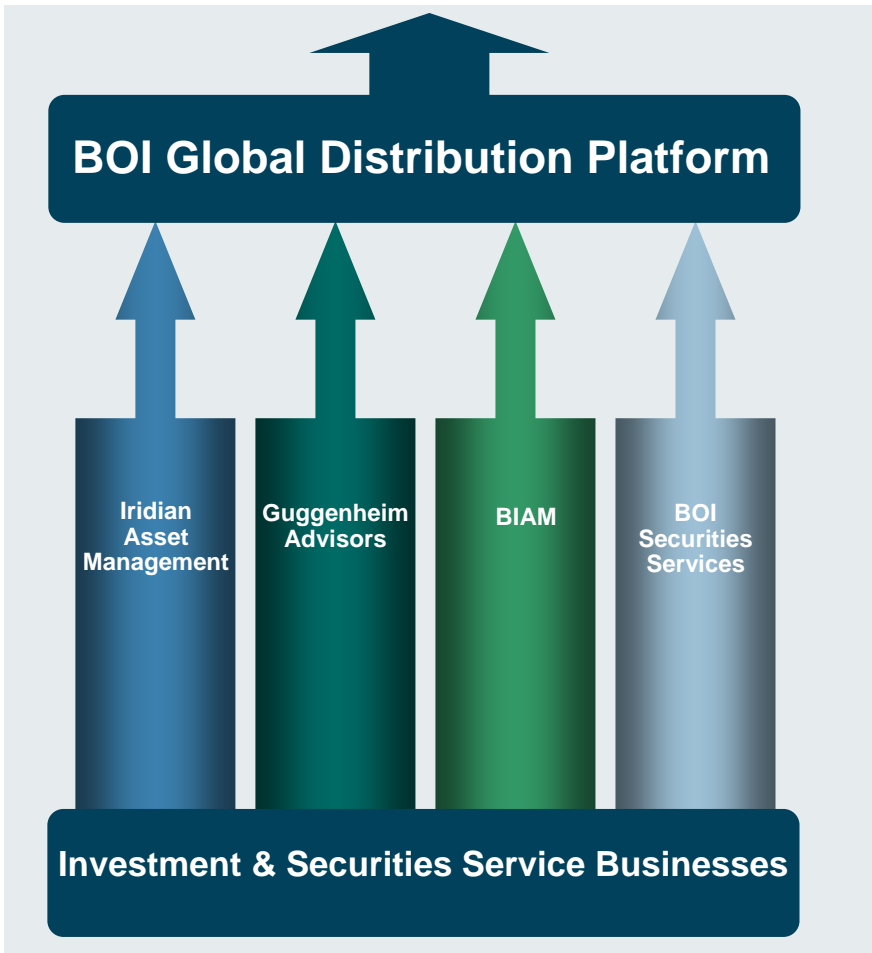
- **Excellent loan growth** – *standard +11%, buy-to-let + 36%; specialised +44%*
- **Winning market share** – *share of new lending in buy-to-let 10%*
- **Maintaining excellent asset quality** - *arrears well below industry average*
- **Significant investment in frontline** – *business bankers*
- **Established geographic platform** - *Edinburgh, Belfast, Manchester, Birmingham & London*
- **Delivering results** - *loan growth +46%*
- **Joint ventures delivering results**
- **FRTS 8% profit growth** – *30% market share*
- **POFS – sales drive gathering momentum** - *customer acquisition significantly beating expectations*

# Growing niche skilled-based businesses internationally

## Asset Management Services

## Re-model & position for growth

- Leveraging distribution platform
- Building portfolio of independent investment engines
  - Acquired 71.5% of Guggenheim Advisors



# Growing niche skilled-based businesses internationally

<b>Wholesale Financial Services</b>	<b>Building on a strong domestic franchise Investing in new capabilities &amp; geographies</b>
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<b>Corporate Banking</b>
<ul style="list-style-type: none"><li>▪ Leading position in Corporate Banking in Ireland</li><li>▪ Investing in people &amp; new geographies</li><li>▪ Investing in skills &amp; new capabilities</li><li>▪ Completed integration of Burdale, delivering ahead of expectation</li><li>▪ Arranging &amp; leading transactions with a focus on higher margin business/sectors</li><li>▪ Delivering excellent results<ul style="list-style-type: none"><li>- PBT + 34% &amp; Loans +35%</li></ul></li></ul>

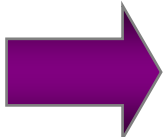
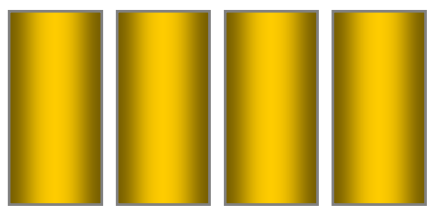
<b>Global Markets</b>
<ul style="list-style-type: none"><li>▪ Leading market position in commercial forex in Ireland</li><li>▪ Focus on customer related business</li><li>▪ Delivering comprehensive range of risk management products &amp; services</li><li>▪ Investing in growth</li><li>▪ Harnessing cross-selling opportunities across the Group</li><li>▪ Delivering excellent results<ul style="list-style-type: none"><li>- PBT + 8%</li></ul></li></ul>

# Strategic Transformation Programme



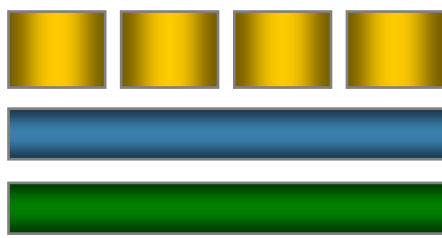
## From...

'vertically integrated' operating model with operations and support within business units



## To...

'horizontal' operating model where operations and support capabilities are provided to business units by scale efficient centralised functions & outsourcing



# Driving organic growth & delivering operational efficiency



- Clear strategy delivering results
- Driving growth & efficiency
- Delivering excellent financial performance to March 2006
- Guiding low to mid-teens EPS growth to March 2007



## For Further Information

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*A copy of this presentation is available on our website: [www.boi.ie/investor](http://www.boi.ie/investor)*