



**UBS**  
**Global Financials Conference**  
**“Is big better?”**

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Chief Executive, Wholesale Financial Services

# Overview of Bank of Ireland

## Bank of Ireland Group



### Our activities

- Retail Banking
- Business Banking
- Corporate Banking
- Wealth Management
- Life & Pensions
- Asset Management

### Our profits

- 59% Ireland
- 26% UK
- 15% Rest of World

### Our markets

Ireland, the UK,  
North America,  
France,  
Germany,  
Australia, Japan

### Our Shareholders

- 15% UK
- 18% Ireland
- 21% Europe & Rest of World
- 19% US
- 27% Retail

\*As at September 2005

# Recent performance highlights



## Performance Highlights (6 Months to 30 Sept 2005)

- PBT +8% to €665m
- EPS + 10% to 57.3c
- Dividend + 10% to 18.2c
- ROE 25%
- CI Ratio 57.4% ↓ 1.8 pts
- Impairment losses 11bps

\* Joint ventures with the UK Post Office – First Rate Travel Services (FRTS) and Post Office Financial Services (POFS) transferred from Wholesale Financial Services and Group & Central respectively to UK Financial Services

# Is big better? ...

- A successful strategy is not about size, it is about implementation
- Bank of Ireland is big and small
  - Big player in our domestic Irish market
  - Niche player in our chosen international segments and markets
- Scale & Skill
  - Use scale efficiently in market leading positions
  - Use skill effectively in specialist areas
- Our strategy clearly reflects this distinction

# Group 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

# Ireland - fastest growing economy in eurozone

## Growth & Inflation

- 5% GDP growth in 2005
- 6% GDP growth forecasts for 2006 to 2008
- 2.2% inflation

## Demographics

- Current population 4.13m
- Population growth: 2.1% yoy (vs 0.2% in EU)
- Fastest growing age group 25-34 years +4.8% yoy

## Employment & Income

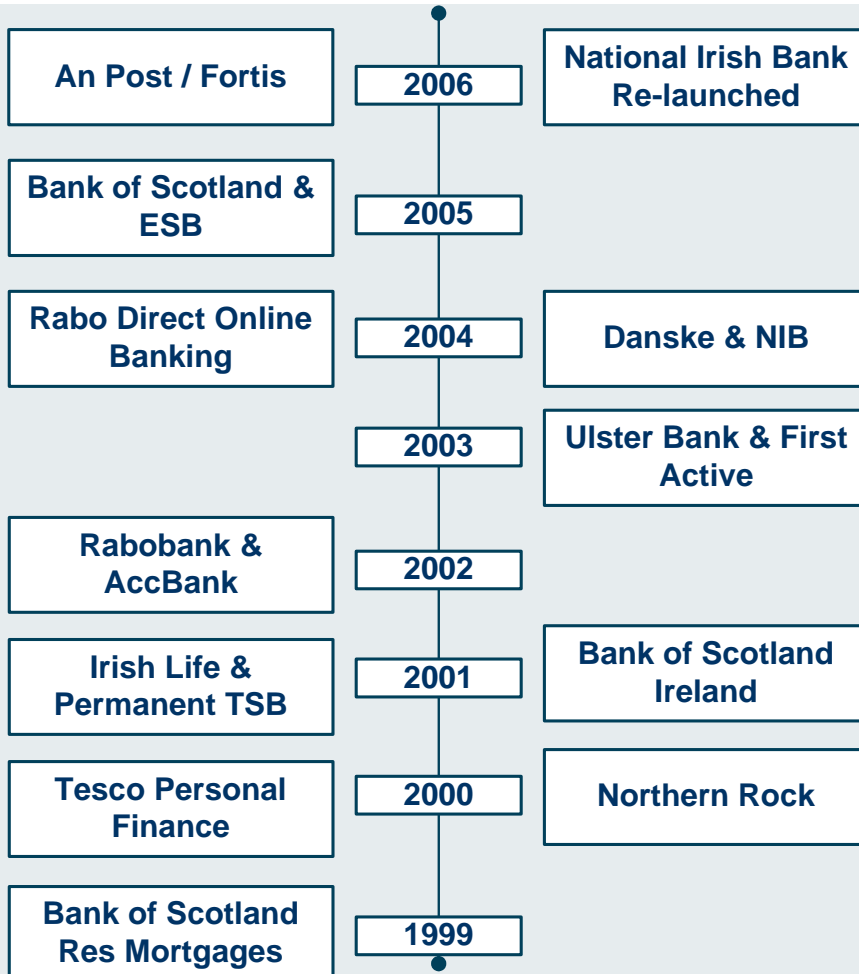
- Economy at full employment
- Numbers in employment +4.6% yoy
- Household income growth 10%

## Spending & Saving

- Personal consumption growth 5.5%
- Personal sector credit growth 27% yoy
- 14% savings ratio

# Buoyant conditions attract new entrants....

## Competitive landscape of banking in Ireland



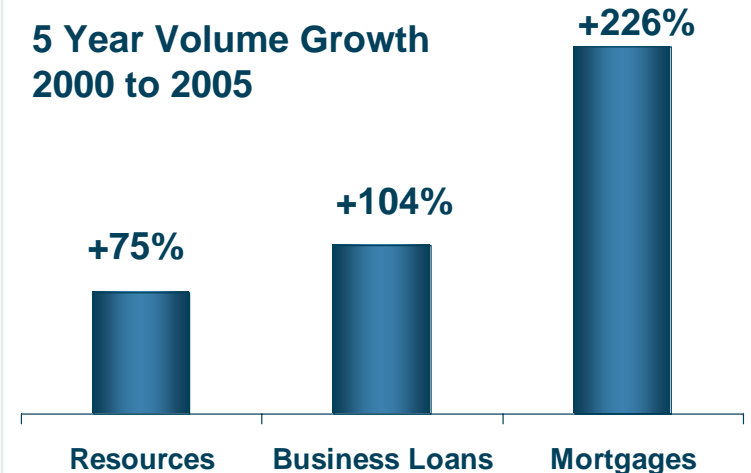
## BOI performance to date against this backdrop

### Market Share Gains

	2000	2005	Gain
Mortgages	18%	20%	+2
Life & pensions	19%	25%	+6
Resources	22%	25%	+3
Business banking *	18%	20%	+2

*\*Estimate*

### 5 Year Volume Growth 2000 to 2005



# Beating the competition

## Competing from a firm foundation

- Leading distribution network
- Well established relationship management model
- Strong & responsible sales culture

Building strength at the frontline

*Customer Programme*

**Strengthening going forward**

*Strategic Transformation Programme*

Building strength at the Core



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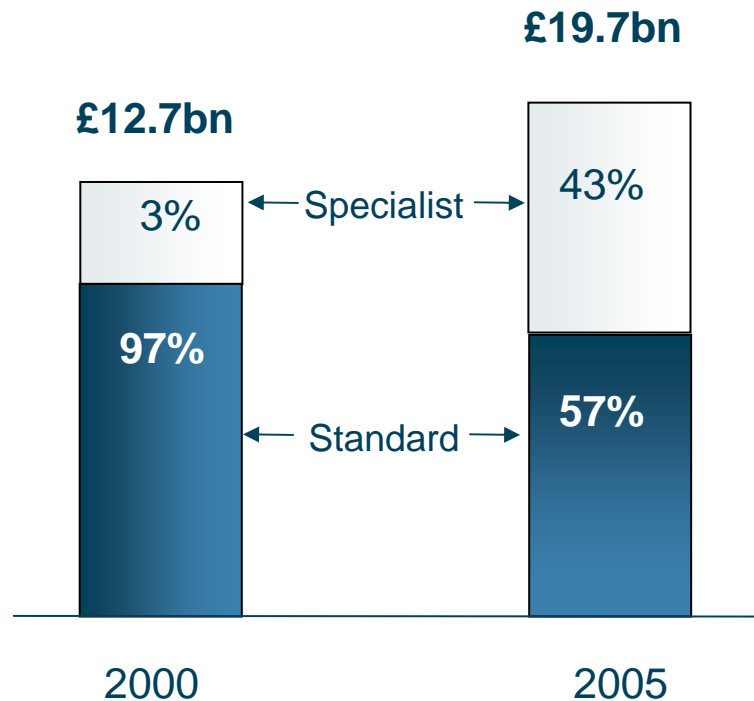
# UK Financial Services contributes 23% of Divisional PBT

- **The Mortgage Business**
  - Well positioned in higher margin non-standard markets
  - Underlying growth positive
  - Solid track record on credit management
- **Business Banking**
  - Solid fundamentals
  - Delivering on investment - 200 business bankers
  - Growth opportunities for relationship led provider
- **Consumer Financial Services (through UK Post Office JV)**
  - Extensive distribution network
  - Ability to leverage Bank of Ireland & infrastructure capability
  - Long term development potential

# Niche player in the UK mortgage market

- Strategic decision to focus on fast-growing, higher margin, skill-based market segment distributed through intermediaries

**Growth in Specialist Mortgage Book  
2000 to 2005**



- Non standard mortgage lending including
  - Buy-to-let
  - Self-Certified
- Differentiation on service excellence
  - Strong relationships with brokers
  - Clarity and consistency of credit policy
  - Excellent underwriting skills and arrears management
- Delivering results
  - Growing book, profitability & market share

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# Wholesale Financial Services contributes 24% of Divisional PBT

## Wholesale Financial Services



## PBT – Business Analysis

	FY Mar 05 €m	H1 Sept 05 €m	H1 Sept 04 €m
Corporate Banking	159	90	72
Global Markets	124	63	63
Other*	<u>42</u>	<u>13</u>	<u>14</u>
<b>WFS</b>	<b>325</b>	<b>166</b>	<b>149</b>

\* Includes Davy & IBI Corporate Finance

# Big and small

## Domestic

- Divisional strategy is to maximise our leading position in Ireland:
  - Maintain our position as the leading Treasury, Stockbroking and Corporate Finance Advisors in Ireland
  - Protect and grow our leading Corporate Banking franchise with multi-national companies
  - Achieve our natural market share of the mid-corporate and property sectors

## International

- Our focus is to target niche sectors:
  - Where skill not scale is required
  - Which exhibit above average growth potential
  - Which allow us move into the driving seat and exert influence over the award of collateral business
  - Where we will build on existing skills, supplementing with bought-in expertise as required

# What gave BOI the credentials to build an international corporate banking business

## Dynamic Corporate Banking business built on the back of the Irish Economic success story

### 1922 to 1958

A basic agricultural economy  
Self sufficiency and protectionism

### 1973

Join European Economic  
Community (EEC)

### 1972 to 1987

Establishing the  
building blocks of future  
success

### Early 1990s to date

Celtic Tiger emerges as  
Ireland becomes fastest  
growing economy in eurozone

### Enablers to economic success....

- Foreign Direct Investment
- US boom, IT growth, EU Single Market
- People, skills, costs
- Corporate tax rate
- Government policy e.g. Education
- Flexibility, agility, creativity

### Ireland's success story....

- Approximately 500 US companies have operations in Ireland\*
- Key sectors are ICT, Pharmaceuticals, Medical Technologies, Software, International Financial Services
- Key operations include Dell, Intel, IBM, Pfizer, Johnson & Johnson, Medtronic, Symantec, Citigroup, GE Capital
- 130,000 employed by multi-nationals in Ireland – 7% of total workforce

Bank of Ireland Corporate Banking serviced the increasing numbers of corporate customers over the years and competed with global players in the provision of financial services.

# Focus on Corporate Banking portfolios

**Property Finance** - Strong Irish property franchise with growing presence in UK & Europe. Coverage includes development and investment funding in residential and commercial property, syndicate and private investor finance.

- *BOI sole funder of flagship Cartier retail premises, Champs-Elysees, Paris*

**Corporate Ireland** - Focused on Irish corporates, privately owned Irish companies and mid large plcs

- *BOI is main Irish banker to c. 46% of the multinationals operating in & won c. 63% of inward investment projects in 2005*

**Institutional Business** – Intl. investment grade & structured lending with focus on capital markets needs of larger clients

- *Diversified portfolio of investment grade corporate & structured transactions. Active in global syndicated loan & ABS markets.*

**Global Project Finance** - Project finance business with focus on the Infrastructure, Oil & Gas and Energy sectors in the European, North American and Middle East markets

- *Mandated Lead Arranger & Underwriter with Société Générale & Norddeutsche Landesbank Gironzentrale on Canadian light rail project which won the 'Infrastructure Deal of the Year (Americas)' award in the Project Finance International Annual Awards 2005*

**Specialised Finance and Corporate UK Business** - Our niche lending activities including Burdale, Maritime, Media Finance and UK corporate business

- *BOI Media Finance Team arranged, structured and fully underwrote the £140m debt facility for a recent acquisition by an Irish listed media group*

**Acquisition Finance** - Supporting global private equity firms by arranging / underwriting senior and subordinated debt for LBOs. Teams in Stamford, Dublin, London, Paris and Frankfurt.

- *BOI acted as Sole Arranger and Underwriter in the following deals:*

**USA** - *Waterworks: a designer, retailer and distributor of premium bathroom products*

**UK** – *Taylor Continental: leading producer of waste collection products*

# To answer the question....

- Is big better?
  - A successful strategy is not about size, it is about implementation
  - Both ‘big player’ and ‘niche’ strategies work
  - Bank of Ireland succeeds at both



## 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)*