

**Bank of Ireland**  
**Fixed Income Investor Presentation**

**December 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.



# Table of Contents

|           |  |              |
|-----------|--|--------------|
| Section 1 | <b>Group Overview</b>                    | <b>pg 3</b>  |
| Section 2 | <b>Recent Results and Credit History</b> | <b>pg 10</b> |
| Section 3 | <b>Funding Strategy</b>                  | <b>pg 16</b> |
| Section 4 | <b>The Economic Environment</b>          | <b>pg 21</b> |
| Section 5 | <b>Conclusion</b>                        | <b>pg 28</b> |



# Group Overview



# Bank of Ireland Profile

- Oldest Bank in Ireland, established in 1783
- A Diversified Financial Services Group, principally in Ireland & the UK
- Largest Irish Listed Bank by Total Assets: €146 Bn @ Sept 2005
- Joint Highest Rated Irish Listed Financial Institution
  - Moody's Aa3 (since 1998)
  - S&P A+ (since 1998)
  - Fitch AA- (since 1995)
- Market Capitalisation of €13.3Bn (Dec 2005)
- History of sustained profit growth
- Asset Quality - low risk profile
- Clear and Compelling 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
  - Implementation of Strategic Transformation Programme to enhance our competitive position



## An Excellent Track Record

- **10** year total shareholder return 21.8% pa
  - **11** consecutive years of loan impairment  $\leq$  20bps
    - **12** consecutive years of ROE  $\geq$  20%
      - **13** consecutive years of dividend growth
        - **14** consecutive years of profit growth



# Stepping up Pace of Execution

## Our Vision:

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

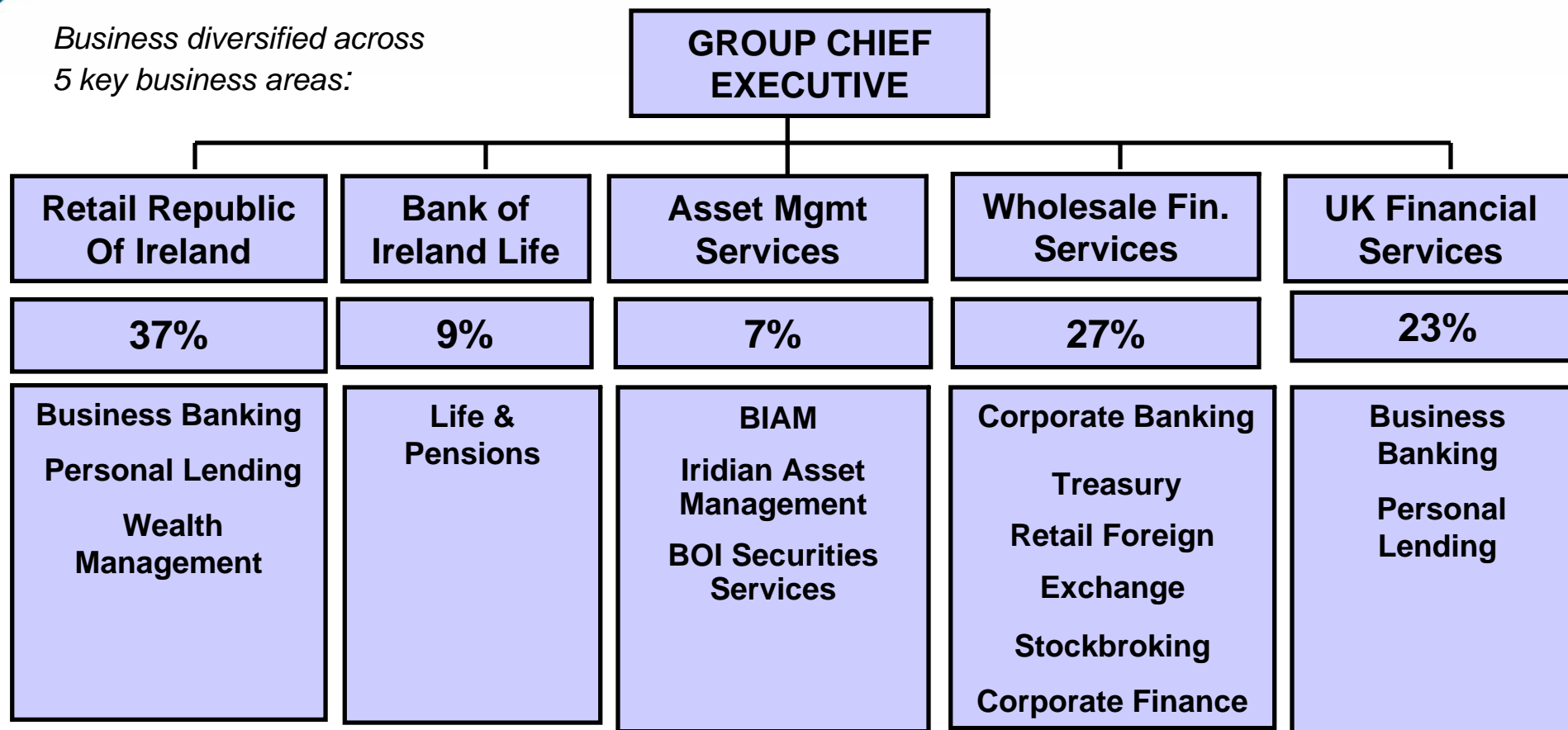
## Our Strategy:

- Maximise returns from our leading position in Ireland
- Substantially grow our business in the UK
- Grow our portfolio of niche, skill-based businesses internationally



# Group Structure

Business diversified across  
5 key business areas:



% PBT from each division excl central costs for half year to Sept 2005. Post Office Financial Services equates to (3%)





## Divisional Overview

### Retail Republic of Ireland and Bank of Ireland Life

- Leading position in Ireland
- Presence in all market segments incl branch banking, life and pensions and business banking through direct & indirect channels
- Growing market share in an increasing competitive market environment

#### Irish Market Shares @ Sept 2005

- |                         |     |                     |     |
|-------------------------|-----|---------------------|-----|
| • New Mortgages         | 27% | • Life Assurance    | 25% |
| • Credit Cards in issue | 38% | • Business Advances | 20% |
| • SME Current Accounts  | 36% |                     |     |

### Asset Management Services

- Provides fund management services to institutions and pension funds in Ireland and overseas, along with custodial services
- BIAM is the most successful Irish-owned fund management business

#### Assets Under Management\*

- |           |            |
|-----------|------------|
| • BIAM    | €44.0bn    |
| • Iridian | US\$10.4bn |

\* At 30 Sept 2005



## Divisional Overview

### Wholesale Financial Services

- Leading Treasury, Stockbroking and Corporate Finance advisers in Ireland.
- Corporate Banking has leading market share with internationalised Irish corporates and multinationals operating in Ireland.
- Strong international income flow from niche, skills-based businesses adding to Group profit diversification.
- Good asset quality, modest proprietary trading and sound governance, controls & risk culture.
- First Rate Enterprises provides foreign currency services in Ireland, the UK and North America.

### UK Financial Services

- A key player in the UK specialist mortgage market, with growing market share, while maintaining an excellent arrears profile.
- Strategy is to focus on mortgages, business banking and on consumer banking, primarily through our joint venture with the UK Post Office (PO FS).
- PO FS gives exposure to Europe's largest retail network with 44 million customers per year.



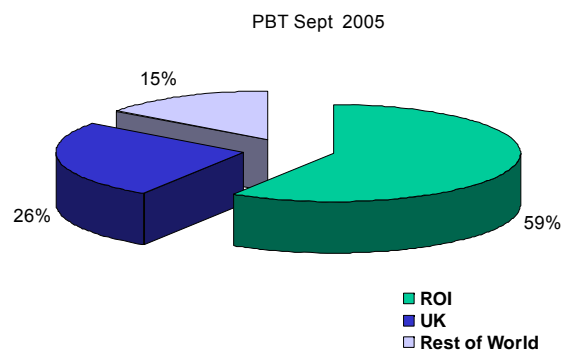
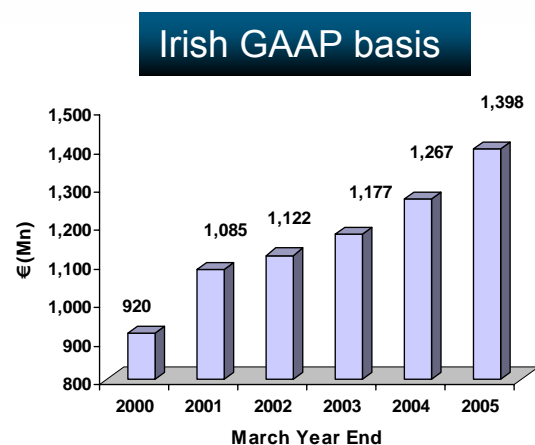
# Recent Financial Performance

Bank of Ireland



# September 2005 Interim Highlights

**Sustained growth in profit.....**



| €m                        | IFRS Basis |         | %   |
|---------------------------|------------|---------|-----|
|                           | Sept 04    | Sept 05 |     |
| Total Income*             | 1,608      | 1,842   | 15% |
| Impairment Losses         | (28)       | (50)    | 79% |
| Operating Expenses        | (935)      | (972)   | 4%  |
| Associates/JVs (post tax) | 19         | 28      | 47% |
| Profit Before Tax         | 664        | 848     | 28% |
| Non Core Items            | (50)       | (183)   |     |
| Underlying PBT            | 614        | 665     | 8%  |

**....that is geographically diversified**

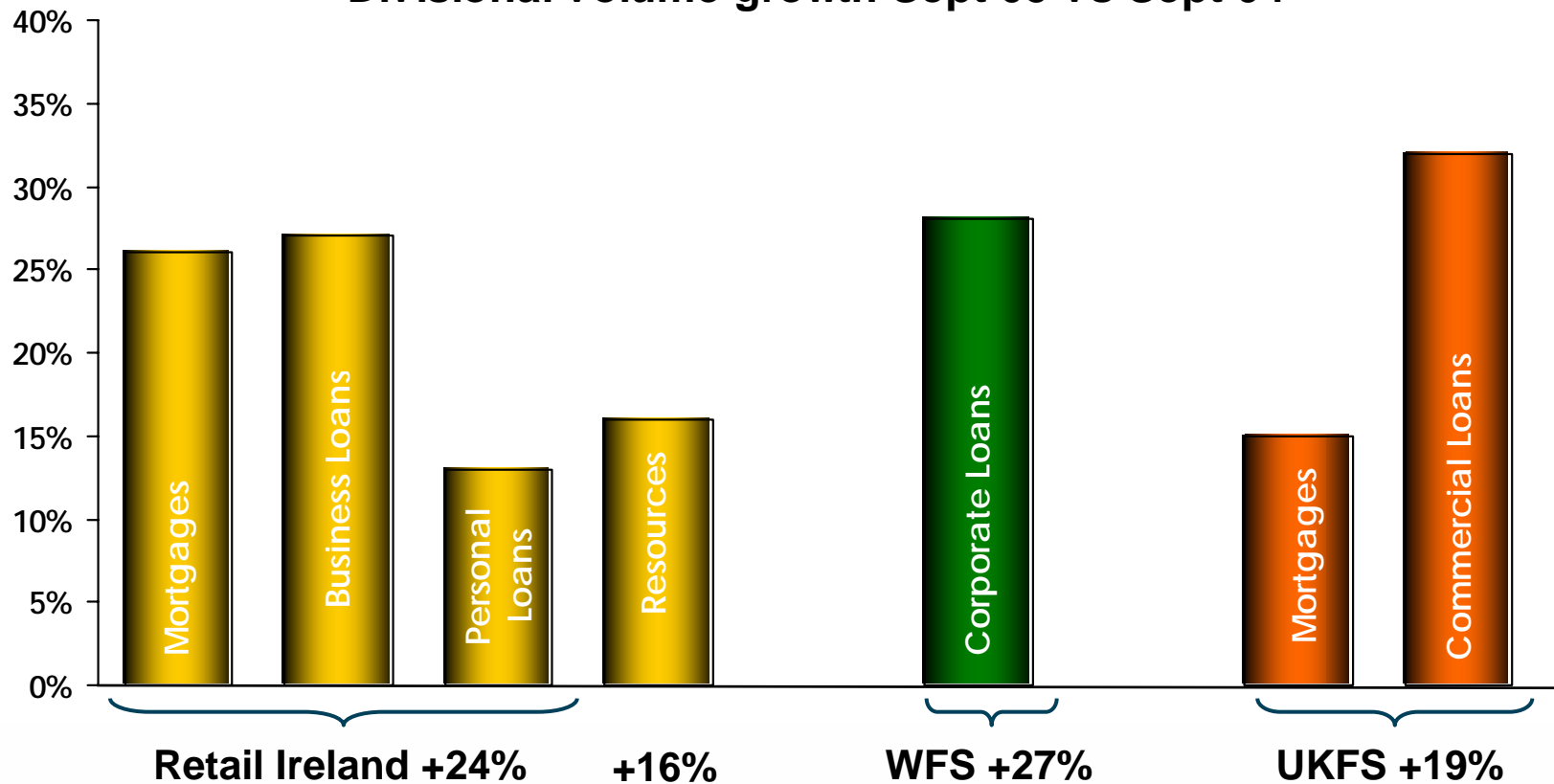
\* Net of increase in insurance contract liabilities and claims



# September 2005 Interim Highlights

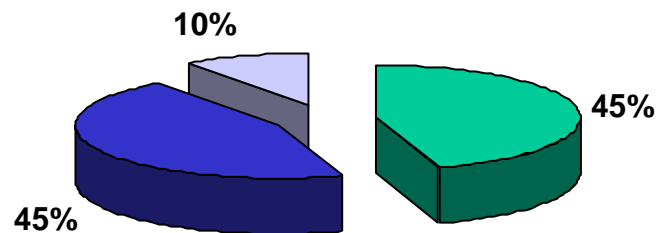
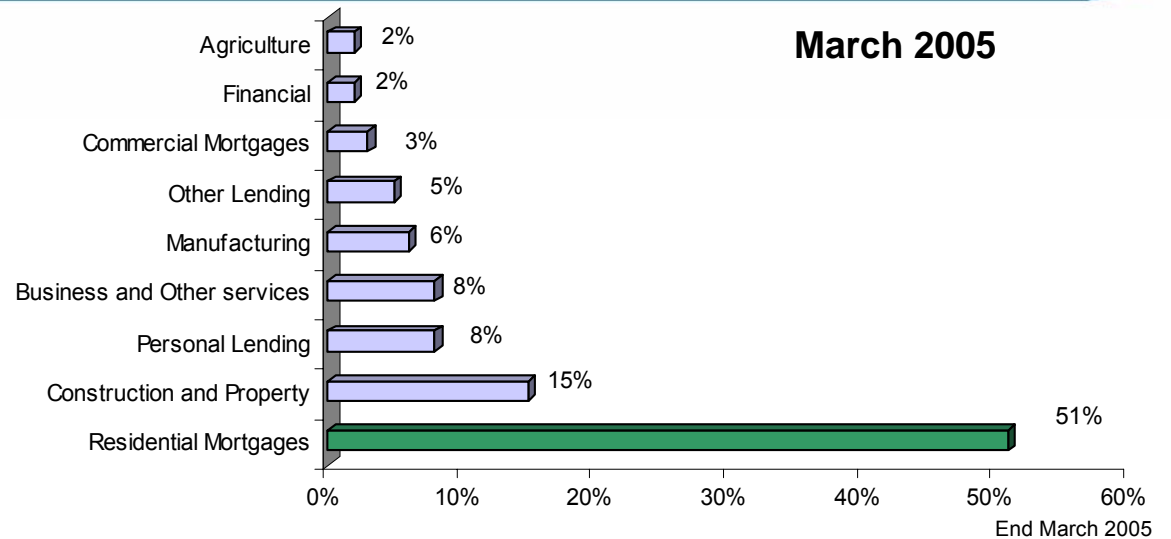
....and strong volume growth across the Group

### Divisional volume growth Sept 05 vs Sept 04



# Asset Quality

**High quality loan book\*  
with 51% of loan assets  
secured against  
residential properties...**



■ ROI ■ UK ■ International  
March 2005

**.. and that avoids concentration  
in any one market**

\* Loan book of €83.1bn at March 2005 including corporate debt securities of €3.2bn



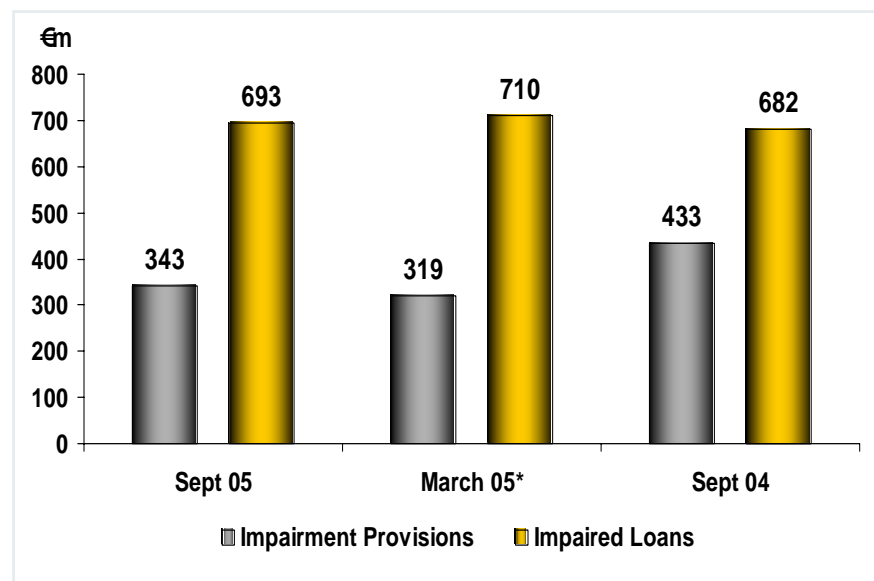
# Asset Quality

## Impairment Losses on Loans

|                         | H1 Sept 05<br>€m | H1 Sept 04<br>€m |
|-------------------------|------------------|------------------|
| Impairment Losses       | 62               | 68               |
| NDSP/General            | -                | (28)             |
| Recoveries              | <u>(12)</u>      | <u>(12)</u>      |
| Total €m                | 50               | 28               |
| Charge on Average Loans | 11bps            | 8bps*            |

\* Includes 8bps benefit from NDSP release

## Asset Quality



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

- **Excellent asset quality**
- **Benign economic environment**
- **Well structured & seasoned loan book**
- **Superior underwriting skills and good arrears management**



# Capital Management

***Strong capital position maintained:***

|                             | IFRS Basis |         |
|-----------------------------|------------|---------|
|                             | Sept 04    | Sept 05 |
| Total Assets (€Bn)          | 117.7      | 146.3   |
| Risk Weighted Assets ( €Bn) | 69.1       | 88.5    |
| Tier 1 Ratio (%)            | 7.6        | 7.3     |
| Total Capital Ratio (%)     | 10.7       | 10.6    |

## Group Stated Minimum Capital Ratios\*

|               |   |
|---------------|---|
| Tier 1        | Range of 6.5% - 7%                                    |
| Total Capital | Ratio of 10.5%  |
| Regulator     | Irish Financial Services Regulatory Authority (IFSRA) |

\* Not regulatory minima





# Funding Strategy



# Funding Strategy

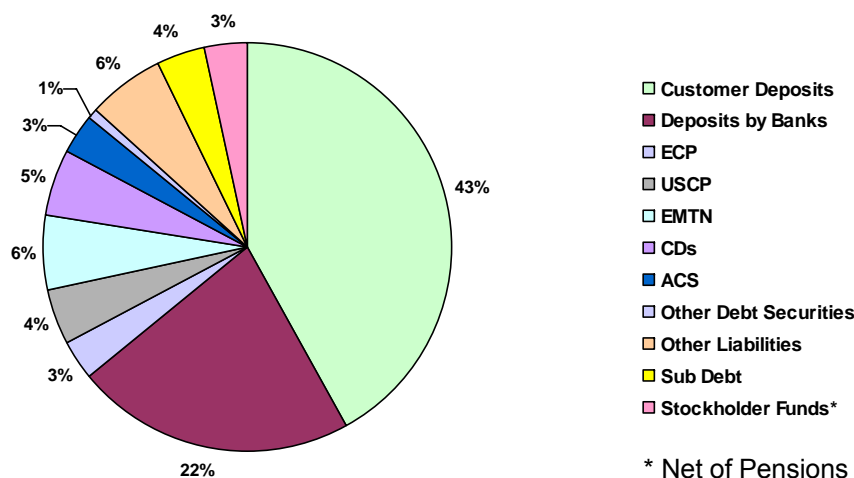
Maximising 'core' customer deposits whilst developing and diversifying wholesale funding channels:

Diversifying by Product, Investor type and Geography...

...whilst maintaining the most appropriate mix of short term and long term funding...

...and achieving the optimal funding cost.

The Bank's funding mix is below:



- Excludes Life funds held on behalf of Policyholders
- As at Sept 2005

\* Net of Pensions

## Sept 2005 Outstandings (€Bn)

|                        |       |
|------------------------|-------|
| €15Bn EMTN Programme   | €8.1* |
| ACS                    | €4.0  |
| \$15Bn USDCP Programme | €4.3  |
| €5Bn ECP Programme     | €4.5  |
| CD's                   | €7.3  |

### New Instruments/Programmes

US\$ Extendible Notes (Oct 2005)

€2.5Bn CanDCP Programme (Nov 2005)

\* Excludes Sub Debt Issues of €2.9 Bn



# Senior Issuance Strategy

- Strong balance sheet growth projected to continue, driven by domestic and international asset growth.
- Dedicated wholesale funding team enabling responsive issuance.
- Committed to satisfying investor requirements with respect to debt marketing, credit updates and regular issuance.
- Objectives
  - Diversification
  - Outstandings
  - Duration



## Short Term Funding

|                |   |
|----------------|---|
| <b>ECP</b>     | EUR 5 Billion Programme<br>Multi Currency Issuance                          |
| <b>USCP</b>    | USD 15 Billion Programme  |
| <b>CAN\$CP</b> | Can \$2.5 Billion Programme   |
| <b>CD</b>      | Multi Currency Issuance   |
| <b>MTN</b>     | Multi Currency Issuance<br>Callable Structured Notes - Interest Rate Linked |
| <b>XN</b>      | Extendible Notes Issue  |



# Long Term Funding

## EMTN

EUR 15 Billion Programme  
Multi Currency Issuance  
Fixed and Floating rate issuance

## ACS

EUR 10 Billion Programme  
Triple A rated  
Public & Private Placements  
Cornerstone of bank's senior funding  
- allows extension of duration of liability profile  
- improves funding efficiency  
- diversifies investors by geography and type

**€2bn BoIMB ACS 3.5% 5 year Issue (22/09/04 - 22/09/09) winner of:**

IFR Euro Bond of the Year 2004

IFR Covered Bond of the Year 2004

Euroweek Covered Bond of the Year 2004



# The Economic Environment

Bank of Ireland



# Economic Environment

***The Bank of Ireland Group is primarily exposed to the Irish market...***

Northern Ireland  
• 44 Branches

Republic of Ireland  
• 260 Branches  
• 1,029 ATMs

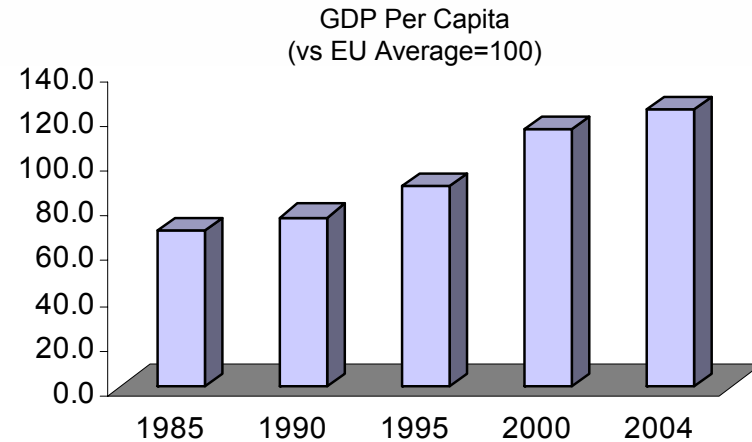
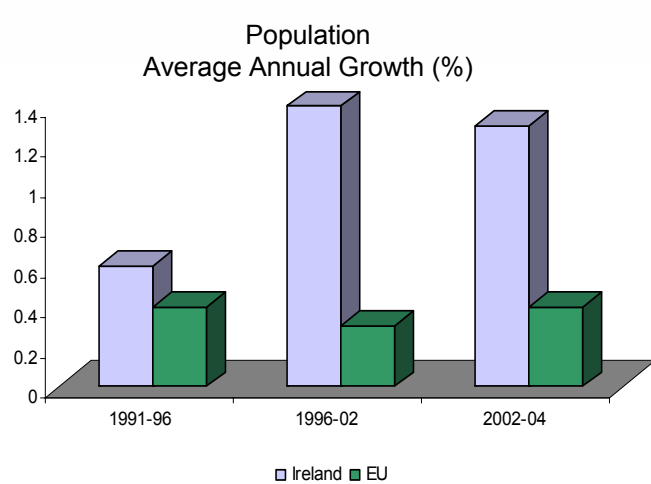
***...which are both outperforming the EU average***



***...along with the UK...***

The UK  
• 10 Branches (plus  
Business Centres)

# The Transformation of the Irish Economy



- Ireland was in a position of relative weakness compared to its European peers in the 1980's.
- It has seen significant growth in the last 20 years with GDP per Capita growing from 69% of the EU average in 1985 to 123% in 2004.
- With the strength of the fundamentals, the Irish economy can support this growth going forward. Bank of Ireland Global Markets are forecasting 5.5-6.0% GDP growth over the medium term, underpinned by 2.5% labour force growth and 3.5% productivity gains (average in last 5 years and the 1990's)

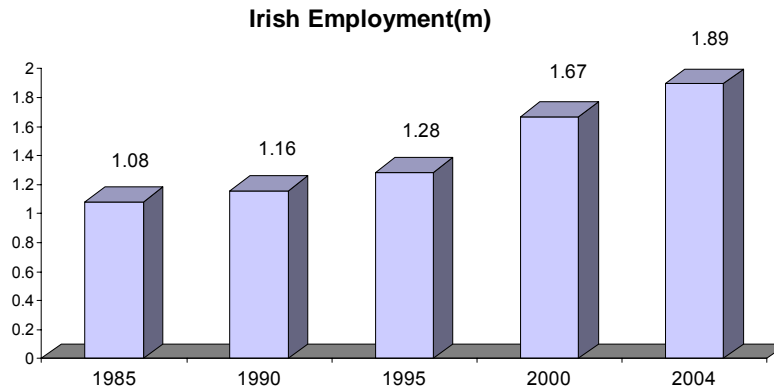
Source: CSO & Eurostat



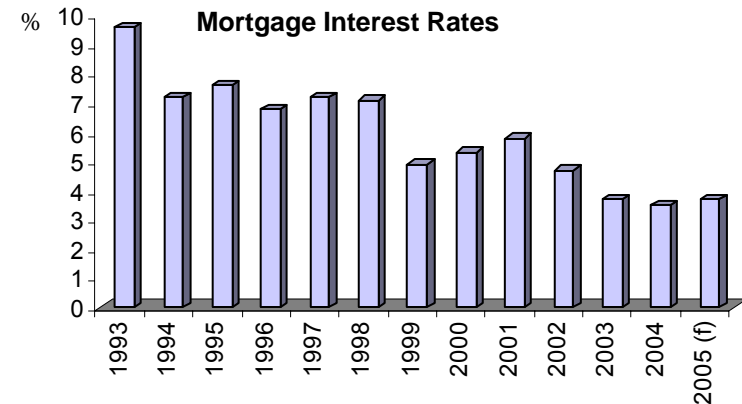


# The Irish Economy

*Employment has surged...while mortgage interest rates have fallen to all time lows...*



Source: Irish Central Statistics Office



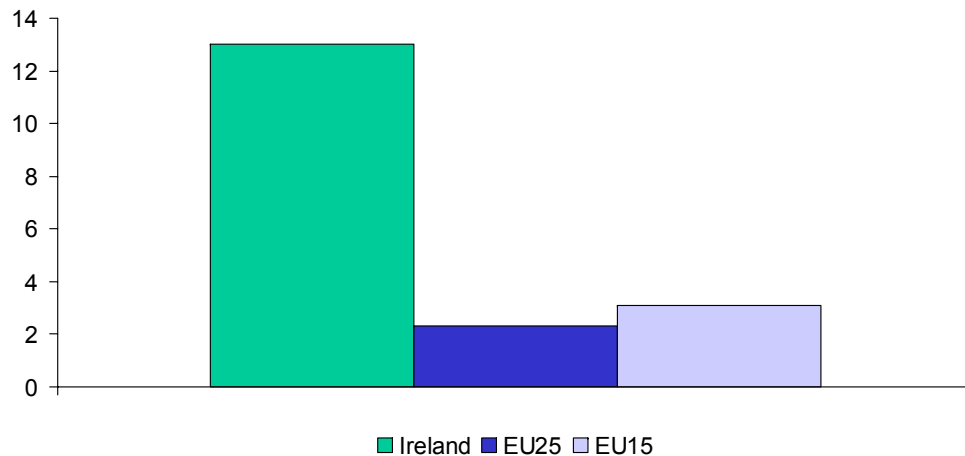
Source: BOI Global Markets Economic Research Unit

- Employment in the aggregate continues to grow strongly with 1.91M employed by the end of Q1 2005. Over the 12 months the total number employed increased by 73k (4.0% employment growth).
- The unemployment rate in Q1 2005 was 4.1% (CSO-Quarterly National Household Survey), representing an improvement of 0.3% on a year earlier. Economies are in full employment when unemployment is under 6% - OECD.
- Average mortgage interest rates remained relatively static over the last 2 years at between 3.0 and 3.5%.

# The Irish Economy

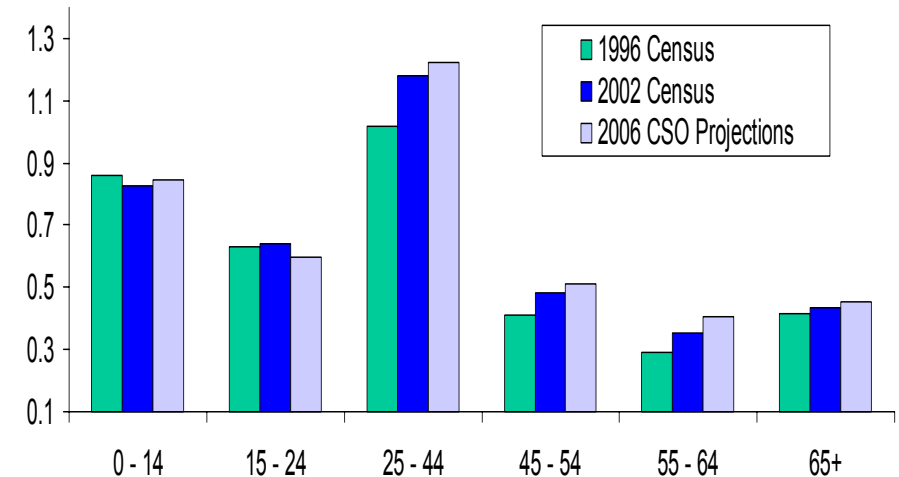
*...and population growth is to outstrip the EU*

**Population Growth 2004-2015 (%)**



Source: Eurostat

**Population by Cohort**



Source: Central Statistics Office

- The population in Ireland is growing by 2.2% annually. This compares with growth of 0.2% in the EU.
- The population currently stands at 4m (highest level since 1871) with a disproportionate percentage in the 25-44 age cohort (key house formation cohort) and job creation is strong (in excess of 1k new jobs created per week over the last 12 months).
- Key house formation cohort (25-44 years) remains strong following exceptional birth rates in the 1980's and immigration is averaging 55k per annum in recent years.



# The Irish Economy - Conclusions

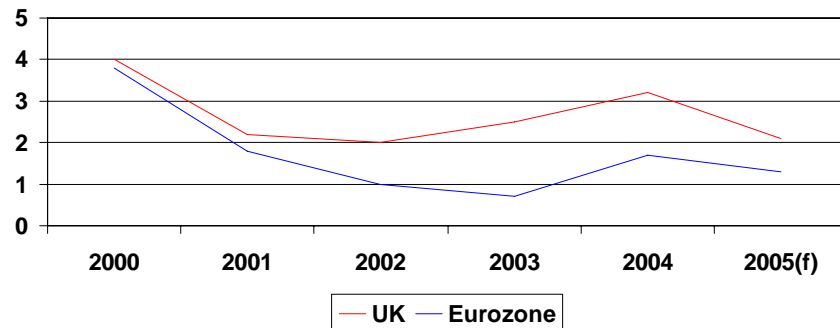
- Ireland is the fastest growing economy in the Eurozone since mid 1990's.
- Labour force and productivity gains support medium term GDP forecasts of 5.5-6%
- The economy is now at full employment with buoyant labour demand boosting immigration.
- Immigration is running in excess of 60,000 per year.
- Population growth is 2.2% per year (against 0.2% in EU).
- Household debt is in line with the Euro norm despite recent growth.
- Business friendly environment, strongly supervised.



# The UK Economy

*The UK economy is remaining buoyant...*

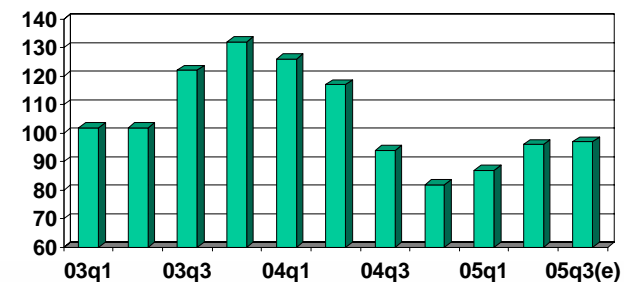
**GDP Growth(yoy.%)**



- GDP growth has outperformed its European peers
- Enjoying full employment, unemployment well below the EU norm
- Inflation is low and is predicted to remain so in the medium term
- Interest rate cycle more muted than previously

- The mortgage market is recovering after a softening with house prices proving more resilient than predicted
- Housing supply remains unresponsive to demand underpinning the positive outlook

**UK Monthly Mortgage Approvals(000)**



# Conclusion



# Conclusion

- **BANK OF IRELAND** - The largest Irish Listed Bank by Total Assets with a very strong presence in all its chosen markets.
- **THE IRISH ECONOMY** - The fundamentals of the Irish economy are demonstrably strong.
- **FINANCIALS** – A trend of sustained profit growth underpinned by an exceptional credit history .
- **BANK OF IRELAND FUNDING and CAPITALISATION** - Investor Focused and based around a responsible strategy



# Bank of Ireland Contacts

## Capital Management:

- > Brian Kealy (Head of Capital Management)  
brian.kealy@boimail.com
- > Deirdre Hogan  
deirdre\_m.hogan@boimail.com

Tel: 00 3531 604-3537

## Funding Desk:

- > Vincent Digby (Head of Funding)  
vincent.digby@boigm.com
- > Russell Waide  
russell.waide@boigm.com
- > Rosalind Torney  
rosalind.torney@boigm.com

Tel: 00 3531 799-3140

## Group Investor Relations:

- > Geraldine Deighan (Head of Group Investor Relations)  
geraldine.deighan@boimail.com

Tel: 00 3531 604-3502



# Appendices





# Economic Outlook - Ireland

| <u>% Growth</u>   | <u>Actual</u> |             | <u>Forecast</u> |             |
|-------------------|---------------|-------------|-----------------|-------------|
|                   | <u>2004</u>   | <u>2005</u> | <u>2006</u>     | <u>2007</u> |
| GDP               | 4.5           | 5.0         | 6.0             | 6.0         |
| GNP               | 4.0           | 6.0         | 6.0             | 6.0         |
| Consumer Spending | 3.8           | 5.5         | 7.0             | 9.0         |
| Exports           | 7.0           | 3.2         | 6.0             | 6.0         |
| Inflation         | 2.2           | 2.5         | 2.5             | 2.5         |
| Unemployment      | 4.5           | 4.3         | 4.2             | 4.3         |

Source: Bank of Ireland Global Markets

Forecasts as at October 2005

Bank of Ireland



# Economic Outlook - UK

|                   | <u>Actual</u> |             | <u>Forecast</u> |             |
|-------------------|---------------|-------------|-----------------|-------------|
| <u>% Growth</u>   | <u>2004</u>   | <u>2005</u> | <u>2006</u>     | <u>2007</u> |
| GDP               | 3.2           | 1.7         | 2.6             | 2.5         |
| Consumer Spending | 3.7           | 1.8         | 2.3             | 2.5         |
| Exports           | 3.5           | 4.1         | 5.5             | 5.0         |
| Inflation         | 1.4           | 2.2         | 2.0             | 2.0         |
| Unemployment      | 2.8           | 4.7         | 4.8             | 4.7         |

*Source: Bank of Ireland Global Markets*

*Forecasts as at October 2005*

**Bank of Ireland**

