

Bank of Ireland Group

**Year End Results to
31 March 2003**

SPECIAL OLYMPICS
WORLD GAMES
IRELAND 2003



Bank of Ireland Group



Forward Looking Statement

This presentation 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, competition, the Group's ability to address information technology issues and the availability of funding sources. 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.

Mike Soden

Group Chief Executive



Today's Presentation

- **Overview & Strategy**

Mike Soden, CEO

- **Financial Review**

John O'Donovan, CFO



Group Strategy



- Organic Growth
- Strategic Cost Management
- Mergers and Acquisitions
- Capital Management



Financial Review

John O'Donovan
Group Chief Financial Officer



Financial Highlights

	Mar 03	Mar 02	%
	€m	€m	Change
Profit on Ordinary Activities before Exceptional Item(s)*	1,177	1,122	5
Alternative EPS** (Cent)	99.2	93.4	6
Dividend (Cent)	37.0	33.0	12
Shareholder Value Added*	562	551	2
Return on Equity *	22.2%	23.5%	
Return on Average Assets***	1.1%	1.1%	

* Excluding exceptional exit costs €164m (€154m post tax), GTP costs €37m (€30m post tax)

** Excluding Goodwill Amortisation €23m (€15m in Mar 02) and Exceptional Item above

*** Pre exceptional items and Goodwill amortisation



Strong Capital Base

Ongoing Optimisation of Capital Structure

<i>Sept 02</i>		<i>Mar 03</i>		<i>Mar 02</i>	
<i>%</i>		<i>%</i>		<i>%</i>	
4.4	Equity / Assets	4.3		4.4	
10.6	Total Capital	11.1		11.5	
7.4	Tier 1 Capital	8.0		7.6	
6.8	Tier 1 Excluding Life	7.3		7.0	
81	Equity Element of Tier 1	75		81	

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02</i>	<i>Growth</i>	<i>Constant</i>
<i>€bn</i>		<i>€bn</i>	<i>€bn</i>	<i>%</i>	<i>Currency%</i>
90	Total Assets	90	87	3	10
55	Risk Weighted Assets	55	53	4	11



Group Balance Sheet

Sept 02		Mar 03	Mar 02
€bn		€bn	€bn
	Assets		
7.5	Bank Loans	7.5	8.4
57.4	Customer Loans	57.0	56.6
12.6	Debt Securities	12.3	10.9
<u>6.9</u>	Other	<u>7.4</u>	<u>5.8</u>
84.4		84.2	81.7
<u>5.3</u>	Life Assurance	<u>5.3</u>	<u>5.6</u>
<u>89.7</u>		<u>89.5</u>	<u>87.3</u>
	Liabilities		
14.2	Bank Deposits	12.6	12.6
49.4	Customer Deposits	48.5	51.1
8.0	Debt Securities In Issue	9.7	6.4
8.3	Other*	9.2	7.4
<u>4.5</u>	Stockholders Funds	<u>4.2</u>	<u>4.2</u>
84.4		84.2	81.7
<u>5.3</u>	Life Assurance	<u>5.3</u>	<u>5.6</u>
<u>89.7</u>		<u>89.5</u>	<u>87.3</u>

* Includes subordinated liabilities €2.7bn (Mar 02 €2.5bn)



Group Profit & Loss a/c

6 months

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02</i>	<i>%</i>	<i>Constant</i>
<i>€m</i>		<i>€m</i>	<i>€m</i>	<i>Change</i>	<i>Currency%</i>
849	Net Interest Income	1,729	1,578	10	11
<u>605</u>	Other Income	<u>1,188</u>	<u>1,227</u>	(3)	(2)
1,454	Total Income	2,917	2,805	4	5
814	Costs	1,662	1,582	5	6
56	Loan Losses	100	102	(2)	(1)
<u>18</u>	Associates/JVs	<u>22</u>	<u>1</u>	-	-
<u>602</u>	PBT Pre Exceptional	<u>1,177</u>	<u>1,122</u>	5	6



Net Interest Income +10%

Increase of €151m

- Volume (+€105m) +7%
- Margin (+€62m) +4%
- Exchange Rate (-€16m) -1%



Group Margin Effect

			<i>Basis Points</i>
	<i>Mar 03</i>	<i>Mar 02*</i>	<i>Change</i>
Group Margin	2.38	2.31	+7
Main Influencers			
<ul style="list-style-type: none"> □ UK Financial Services <ul style="list-style-type: none"> ❖ Residential Mortgages ❖ Other □ Corporate Banking □ Retail Republic of Ireland □ Other 			<ul style="list-style-type: none"> +9 +6 +3 +3 -2 -3

* Restated - certain Dealing Profits re-defined under amended EU accounts directive



Other Income -3%

41% of Total Income

- Impact of fall in Equity Markets on Life, Asset Management & Other Equity based products
- First Rate (UK) - now a Joint Venture

Offset by

- Acquisition of Iridian (7 months)
- Higher Corporate Banking & Corporate Finance Fees
- Embedded Value Discount Rate Change (+€22m)
- Growth in Sale of Group Products



Group Costs +5%

6 months

Sept 02		Mar 03	Mar 02	%
€m		€m	€m	Change
476	Staff*	955	923	3
254	Administrative*	525	504	4
75	Depreciation	159	140	14
<u>9</u>	Goodwill	<u>23</u>	<u>15</u>	53
<u>814</u>		<u>1,662</u>	<u>1,582</u>	5

* March 02 has been reclassified



Cost / Income Ratios

Group & Divisional Trends

6 months

Sept 02

%

Mar 03

%

Mar 02

%

54.7	Group	55.8	55.8
60.1	Retail Republic of Ireland	60.6	63.6
54.5	Retail ROI (Including Life)	56.1	56.8
48.2	Asset Mgmt. Services	49.6	44.7
37.2	Wholesale Financial Serv.	37.9	39.1
56.4	UK Financial Services	56.1	56.7

Excludes Goodwill Amortisation but includes Income from Associates / JVs



Loan Loss Charge

9TH consecutive year ≤ 20 basis points (bps)

Sept 02		Mar 03		Mar 02	
€m*		€m*	bps**	€m*	bps**
56	Group Total	100	18	102	19
47	Specific	114	20	89	16
7	General	16	3	7	1
8	NDSP	(25)	(4)	25	5
(6)	Recoveries	(5)	(1)	(19)	(3)

* Loan Loss Charge (€m)

** Charge/Average Loans (bps)



Asset Quality

Excellent Credit Quality

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02</i>	<i>% Change</i>
€293m	Balances under Provision (BUP)	€320m	€331m	-3
€501m	Loan Loss Provision (LLP)*	€480m	€500m	-4
171%	Coverage Ratio (LLP/BUP)	150%	151%	
0.9%	LLP as a % of Loans	0.8%	0.9%	

* Includes non designated specific provision (NDSP) €135m (€174m Mar 02)



Group Loan Composition

March 2003 - €60bn*

	<i>Group</i>	<i>R.O.I.</i>	<i>UK</i>	<i>International</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Residential Mortgages	51	16	35	-
Business & Other Services	12	4	2	6
Personal Lending	10	8	2	-
Construction & Property	7	2	3	2
Manufacturing	7	4	1	2
Other Lending	5	3	1	1
Commercial Mortgages	3	-	3	-
TMT	3	2	-	1
Agriculture	2	2	-	-
Total %	100	41	47	12

* Loans & Advances to Customers €57bn + Corporate Debt Securities €3bn



Exceptional Costs

Portfolio Review

6 months

Sept 02

Mar 03

Mar 02

€m

€m

€m

9 Joint Venture - Perot

9

-

13 Active Business Services

12

-

- Group Transformation Programme

-

37

- UKFS Rationalisation

143

-

22 Pre Tax

164

37

22 Post Tax

154

30



Pensions

Fund is in Surplus on an actuarial basis under SSAP 24

SSAP 24

Measures ability of assets to meet liabilities over time

- Interim assessment valuation by the actuary of the Bank pension scheme in March 2003
 - Assets represent 105% of liabilities
 - Assumptions in last actuarial valuation continue to be appropriate

FRS 17

Takes market value of assets & compares to liabilities at a point in time

- Overall deficit in Group schemes €681m (€506 surplus March 2002)
- Deficit improved by in excess of €100m since year end
- No immediate funding implications
- No impact on regulatory capital



Business Review



Profit Before Tax by Division

6 months

<i>Sept 02</i>	<i>Mar 03</i>	<i>Mar 02</i>	<i>%</i>	<i>Constant</i>
<i>€m</i>	<i>€m</i>	<i>€m</i>	<i>Change</i>	<i>Currency %</i>
189 Retail Republic of Ireland	375	321	17	17
56 Bank of Ireland Life	87	122	(29)	(29)
195 Wholesale Financial Services	389	355	10	10
166 UK Financial Services	352	318	11	13
56 Asset Management Services	113	126	(10)	(10)
<u>(38)</u> Group & Central	<u>(85)</u>	<u>(64)</u>	-	-
624	1,231	1,178	4	5
<u>(22)</u> Grossing up	<u>(54)</u>	<u>(56)</u>	-	-
<u>602</u> Pre Exceptional Profit before Tax	<u>1,177</u>	<u>1,122</u>	5	6



Retail Republic of Ireland

32% of Group Profits

6 months

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02</i>	<i>%</i>
<i>€m</i>		<i>€m</i>	<i>€m</i>	<i>Change</i>
415	Net Interest Income	841	787	7
<u>124</u>	Other Income	<u>240*</u>	<u>228</u>	5
539	Total Income	1,081	1,015	7
324	Operating Costs	655	646	2
<u>26</u>	Loan Loss Provision	<u>51</u>	<u>48</u>	6
<u>189</u>	Profit before Tax	<u>375</u>	<u>321</u>	17

* Includes €2m loss from an associate



Retail Republic of Ireland

Total Income +7%

- Continued Volume Growth
 - Resources +9%
 - Mortgages +29%
 - Other Lending +8%
- Margin Attrition
- Higher Insurance Commissions & Other Fees



Retail Republic of Ireland

Improved Asset Quality

- **Costs** **+2%**
 - **Staff & other offset by Euro implementation costs**
- **Asset Quality**
 - **Loan Loss Charge 28bps (30bps Mar02)**
 - **Improved Credit Grade Profile**



Bank of Ireland Life

7% of Group Profits

6 months

Sept 02

Mar 03

Mar 02

%

€m

€m

€m

Change

30	New Business	55	57	(4)
37	Existing Business	65	62	5
28	Expected Return	56	49	14
5	Experience Variances	11	12	(8)
4	Operating Assumption Changes	(2)	1	-
<u>5</u>	Shareholder Returns	<u>10</u>	<u>10</u>	-
72	Operating Profit	130	129	1
(32)	Investment Return Variance	(49)	(8)	-
<u>31</u>	Economic Assumption changes	<u>35</u>	<u>31</u>	13
71	Profit before Tax	116	152	(24)
<u>(15)</u>	Intra Group Items	<u>(29)</u>	<u>(30)</u>	3
<u>56</u>	Profit Before Tax	<u>87</u>	<u>122</u>	(29)

Reflects New ABI SORP Requirements



Bank of Ireland Life

New Business Market Share 21%

- **Leading Life Assurance provider to Irish retail market**
- **Continuing to grow in exceptionally challenging conditions**
- **Annual Premium Equivalent Sales** **-5%**
(excluding SSIP's +9%)
- **Free Asset / Solvency Ratio** **343%**



Wholesale Financial Services

33% of Group Profits

6 months

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02**</i>	<i>%</i>
<i>€m</i>		<i>€m</i>	<i>€m</i>	<i>Change</i>
136	Net Interest Income	294	289	2
<u>195</u>	Other Income*	<u>378</u>	<u>334</u>	13
331	Operating Income	672	623	8
123	Operating Costs	255	243	5
<u>13</u>	Loan Loss Charge	<u>28</u>	<u>25</u>	12
<u>195</u>	Profit before Tax	<u>389</u>	<u>355</u>	10

* Includes Income from Associates & Joint Ventures €27m (€7m Mar 02)

** Restated - certain Dealing Profits re-defined under amended EU accounts directive



Wholesale Financial Services

Profit Before Tax Analysis

6 months		Mar 03	Mar 02	%
Sept 02				
€m		€m	€m	Change
66	Corporate Banking	160	113	42
79	Treasury & Intl	153	170	-10
<u>50</u>	Other*	<u>76</u>	<u>72</u>	6
<u>195</u>		<u>389</u>	<u>355</u>	10

* Includes Davy, Private Banking, IBI Corporate Finance and First Rate Enterprises



Wholesale Financial Services

Income (including Associates/JV) +8%

Costs +5%

- ❑ Significant fee income, including a number of large transaction based fees in Corporate Banking and Corporate Finance
- ❑ Further substantial growth in First Rate
- ❑ Treasury benefited from falling interest rates
 - €30m exceptional trading gains (€50m Mar 02)
- ❑ Good performances from Davy and Private Banking in difficult market conditions
- ❑ Good control on costs



Wholesale Financial Services

22% of Group Loan & Advances to Customers (€13bn)

Risk Management

- ❑ **Good Asset Quality - well diversified book with no undue risk concentrations**
- ❑ **Loan Loss of 21 basis points (20 bps Mar 02)**
- ❑ **Modest Proprietary Trading**



UK Financial Services (Sterling)

30% of Group Profits

6 months

Sept 02

Stg£m

Mar 03

Stg£m

Mar 02

Stg£m

*%
Change*

197	Net Interest Income	398	350	14
<u>80</u>	Other Income	<u>175</u>	<u>179</u>	(2)
277	Total Income	573	529	8
156	Operating Costs	321	300	7
<u>11</u>	Loan Losses	<u>14</u>	<u>19</u>	(26)
110	Operating Profit	238	210	13
<u>5</u>	Goodwill	<u>10</u>	<u>9</u>	11
<u>105</u>	Profit before Tax	<u>228</u>	<u>201</u>	13



UK Financial Services

Good Profit Growth +13%

- **Total Income** **+8%**
 - **Good Lending Growth** **+5%**
 - **Improved Margins**
 - **Equity Market Impact**
- **Costs** **+7%**
 - **1% positive gap between income and cost growth**
- **Asset Quality**
 - **Loan Loss of 7 basis points (10bps Mar 02, 8bps Mar 01)**
 - **Arrears experience continues to improve**
- **Rationalisation of advice based businesses underway**



UK Financial Services (Sterling)

Loans & Advances to Customers (€28bn)

<i>Sept 02</i>		<i>Mar 03</i>	<i>Mar 02</i>	<i>%</i>
<i>Stg£bn</i>		<i>Stg£bn</i>	<i>Stg£bn</i>	<i>Change</i>
Residential Mortgages				
10.9	- Standard	10.9	11.9	(8)
2.0	- Non Standard	Buy to Let 2.3	1.5	53
<u>0.9</u>		Specialised <u>1.2</u>	<u>0.7</u>	71
13.8		14.4	14.1	2
<u>4.8</u>	Commercial Loans	<u>5.2</u>	<u>4.6</u>	13
<u>18.6</u>	Loan Book	<u>19.6</u>	<u>18.7</u>	5
<u>11.6</u>	Resources	<u>11.8</u>	<u>12.3</u>	(4)



UK Financial Services

Residential LTVs

- Underweight in high LTV business

	<i>UKFS</i>	<i>Market</i>
New business > 90% LTV	4%	14%*

- Non standard lending characteristics

	<i>BTL</i>	<i>Specialised</i>
Book average LTV	72%	70%
Average loan size in 02/03	£77k	£130k
Maximum LTV	85%	85%

* Source: CACI data 12 months to Dec 2002



Asset Management Services*

10% of Group Profits

6 months

Sept 02

Mar 03

Mar 02

%

€m

€m

€m

Change

2	Net Interest Income	5	4	25
<u>108</u>	Fee Income	<u>233</u>	<u>224</u>	4
110	Operating Income	238	228	4
<u>53</u>	Operating Costs	<u>118</u>	<u>102</u>	16
57	Operating Profit	120	126	(5)
<u>1</u>	Goodwill	<u>7</u>	<u>-</u>	
<u>56</u>	Profit before Tax	<u>113</u>	<u>126</u>	(10)

* Includes BIAM, Securities Services and Iridian



Asset Management Services

Strong Profit Performance in weak equity markets

- **BIAM**
 - Significant level of new business in our main markets: €6.1bn
 - Assets under Management: €57.1bn to €42.7bn (-25%)

- **Securities Services**
 - Assets under Custody & Administration €137bn to €118bn
 - Sale of our share in State Street joint venture

- **Iridian (61%)**
 - Acquired 6 September 2002
 - Implementation plan on track
 - Assets under Management (31 March 2003) US\$8.4bn



Asset Management Services

BIAM - Assets Under Management

	<i>6 months Sept 02</i>	<i>6 months Mar 03</i>	<i>12 months Mar 03</i>
	€bn	€bn	€bn
Opening AUM	57.1	44.8	57.1
Net Cashflow	3.7	2.4	6.1
Performance	<u>(16.0)</u>	<u>(4.5)</u>	<u>(20.5)</u>
Closing AUM	<u>44.8</u>	<u>42.7</u>	<u>42.7*</u>

* Excludes Iridian AUM's US\$8.4m

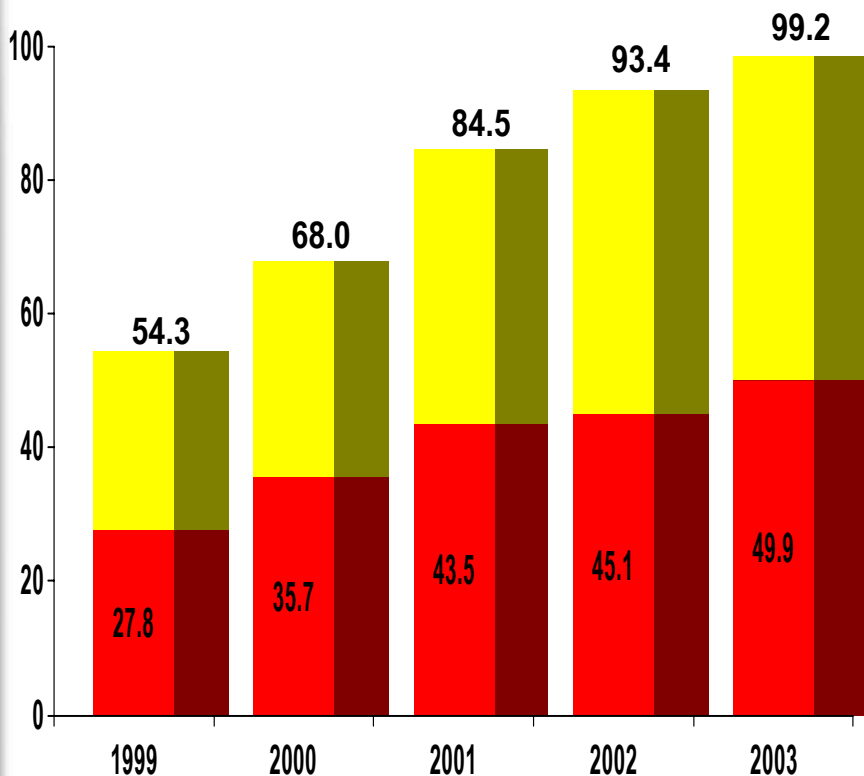


Historic Performance

Alternative EPS

EPS: 5 year

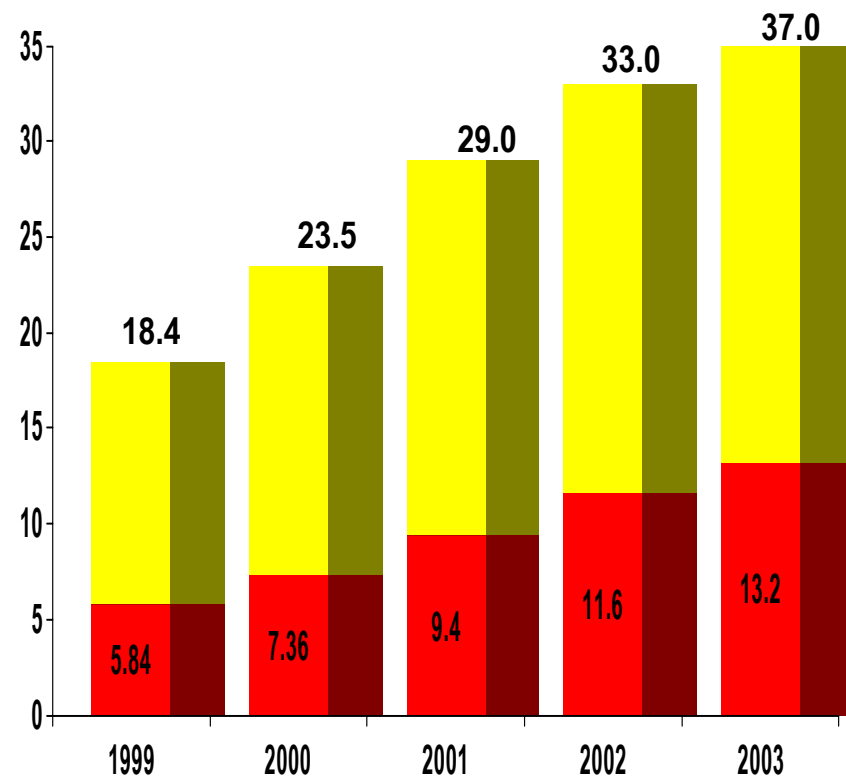
CAGR = 17%



Dividend

DPS: 5 year

CAGR = 20%

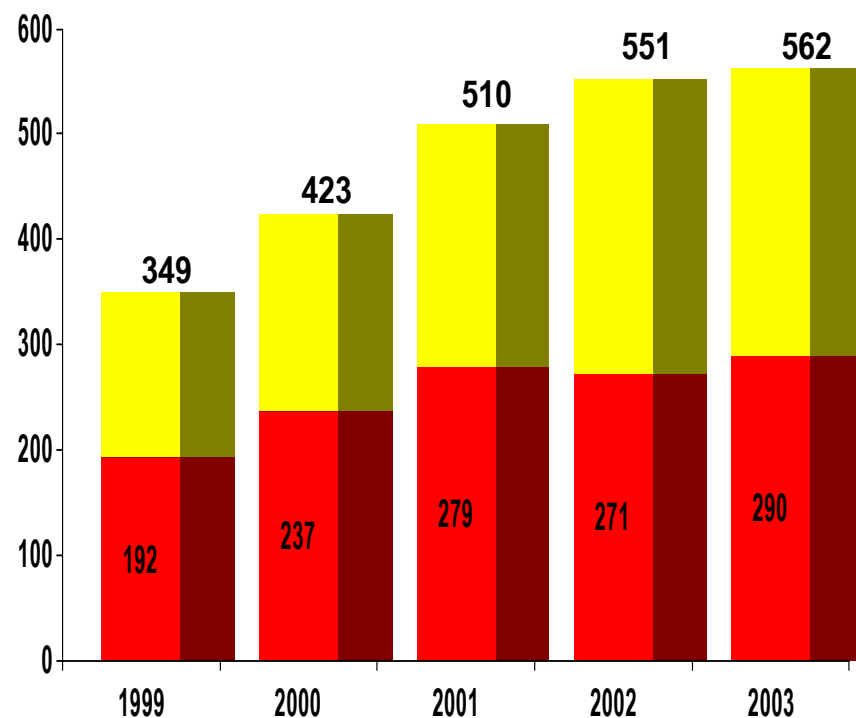
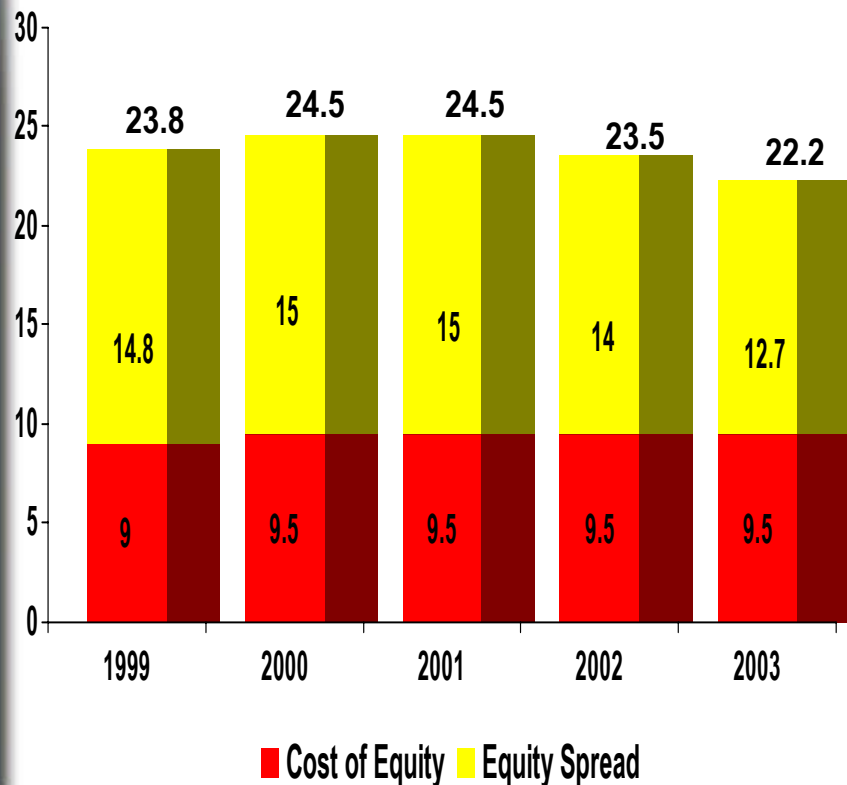


Bank of Ireland Group

Shareholder Value Added

Return on Equity
10th year over 20%

*Shareholder Value Added**
SVA: 5 Year CAGR = 14%



* Excluding Exceptionals



Summary

- ❑ **Good performance in challenging markets**
- ❑ **Significant improvement in Cost / Income Jaws**
- ❑ **Asset quality remains strong**
- ❑ **Significant progress on capital & portfolio management**





Supplementary Information

Index - Supplementary

- ❑ **Economic Outlook**
- ❑ **Geographic Analysis**
- ❑ **Volume Growth**
- ❑ **Asset Quality**
- ❑ **UK Financial Services (Euro)**



Economic Outlook - Ireland

Solid Economic Landscape Relative to the Rest of Europe and US

Actual

Forecast

<i>% Growth</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>
GDP	5.7	6.3	3.9	4.7
GNP	4.6	0.6	2.9	3.5
Consumption	5.1	2.6	2.6	3.5
Exports	6.7	3.8	4.7	4.4
Inflation	4.9	5.0	4.0	3.1
Unemployment	3.8	4.9	4.9	5.2

Source: Consensus



Economic Outlook - UK

Above European Average

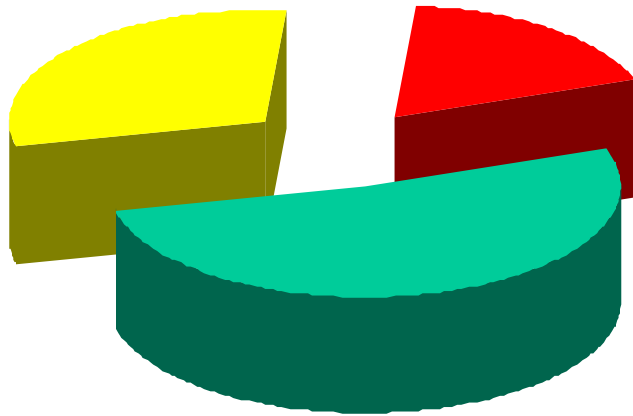
	<i>Actual</i>		<i>Forecast</i>	
<i>% Growth</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>
GDP	2.0	1.7	2.6	2.5
Consumption	4.1	3.9	2.6	2.1
Inflation	2.1	2.2	2.7	2.4
Unemployment	3.2	3.1	3.2	3.4

Source: Broker consensus



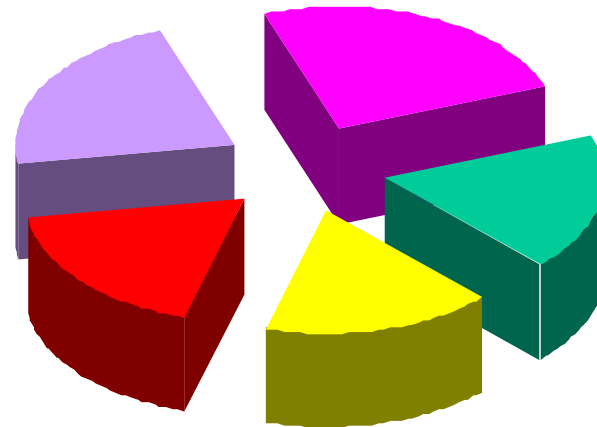
Geographic Analysis

Profit
March 2003



52%		Republic of Ireland
30%		UK
18%		Rest of the World

Shareholder Base
March 2003



18%		Republic of Ireland
17%		UK
18%		Europe / Other
22%		US
25%		Retail



Volume Growth: Constant Currency

	Lending		Resources	
	<i>P.I.T.</i> % <i>Increase</i>	<i>Average</i> % <i>Increase</i>	<i>P.I.T.</i> % <i>Increase</i>	<i>Average</i> % <i>Increase</i>
Group	6	5	0	3
Republic of Ireland	9	7	7	11
UK	5	3	(5)	(12)



Asset Quality

	Residential Mortgages		Other Lending		Total	
	Mar 03 €m	Mar 02 €m	Mar 03 €m	Mar 02 €m	Mar 03 €m	Mar 02 €m
Balances under Provision						
Ireland	3	2	199	209	202	211
UK	16	58	36	57	52	115
International	-	-	66	5	66	5
	<u>19</u>	<u>60</u>	<u>301</u>	<u>271</u>	<u>320</u>	<u>331</u>
Loan Loss Provision (LLP)						
General & Specific						
Ireland	11	8	192	186	203	194
UK	36	43	54	65	90	108
International	-	-	52	24	52	24
	<u>47</u>	<u>51</u>	<u>298</u>	<u>275</u>	<u>345</u>	<u>326</u>
NDSP	<u>40</u>	<u>70</u>	<u>95</u>	<u>104</u>	<u>135</u>	<u>174</u>
Total	87	121	393	379	480	500
LLP as % of BUP	470%	202%	130%	140%	150%	151%
LLP as % of Loans	0.3%	0.4%	1.3%	1.3%	0.8%	0.9%
P&L Annual Charge/Ave Loans	0.02%	0.03%	0.34%	0.35%	0.18%	0.19%

Asset Quality

Loan to Value - New Business

Residential Mortgages: Republic of Ireland

Average Loan to Value	Mar 03	Mar 02
▪ Owner Occupied	66%	61%
▪ Investors	69%	63%

Residential Mortgages: UKFS Personal Lending

Average Loan to Value		
▪ Standard	71%	69%
▪ Specialised	71%	71%



Republic of Ireland Residential Mortgages

Arrears Balance Profile	<i>1-6 mths</i>	<i>6-12 mths</i>	<i>12+ mths</i>	<i>Total</i>
2003 (%)	1.1	0.3	0.2	1.6
2002 (%)	1.2	0.3	0.2	1.7

New Business LTV's	<i><75%</i>	<i>75-90%</i>	<i>91-95%</i>	<i>>95%</i>
2003 (%)	53	35	12	-
2002 (%)	59	32	9	-

Book LTV's	<i><75%</i>	<i>75-90%</i>	<i>91-95%</i>	<i>>95%</i>
2003 (%)	67	28	5	-
2002 (%)	69	27	4	-

UK Residential Mortgages

Arrears Balance Profile	<i>1-6 mths</i>	<i>6-12 mths</i>	<i>12+ mths</i>	<i>Total</i>
2003 (%)	1.3	0.2	0.1	1.6
2002 (%)	1.5	0.2	0.2	1.9

New Business LTV's	<i><75%</i>	<i>75-90%</i>	<i>91-95%</i>	<i>>95%</i>
2003 (%)	58	38	3	1
2002 (%)	58	34	5	3

Book LTV's	<i><75%</i>	<i>75-90%</i>	<i>91-95%</i>	<i>>95%</i>
2003 (%)	53	32	9	6
2002 (%)	50	30	12	8



UK Financial Services (Euro)

6 months

Sept 02

€m

Mar 03

€m

Mar 02

€m

%
Change

312	Net Interest Income	615	554	11
<u>126</u>	Other Income	<u>271</u>	<u>284</u>	(5)
438	Total Income	886	838	6
247	Operating Costs	498	475	5
<u>17</u>	Loan Losses	<u>21</u>	<u>30</u>	(30)
174	Operating Profit	367	333	10
<u>8</u>	Goodwill	<u>15</u>	<u>15</u>	-
<u>166</u>	Profit before Tax	<u>352</u>	<u>318</u>	11

For Further Information Please Contact

Fiona Ross

Head of Group Investor Relations

Mick Stewart

Group Investor Relations

***Tel:* +353 1 604 3502**

***Fax:* +353 1 661 5105**

***Email:* investor.relations@boimail.com**

***Website:* www.bankofireland.ie/investor**

