



# Preliminary Results Announcement

For the full year to 31<sup>st</sup> March 2006

31<sup>st</sup> May 2006

# 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 and the UK economies, the performance and volatility of international capital markets, the expected level of credit defaults, 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.



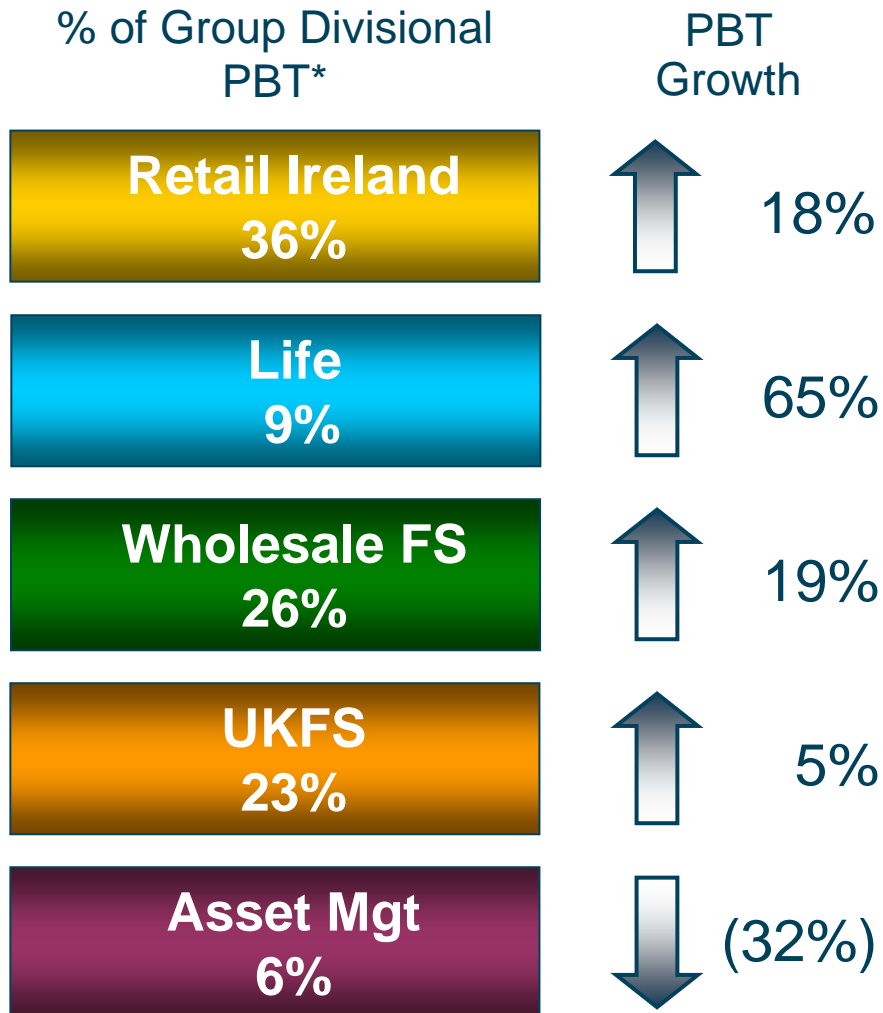
**Brian Goggin**  
Group Chief Executive

# Year End Highlights

	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

# Building on a position of strength

**Profit growth: 16%**

**15 years**

Consecutive profit growth

**Dividend growth: 15%**

**14 years**

Consecutive dividend growth

**ROE: 24%**

**13 years**

Consecutive ROE  $\geq 20\%$

**Loan Impairment: 11bps**

**12 years**

Consecutive loan impairment  $\leq 20$ bps

All historical growth figures to 31 March 2006.

# Delivering on commitments

1

“Develop a competitive, lower-cost operating model”

2

“Achieve real customer differentiation”

3

“Conclude review of our UK businesses and take action”

4

“Deliver on the UK Post Office Venture”

5

“Create more growth platforms in international businesses”

# Delivering results

1

**“Develop a competitive, lower-cost operating model”**

- Launched Strategic Transformation Programme
- Delivering savings ahead of target

2

**“Achieve real customer differentiation”**

- Launched “Changing For You” Customer Programme
- More front-line staff, improving branches, innovative customer propositions, free banking, shortening queues

3

**“Conclude review of our UK businesses and take action”**

- Sold Bristol & West branch network and Chase de Vere
- Clear focus on 3 growth segments

4

**“Deliver on the UK Post Office Venture”**

- Successful export & implementation of sales effectiveness model
- Sales traction established in POFS - Customer numbers ahead of target

5

**“Create more growth platforms in international businesses”**

- Investing in people, new capabilities & new geographies in Wholesale
- Re-modelling Asset Management Services



# Bank of Ireland vision & strategy

## Our Vision:

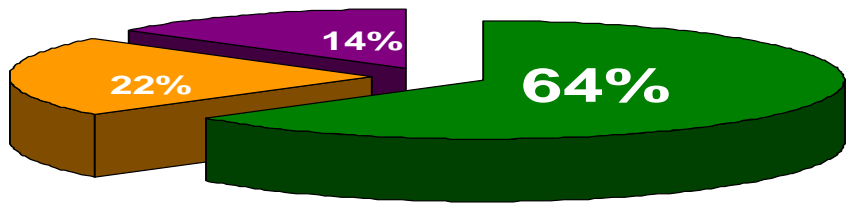
**“To be the number one bank in Ireland with dynamic businesses growing internationally”**

## 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

PBT by Geography  
(March 06)



■ Ireland ■ UK ■ Rest of World

- 64% of Group Profit
- Leading from a position of strength
- Growing market share profitably

## Retail

- Leading positions in mortgages, personal current accounts, credit cards and business banking

## Life

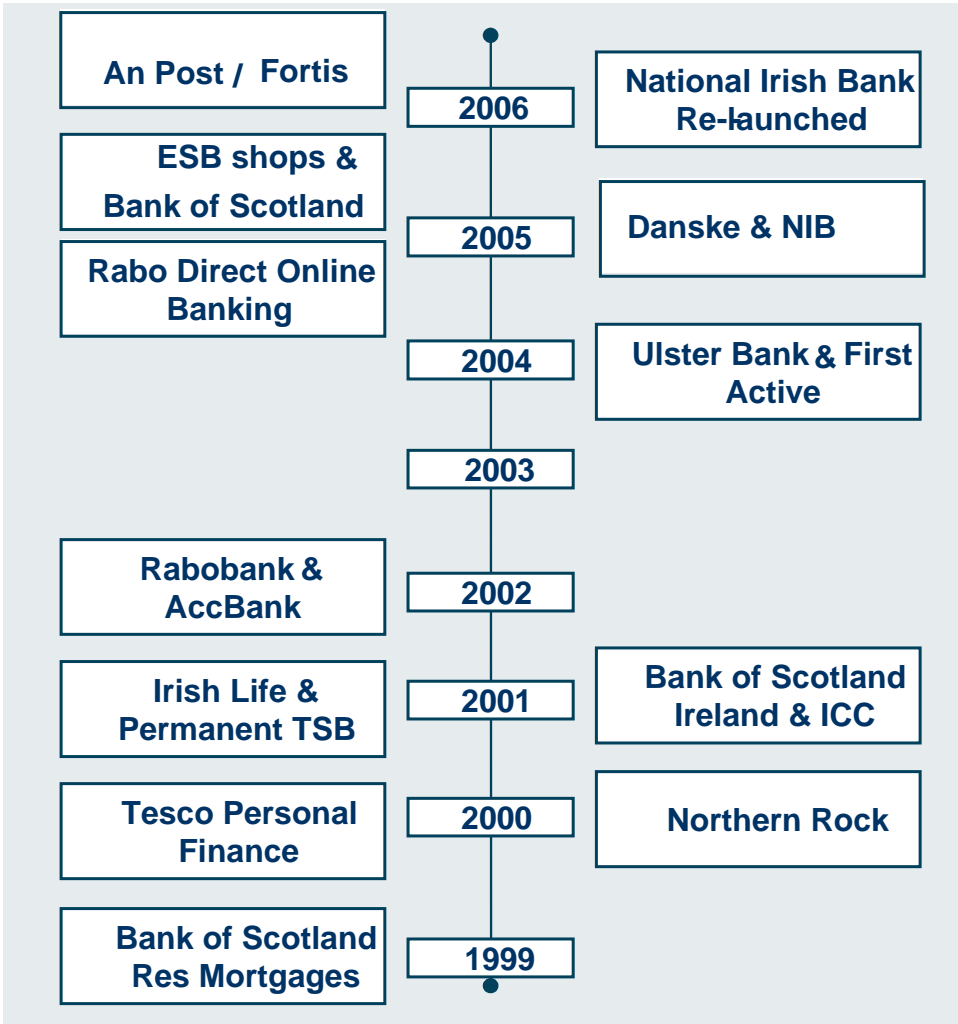
- Leading multi-channel distribution network & bancassurance model

## Wholesale

- Leading in Corporate Banking, Treasury, Stockbroking & Corporate Finance

# Buoyant conditions attract new entrants...

## Competitive landscape of banking in Ireland

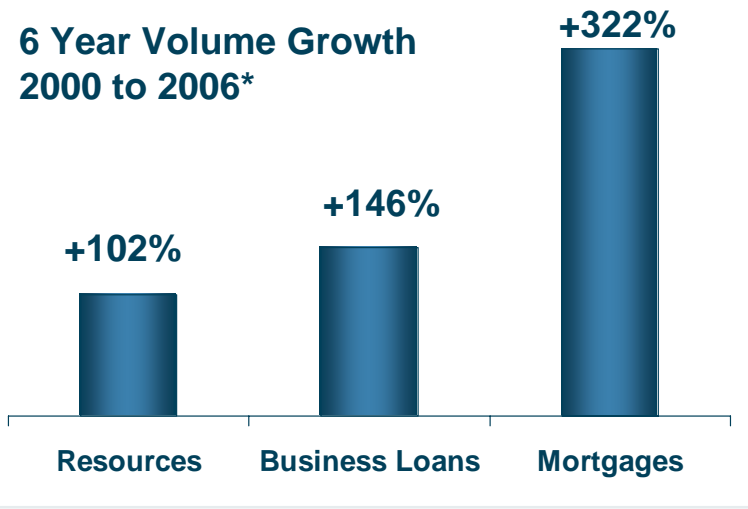


## BOI performance to date against this backdrop

### Market Share Gains\*

	2000	2006	Gain
Mortgages	18%	19%	+1
Life & pensions	19%	25%	+6
Resources	22%	25%	+3

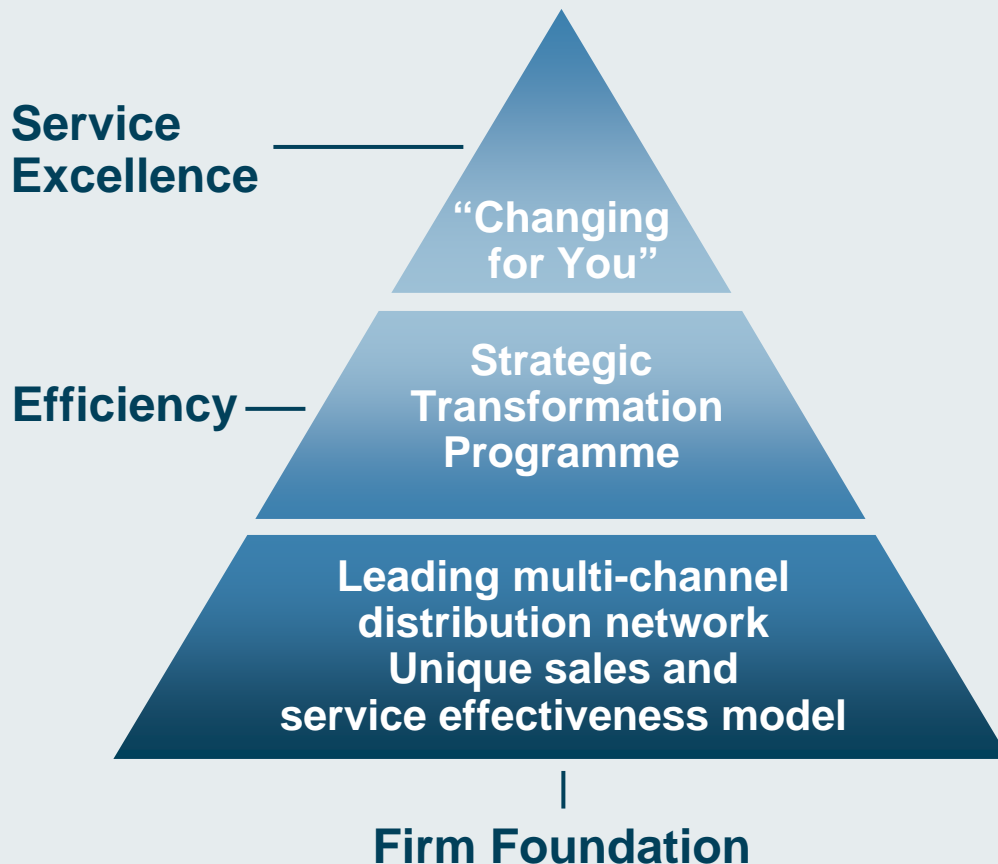
### 6 Year Volume Growth 2000 to 2006\*



\* All figures at March 06

# Maximising returns from leading position in Ireland

## Building strength in Retail Ireland




## Delivering results

- Competition - anticipated & managed
- Customer Programme initiatives
  - Free-banking proposition
  - Launching innovative customer propositions - Business Start-ups & Migrant offerings
  - Branch re-modelling
  - 500 new frontline staff
- New Customers
  - Over 80,000 additional personal current accounts
- 18% profit growth
- Strong volume growth & tight cost management
  - 23% loan & 15% resource growth
  - RFSI Cost income ratio down from 60.4% to 56.7%

# Maximising returns from leading position in Ireland

## Favourable backdrop

- 
- A strong economy
  - Growing population
  - Full employment
  - Significant job creation
  - Rising incomes & consumption
  - Excellent savings ratio
  - Poor pension coverage
  - SSIA opportunity

## Life business

- Leading multi-channel distribution network – leading bancassurance model
- Strong competitive position
  - Multi-channel distribution
  - Sales effectiveness
- Growing market shares
  - Market share gain of 1 point to 25% in 2005

# 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*

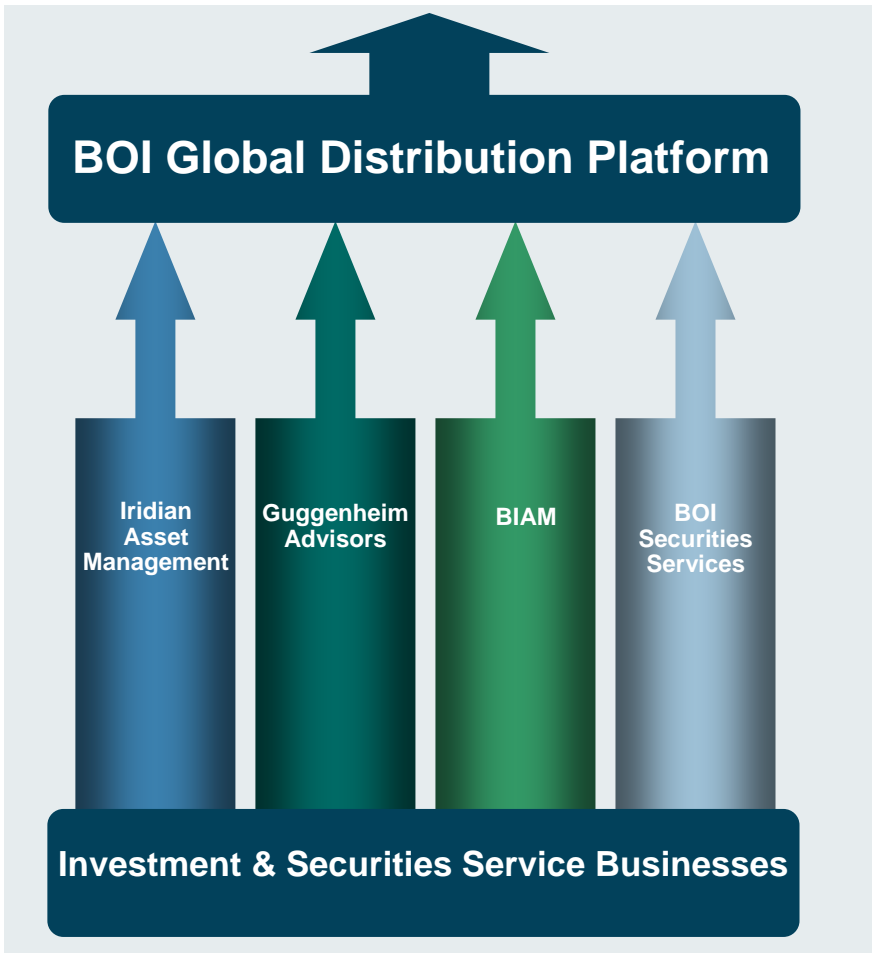
- **Significant investment in frontline** – *business bankers*
- **Established geographic platform** - *Edinburgh, Belfast, Manchester, Birmingham & London*
- **Delivering results** - *loan growth +46%*

- **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

## Wholesale Financial Services

**Building on a strong domestic franchise  
Investing in new capabilities & geographies**

### Corporate Banking

- Leading position in Corporate Banking in Ireland
- Investing in people & new geographies
- Investing in skills & new capabilities
- Completed integration of Burdale, delivering ahead of expectation
- Arranging & leading transactions with a focus on higher margin business/sectors
- Delivering excellent results
  - PBT + 34% & Loans +35%

### Global Markets

- Leading market position in commercial forex in Ireland
- Focus on customer related business
- Delivering comprehensive range of risk management products & services
- Investing in growth
- Harnessing cross-selling opportunities across the Group
- Delivering excellent results
  - PBT + 8%



# In review



- Delivered on commitments
- Excellent financial performance
- Building momentum
- Clear strategy delivering results



# Financial Highlights

**John O'Donovan**

Chief Financial Officer

# Financial Reporting

- **Basis of preparation**

- **Preliminary results to 31 March 2006**

- Prepared under IFRS

- **Comparatives to 31 March 2005**

- Statutory accounts reflect IFRS standards applicable from 1<sup>st</sup> April 2004.
    - Restated on a Pro-forma basis to include impact of EIR, insurance accounting and classification of financial instruments.
    - Excludes impact of accounting for derivatives & loan impairment.

- **Divisional financial reporting**

During the year some organisational changes were made to further streamline the management and reporting of our activities in the UK:

- Post Office Financial Services (POFS) was transferred from Group Centre to UK Financial Services.

- First Rate Enterprises Limited (FRE) was transferred from Wholesale Financial Services:

- The principal component of this business, First Rate Travel Services (FRTS), our personal foreign exchange travel service joint venture with the UK Post Office, was transferred to our UKFS Division.
    - The remaining FRE business was transferred to Retail Republic of Ireland.

- **Definitions**

- **Abbreviations:**

- RFSI: Retail Financial Services Ireland  
(including Retail Republic of Ireland & Bank of Ireland Life - BIL)
    - WFS: Wholesale Financial Services
    - UKFS: UK Financial Services
    - AMS: Asset Management Services
    - POFS: UK Post Office Financial Services
    - STP: Strategic Transformation Programme

- **Underlying:**

- The term underlying refers to the exclusion of non-core items.
    - See slide 20 for non-core items.

# Group Income Statement – impact of non-core items

## Group Income Statement including non-core items

	Mar 06	Mar 05	% Change
	€m	€m	
<b>Total Income*</b>	<b>3677</b>	<b>3228</b>	<b>14</b>
<b>Operating Expenses</b>	<b>(2020)</b>	<b>(2059)</b>	<b>(2)</b>
<b>Impairment Losses</b>	<b>(103)</b>	<b>21</b>	
<b>Associates/JVs <i>post tax</i></b>	<b><u>45</u></b>	<b><u>30</u></b>	<b>50</b>
<b>Profit Before Tax</b>	<b>1599</b>	<b>1220</b>	<b>31</b>
<b>Non-core items</b>	<b><u>206</u></b>	<b><u>14</u></b>	<b>-</b>
<b>Underlying PBT</b>	<b>1393</b>	<b>1206</b>	<b>16</b>

## Group Income Statement excluding non-core items

	Mar 06	Mar 05	% Change
	€m	€m	
<b>Total Income*</b>	<b>3439</b>	<b>3178</b>	<b>8</b>
<b>Operating Expenses</b>	<b>(1988)</b>	<b>(1923)</b>	<b>3</b>
<b>Impairment Losses</b>	<b>(103)</b>	<b>(79)</b>	<b>30</b>
<b>Associates/JVs <i>post tax</i></b>	<b><u>45</u></b>	<b><u>30</u></b>	<b>50</b>
<b>Underlying PBT</b>	<b>1393</b>	<b>1206</b>	<b>16</b>

## Non-core items

	Mar 06	Mar 05
	€m	€m
<b>Total Income</b>		
Profit on disposal of B&W branches	176	-
Profit on sale of share in euroConnex	-	31
Hedge ineffectiveness on transition to IFRS	(7)	-
BIL policyholders' tax gross up	69	26
UKFS restructuring/Sale of CdV	-	(7)
<b>Non-core items in Income</b>	<b>238</b>	<b>50</b>

## Operating Expenses

UKFS restructuring	-	(15)
STP	(32)	(117)
Other	-	(4)
<b>Non-core items in Operating Expenses</b>	<b>(32)</b>	<b>(136)</b>

## Impairment Losses

Loan loss provision write back	-	100
<b>Non-core items in Impairment Losses</b>	<b>-</b>	<b>100</b>
<b>TOTAL NON CORE ITEMS</b>	<b>206</b>	<b>14</b>

\* Net of increase in insurance contract liabilities and claims

# Financial Highlights

## Key Metrics

	Mar 06	Mar 05	% Change
Underlying PBT	€1393m	€1206m	16%
Underlying EPS	118.5c	102.3c	16%
Cost Income Ratio	57.1%	59.9%	(2.8)
Dividend Per Share	52.5c	45.6c	15%
Return on Equity	24%	23%	1
Risk Weighted Assets	€97.5bn	€75.9bn	28%

## Group Income Statement *excl non-core items*

	Mar 06 €m	Mar 05 €m	% Change
Net Interest Income	2307	1971	17
Other Income*	<u>1132</u>	<u>1207</u>	(6)
Total Income*	3439	3178	8
Operating Expenses	(1988)	(1923)	3
Impairment Losses	(103)	(79)	30
Associates/JVs <i>post tax</i>	<u>45</u>	<u>30</u>	50
Underlying PBT	1393	1206	16

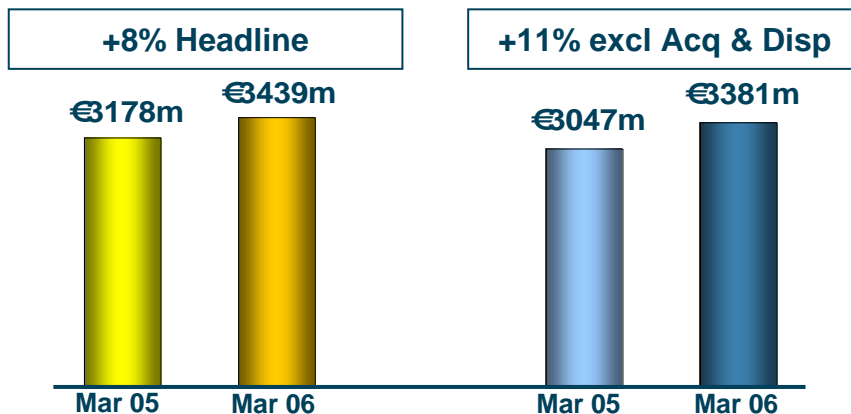
\* Net of increase in insurance contract liabilities and claims

## Highlights

- Excellent profit growth
- Driven by:
  - Strong loan growth
  - Continued low Impairment losses
- Strong key metric performances
- Positive cost/income growth trends
  - Positive jaws
  - Cost/Income ratio down 2.8 percentage points to 57.1%
- RWA growth moderating

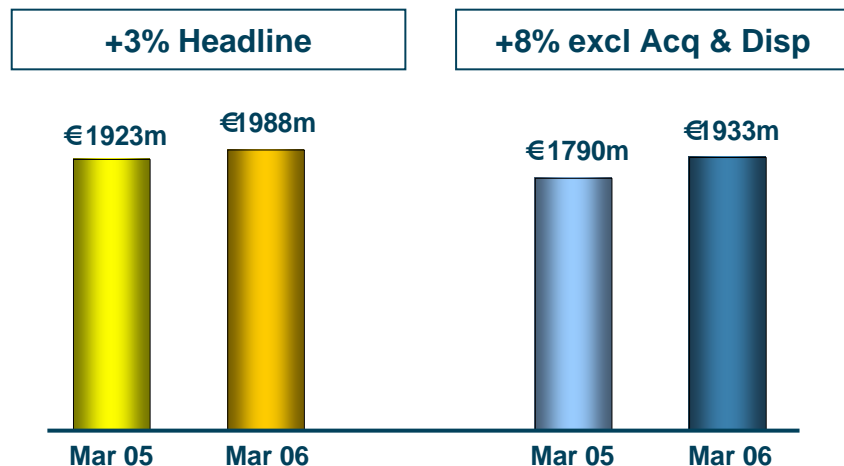
# Total Income & Operating Expenses

## Total Income



- Strong income growth
- Acquisition and disposal distortion
- Income growth drivers:
  - Strong volume growth
  - Offset by margin decline
  - Excellent fee income

## Operating Expenses



- Aggressive cost control
- Acquisition & disposal distortion
- Cost growth drivers:
 

• Business as usual	+5%
• Investment	+2%
• Compliance	+1%
• Pensions	+2%
• STP savings	<u>(2%)</u>
	<b>8%</b>

# Net Interest Income & Margin

## Net Interest Income Movement

	€m	%
Volume	529	27
Margin	(271)	(14)
IAS 32 & 39 impact	<u>78</u>	<u>4</u>
Total	336	17

## Net Interest Margin

	Mar 06 %	Mar 05 %
Group Net Interest Margin	1.79	1.94
IAS 32 & 39 impact	<u>0.06</u>	<u>-</u>
Adjusted Net Interest Margin	1.73	1.94

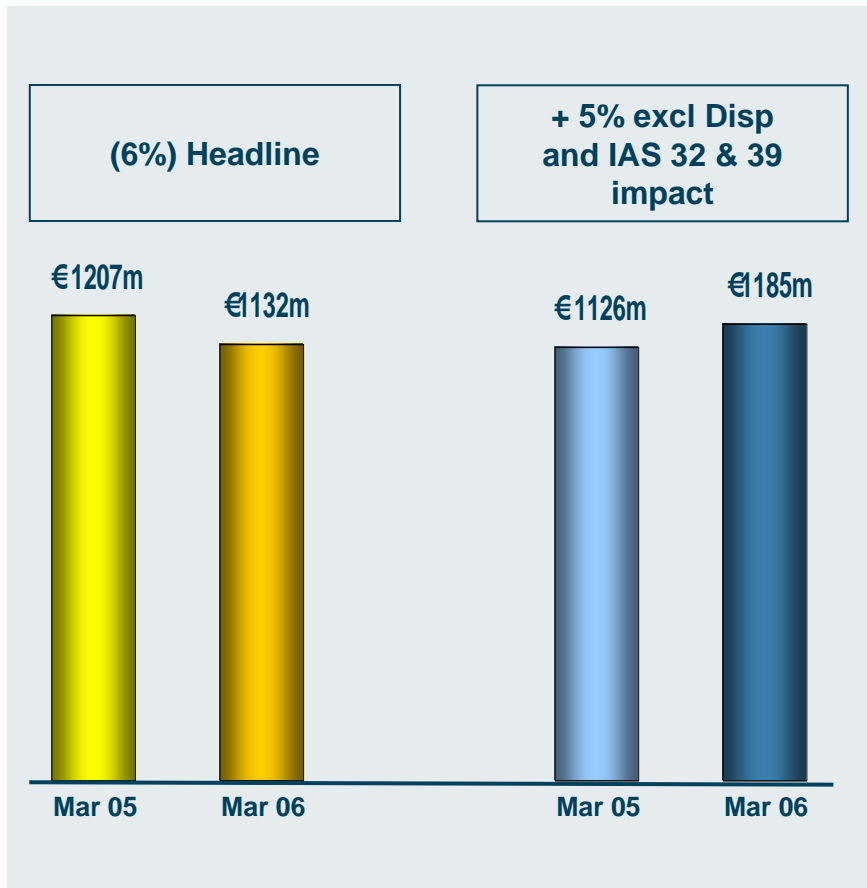
## Drivers of Margin Attrition

Balance sheet structure	(9bps)
Liability spreads	(5bps)
Product mix & competition	(2bps)
UKFS mortgage back book re-pricing	(1bp)
Bristol & West branch network disposal	<u>(4bps)</u>
Adjusted Net Interest Margin attrition	(21bps)
IAS 32 & 39 impact	<u>6bps</u>
Group Net Interest Margin attrition	(15bps)

## Sources of Margin Attrition

Retail Republic of Ireland	(11bps)
UKFS	(6bps)
Other	<u>(4bps)</u>
Adjusted Net Interest Margin attrition	(21bps)
IAS 32 & 39 impact	<u>6bps</u>
Group Net Interest Margin attrition	(15bps)

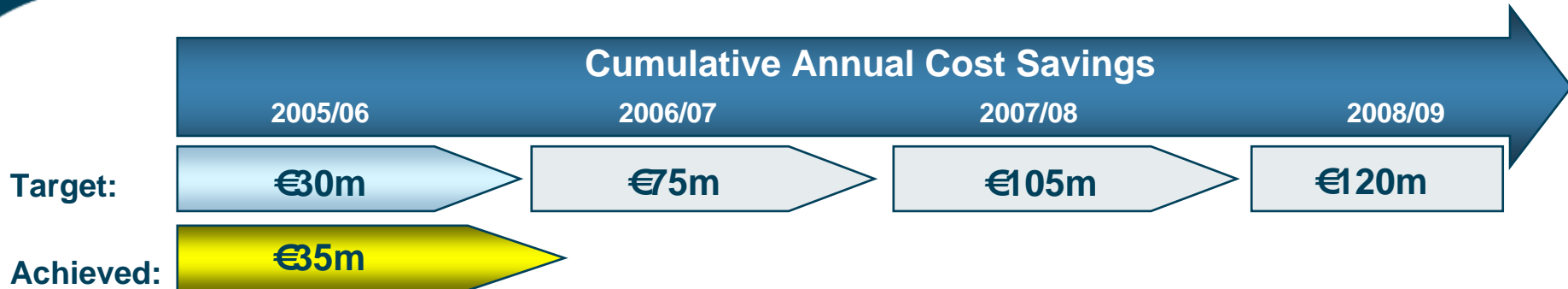
# Other Income



- Negative impact of disposals
- Impact of IAS 32 & 39 (€78m)
- Other income +5% driven by:
  - POFS
  - Bank of Ireland Life
  - Retail Ireland (Private Banking & Credit Cards)
  - Impacted by lower BIAM income



# Strategic Transformation Programme

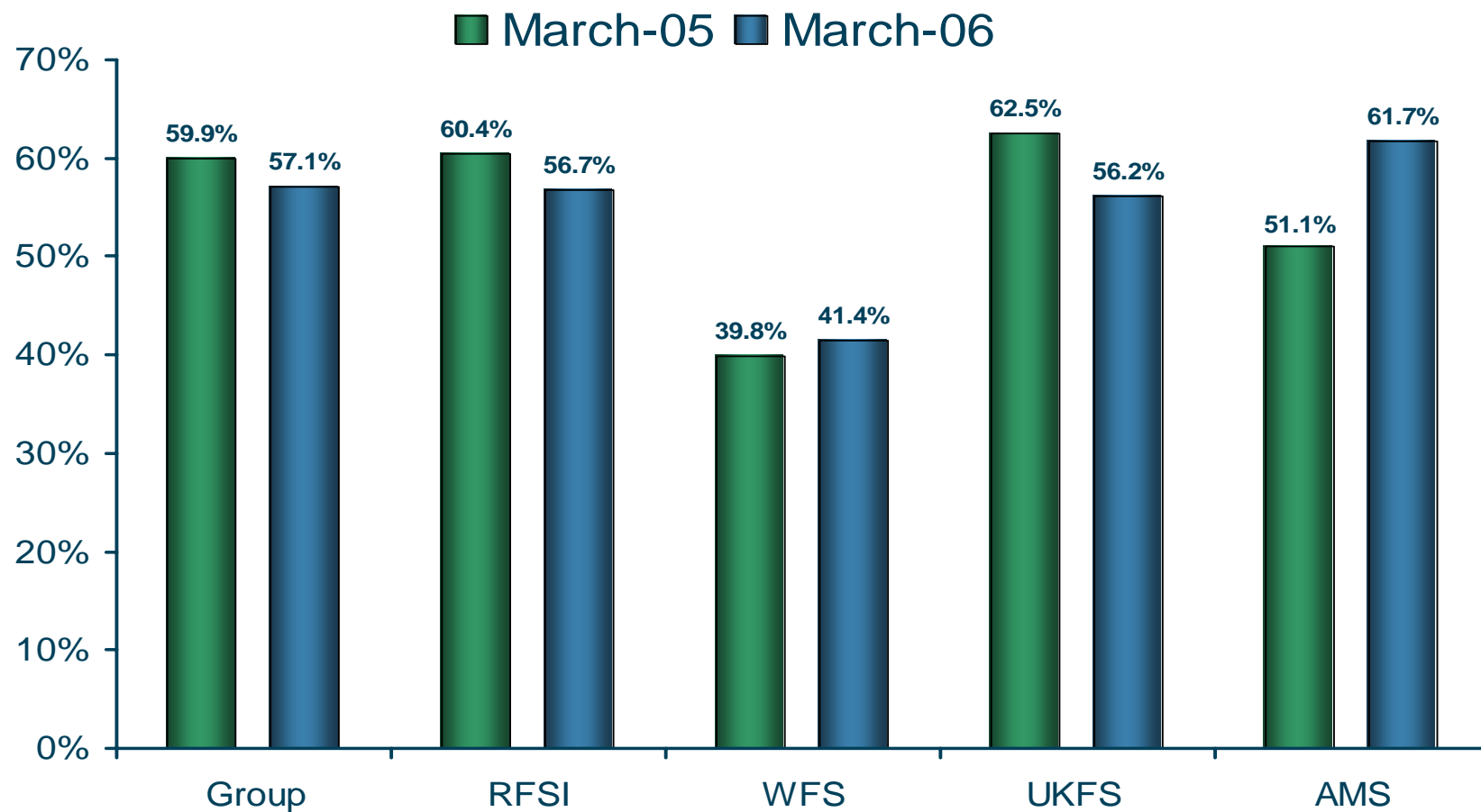


## Programme Progress

- Cost savings ahead of target for 2005/06
- Headcount reduction
- New streamlined operating model
  - Consolidation of support functions
  - Group Manufacturing function established
  - Consolidation of processes
- Cost of programme in line with guidance
- Cost savings for 2006/07 will exceed target

Implementation Costs		€m
▪ Target for programme		210
– STP P&L charge in year to 31 Mar 2006		32
– STP P&L charge in year to 31 Mar 2005		<u>117</u>
▪ Cumulative P&L charge of programme		149

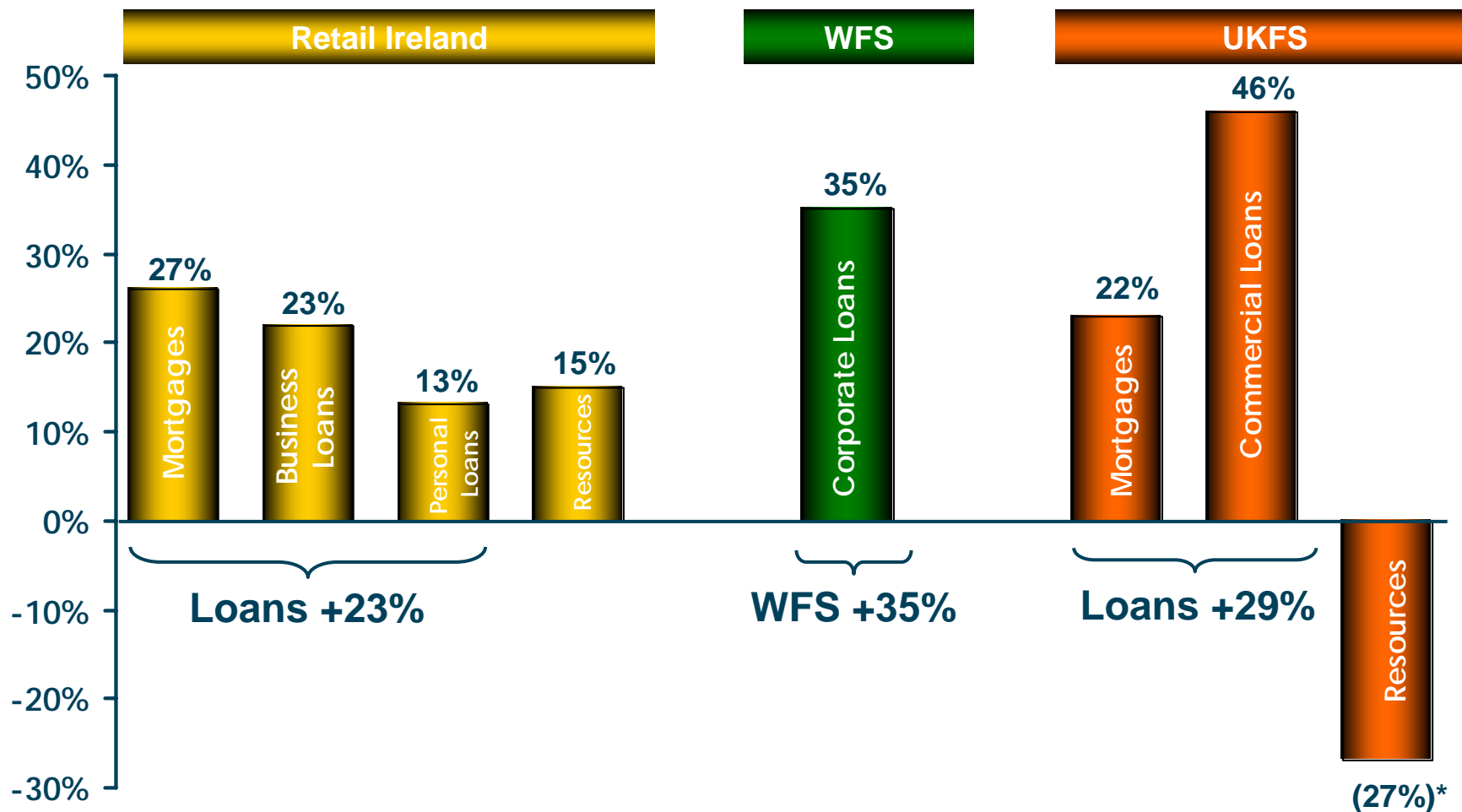
# Cost Income Ratios\*



\* Excluding non-core items

# Strong Loan & Resources Volume Growth

## Divisional volume growth Mar 06 vs Mar 05



\* Reduction in UK Resources due to sale of Bristol & West branch network & associated deposit book £4.5bn

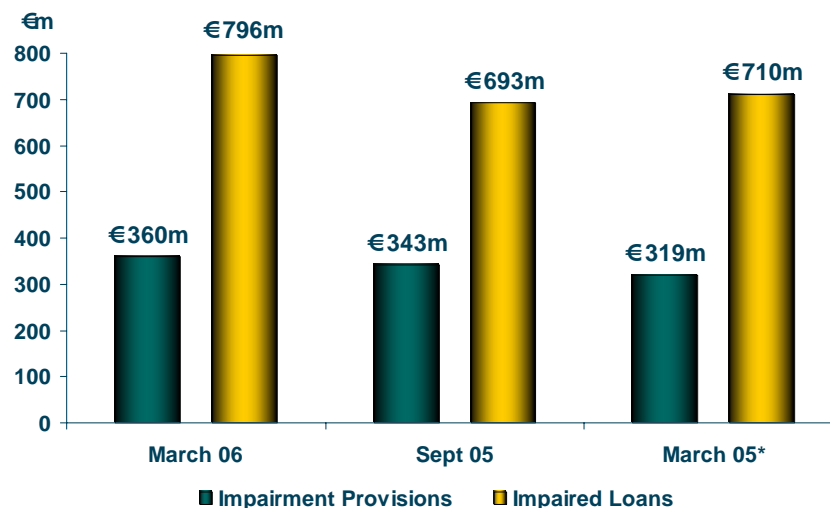
# Asset Quality

## Impairment Losses on Loans

	Mar 06 €m	Mar 05* €m
Specific	114	138
IBNYR	10	-
NDSP/General	-	(38)
Recoveries	<u>(21)</u>	<u>(21)</u>
Total €m	103	79
Charge on Average Loans	11bps	11bps

\* Excludes release from loan impairment provisions of €100m

## Asset Quality



\* After release from loan impairment provisions of €100m

- Continued excellent asset quality in benign credit environment
- Charge on average loans 11bps – below trend
- Well diversified and proactively managed loan book
- Strong underwriting and arrears management skills

# Strong Capital Base

## Capital Ratios

	Mar 06	Mar 05
	%	%
Total Capital	11.4	10.9
Tier 1 Capital	7.5	7.9

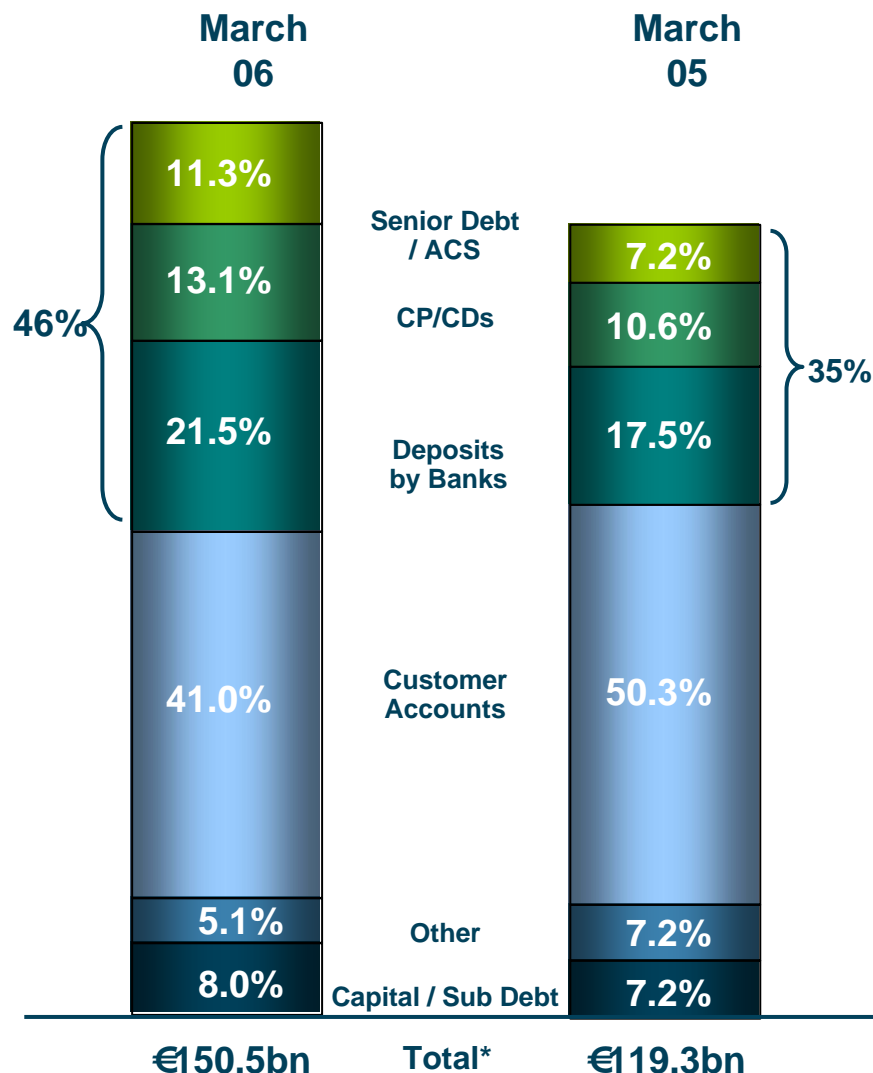
## Asset Growth

	Mar 06	Mar 05	%
	€bn	€bn	Change
Retail FS RWAs	26.7	22.0	22
Wholesale FS RWAs	34.9	26.5	32
UKFS RWAs	34.2	26.0	31
Other RWAs	<u>1.7</u>	<u>1.4</u>	18
Risk Weighted Assets	97.5	75.9	28
Total Assets	162.3	128.0	27

## Strong Capital Base

- Strong capital position
  - Tier 1 ratio of 7.5%
  - Total Capital ratio of 11.4%
- Adequate capital for planned growth
  - 16% annual RWA growth supported by retained earnings
  - Flexibility within the Balance Sheet
- No recourse to shareholders
- RWA growth to moderate

# Balance Sheet Funding



## Continued Diversification

- Increased wholesale funding from 35% in March 2005 to 46% in March 2006 (Sept 2005 45%)
- Driven by:
  - Impact of sale of Bristol & West deposit book added c. 6 percentage points
  - Strong lending volumes not matched by customer accounts
- Continued funding diversification:
  - ACS programme including private placements
  - US\$ extendible notes issue
  - Canadian \$ CP programme
  - French € CD programme

\* Excludes Life funds held on behalf of policyholders: Mar 06 €11.8bn Mar 05 €8.7bn



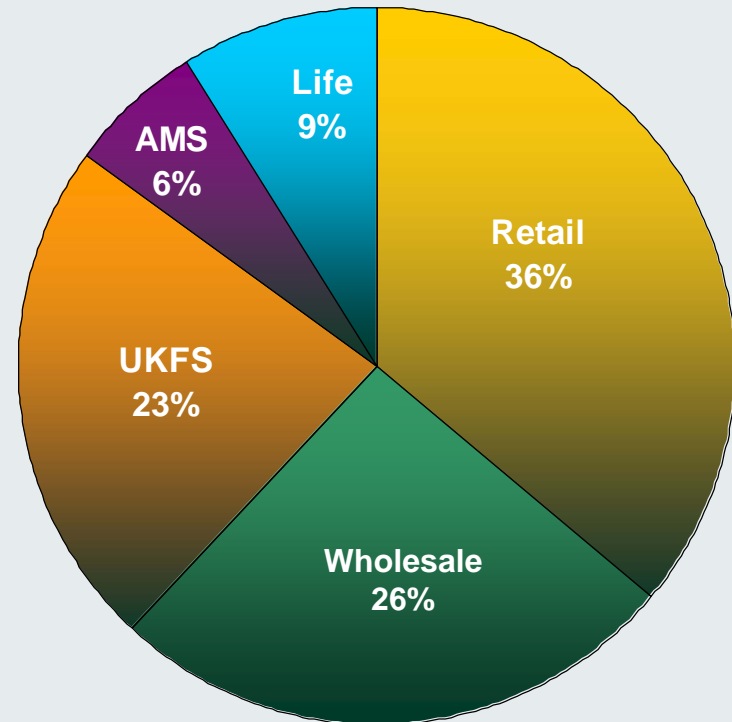
# Business Review

# Profit Before Tax by Division

## PBT by Division

	Mar 06 €m	Mar 05 €m	% Change
Retail ROI	550	465	18
Bank of Ireland Life	134	81	65
Wholesale FS	386	325	19
UKFS*	349	332	5
Asset Mgmt Services	85	125	(32)
Group Centre	<u>(111)</u>	<u>(122)</u>	9
Underlying PBT	1393	1206	16
Non-core items**	<u>206</u>	<u>14</u>	
Profit Before Tax	1599	1220	31

## Group Divisional Profitability\*\*\*

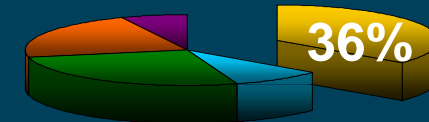


\*POFS fully consolidated from 1<sup>st</sup> August 2004

\*\* See slide 20 for analysis of non-core items

\*\*\* Excludes Group Centre





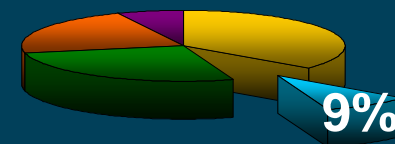
## Income Statement

	Mar 06 €m	Mar 05 €m	% Change
Net Interest Income	1119	1020	10
Other Income*	<u>356</u>	<u>314</u>	13
Total Income	1475	1334	11
Operating Expenses	(871)	(818)	6
Impairment Losses	<u>(54)</u>	<u>(51)</u>	6
Profit Before Tax	550	465	18

## PBT +18%

- Excellent profit performance driven by:
  - Strong volume growth:
  - Higher fee income
  - Aggressively managed costs
  - Excellent asset quality – 15bps charge
  
- Significant efficiency improvement
  - Positive cost income jaws
  - Cost income ratio down from 61% to 59%
  
- Margin attrition due to:
  - Low interest rate environment, wholesale funding, product mix & competition
  
- Competing from a position of strength
  - Multi-channel distribution
  - Sales effectiveness
  - Customer proposition

\* Includes income from associates and joint ventures Mar 06 €5m, Mar 05 (€2m)



## Income Statement (IFRS)

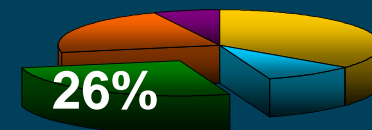
	Mar 06 €m	Mar 05 €m	% Change
Income*	208	172	21
Operating Expenses	<u>(95)</u>	<u>(93)</u>	2
Operating Profit	113	79	43
Discount Rate Change	4	-	
Investment Variance	<u>17</u>	<u>2</u>	
Profit Before Tax**	134	81	65

## PBT +65%

- Excellent profit growth
  - Strong APE sales growth +30%
  - Tight cost control +2%
  - IT enabled efficiency gains
  
- PBT benefited from non-recurring items
  - Reduction in discount rate of 0.5% to 7.5%
  - Positive investment variance
  
- Very positive outlook
  - Strong economy
  - Favourable demographics

\* Net of increase in insurance contract liabilities and claims

\*\*Excludes policyholders' tax gross up (Mar 06 €69m and Mar 05 €26m)



# Wholesale Financial Services

## Income Statement

	Mar 06	Mar 05	% Change
	€m	€m	
Net Interest Income	454	325	40
Other Income	<u>243</u>	<u>278</u>	(13)
Total Income	697	603	16
Operating Expenses	(288)	(240)	20
Impairment Losses	<u>(23)</u>	<u>(38)</u>	(39)
Profit Before Tax	386	325	19

## PBT – Business Analysis

	Mar 06	Mar 05	% Change
	€m	€m	
Corporate Banking	213	159	34
Global Markets	134	124	8
Other	<u>39</u>	<u>42</u>	(7)
WFS	386	325	19

## PBT +19%

- Excellent profit growth
  - Corporate Banking +34%
    - Investment in people & new geographies delivering strong lending growth +35%
    - Change in loan mix leading to higher margins
    - Excellent asset quality
    - Loan loss charge, 12bps - below long-term trend
  - Global Markets +8%
    - Focus on customer related business
    - Diversifying earnings by product & geography
- Investment driving cost growth

# UK Financial Services (Sterling)



## Income Statement

	Mar 06 £m	Mar 05 £m	% Change
Net Interest Income	493	429	15
Other Income	<u>63</u>	<u>135</u>	(53)
Total Income	556	564	(1)
Operating Expenses	(329)	(366)	(10)
Impairment Losses	(17)	7	-
Share of Associate <i>post tax</i>	<u>28</u>	<u>22</u>	27
Profit Before Tax*	238	227	5

\* Excludes gain on disposal of Bristol & West branch network in Mar 06 £120m and UKFS re-structuring charge in Mar 05 £16m

## Operating Profit – Business Analysis

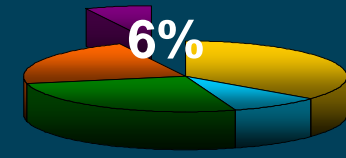
	Mar 06 £m	Mar 05 £m	% Change
Mortgage Business	134	125	7
Business Banking	114	115	(1)
Consumer Fin. Services	6	(6)	-
– POFS	(22)	(32)	31
– FRTS (Post Tax)	28	26	8
Disposed business activity: BWFS & Chase de Vere	(3)	(3)	
Other – Centre**	<u>(13)</u>	<u>(4)</u>	
Profit Before Tax	238	227	5

## PBT +5%

- Division refocused
  - Restructure complete
  - Focus on 3 growth segments
- Mortgage Business
  - Double digit underlying profit growth
  - Strong lending growth +22%
  - Excellent asset quality with arrears below industry average
- Business Banking
  - Double digit underlying profit growth
  - Investment in business bankers
  - Outstanding volume growth +46%
  - Will reap benefits of investment phase
- Consumer Financial Services
  - FRTS continues to perform well
  - POFS customer base to 475,000

\*\*Includes amortisation of intangible assets associated with POFS (March 2006 £8m, March 2005 £8m). March 2005 also includes the benefit of £7m gain on disposal of a loan book and £2m for the period when POFS was accounted for as an associate.

# Asset Management Services



## Income Statement

	Mar 06	Mar 05	% Change
	€m	€m	
Net Interest Income	7	4	50
Other Income	<u>215</u>	<u>252</u>	(14)
Total Income	222	256	(2)
Operating Expenses	<u>(137)</u>	<u>(131)</u>	5
Profit Before Tax	85	125	(32)

## Assets Under Management

	Mar 06	Mar 05	% Change
	€bn	€bn	
BIAM AUM	€45.1bn	€46.9bn	(4)
Iridian AUM	\$10.7bn	\$10.3bn	4
Guggenheim AUM	\$2.9bn	-	

## PBT (32%)

- Profit decline as guided
- BIAM:
  - Continued net fund outflows - €11.3bn
  - Slower pace
  - Loss of higher margin business
- Iridian & BoISS continue to perform well
- Repositioning Division & broadening activities:
  - Acquired 71.5% Guggenheim Advisors
- AMS profits do not reflect full year impact of BIAM mandate losses

# Summary

- **Delivered excellent profit performance**
  - Strong volume growth
  - Tight cost control
  - Margin decline as anticipated
  - Excellent asset quality
  
- **Enhanced shareholder value**
  - 16% profit growth
  - 15% dividend growth
  
- **Capital strategy to fund business plans**
  - Strong capital position
  - Ability to self-fund growth
  
- **Look forward with confidence**
  - Favourable economic and credit backdrop
  - Growth strategies delivering results
  - Guide to achieve low to mid-teens earnings growth for fiscal year to March 2007



## **In Conclusion**

**Brian Goggin**

Group Chief Executive

# Looking forward



- Drive profitable growth
- Deliver improved efficiencies
- Maintain prudent capital ratios
- Guiding low to mid-teens EPS growth to March 2007





# Supplementary

# Supplementary

- Underlying EPS calculation
- Bank of Ireland Life - Embedded Value Basis
- Asset Quality
- Asset Quality (Loan to Value – New Business)
- Republic of Ireland Residential Mortgages
- UK Residential Mortgages
- UK Financial Services Lending & Resources
- Post Office Financial Services (POFS)
- Geographic Analysis:
  - PBT
  - Shareholder Base
- Economic Outlook – Ireland
- Economic Outlook – UK

# Underlying EPS calculation

	Mar 06	Mar 05	% Change
PBT	€1599m	€1220m	31
Tax	(€303m)	(€237m)	
Minority Interests & Pref. Dividend	<u>(€4m)</u>	<u>(€3m)</u>	
<b>A</b> Profit attributable to shareholders	€1292m	€980m	32
After tax impact of non-core Items	<u>(€141m)</u>	<u>€9m</u>	
<b>B</b> Profit attributable to shareholders excluding non-core Items	€1151m	€989m	
<b>C</b> Total number of shares	971m	966m	
Shares held for the benefit of life assurance policyholders	<u>24m</u>	<u>24m</u>	
<b>D</b> Number of shares (excluding BOI own shares)	947m	942m	
<b>Basic EPS (A/D)</b>	<b>136.4c</b>	<b>103.9c</b>	<b>31</b>
<b>Underlying EPS (B/C)</b>	<b>118.5c</b>	<b>102.3c</b>	<b>16</b>

# Bank of Ireland Life - Embedded Value basis

(Insurance & Investment business)

	Mar 06	Mar 05	%
	€m	€m	Change
New Business	78	59	32
Existing Business	94	81	16
– Expected Return	66	59	12
– Experience Variances	20	18	11
– Operating Ass'n Changes	8	4	
Shareholder Returns	5	5	
Intra Group Costs	<u>(32)</u>	<u>(26)</u>	
<b>Operating Profit</b>	<b>145</b>	<b>119</b>	22
Investment Return Variance	51	16	
Discount Rate Change	<u>8</u>	<u>-</u>	
<b>Profit Before Tax</b>	<b>204</b>	<b>135</b>	<b>51</b>

# Asset Quality

	Mar 06	Sept 05	Mar 05
<b>Impaired Loans (€m)</b>			
Ireland	461	420	391
UK	230	197	225
International	<u>105</u>	<u>76</u>	<u>94</u>
<b>Group</b>	<b>796</b>	<b>693</b>	<b>710</b>
<b>Impairment Provisions (IP) €m</b>			
Ireland	215	207	209
UK	69	61	80
International	76	75	61
NDSP	-	-	69
Release from General Provision	<u>-</u>	<u>-</u>	<u>(100)</u>
<b>Group</b>	<b>360</b>	<b>343</b>	<b>319</b>
<b>IP as % of Impaired Loans (%)</b>	<b>45</b>	<b>50</b>	<b>45</b>
<b>IP as % of Average Loans (bps)</b>	<b>39</b>	<b>39</b>	<b>43</b>
<b>P&amp;L Annualised Charge / Average Loans (bps)</b>	<b>11</b>	<b>11</b>	<b>11</b>

## Loan to Value – New Business

Residential Mortgages: ROI		
Average Loan to Value	Mar 06 (12 mths)	Mar 05 (12 mths)
<i>Owner Occupied</i>	75%	73%
<i>Investors</i>	64%	64%

Residential Mortgages: UKFS		
Average Loan to Value	Mar 06 (12 mths)	Mar 05 (12 mths)
<i>Standard</i>	61%	58%
<i>Specialised:</i>		
<i>Self-Certified</i>	77%	73%
<i>Buy To Let</i>	71%	67%

# Republic of Ireland Residential Mortgages

<b>New Business LTVs</b>	<b>&lt;75%</b>	<b>75-90%</b>	<b>90-92%</b>	<b>92-100%</b>	<b>&gt;100%</b>
Mar 06 (%)	48	32	11	9	0
Mar 05 (%)	53	33	10	4	0
<b>Arrears Profile</b>	<b>1-6mths</b>	<b>6-12mths</b>	<b>12+ mths</b>	<b>Total</b>	
Mar 06 (%)	0.4	0.2	0.2	0.8	
Mar 05 (%)	0.7	0.2	0.2	1.1	

# UK Residential Mortgages

<b>New Business LTVs</b>	<b>&lt;75%</b>	<b>75-90%</b>	<b>90-95%</b>	<b>95-100%</b>
Mar 06 (%)	45	41	8	6
Mar 05 (%)	55	37	6	2
<b>Arrears Profile</b>	<b>1-6mths</b>	<b>6-12mths</b>	<b>12+ mths</b>	<b>Total</b>
Mar 06 (%)	0.7	0.1	0.1	0.9
Mar 05 (%)	0.7	0.1	0.1	0.9



# UK Financial Services Lending & Resources

Sept 05 Stg £bn		Mar 06 Stg £bn	Mar 05 Stg £bn	% Change
	Residential Mortgages			
11.3	▪ Standard	11.9	10.7	11
	▪ Non-Standard:			
5.0	- Buy to Let	5.7	4.2	36
<u>3.4</u>	- Specialised	<u>3.9</u>	<u>2.7</u>	44
19.7		21.5	17.6	22
<u>8.3*</u>	Commercial Loans	<u>10.4</u>	<u>7.1*</u>	46
<b>28.0</b>	<b>Loan Book</b>	<b>31.9</b>	<b>24.7</b>	29
<b>8.9**</b>	<b>Resources</b>	<b>9.7</b>	<b>13.2</b>	(27)

\* Restated to reflect transfer of book, £0.4bn, to RFSI 1<sup>st</sup> April 2005 also inclusion of POFS £0.1bn in Mar 05 & Sept 05

\*\* Restated to reflect inclusion of POFS £0.1bn in Sept 05

# UK Post Office Financial Services (POFS)

## Post Office Financial Services

### Operating Loss

£m

6 months to Sept 2004	(11)
6 months to March 2005	(21)
6 months to Sept 2005	(12)
6 months to March 2006	(10)

## Products Launched

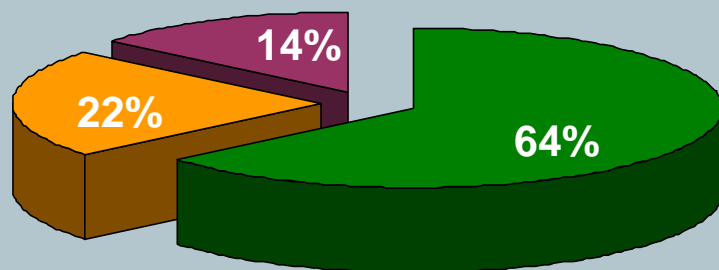
Personal Loans	Guaranteed Equity Bonds
Car Insurance	Home Insurance
Growth Bonds	Child Trust Funds
Instant Access Saver Account	Credit Cards
ATM launch	

## Key Milestones Achieved

- Customer acquisition on target
  - 392,000 (end Mar 2006)
  - 475,000 (end May 2006)
- Building business momentum
  - Car and Home Insurance
    - 10% of switching market in Jan-Mar
    - Over 290,000 customers acquired
  - Instant Access Saver Account
    - £100m in first month (April 2006)
- Losses reducing as business grows

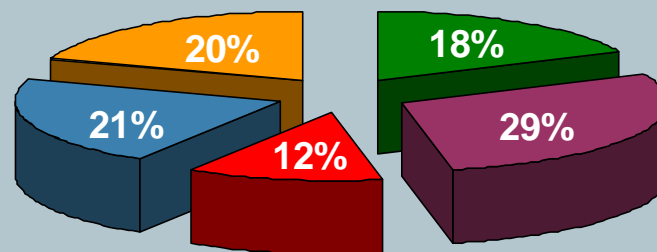
# Geographic Analysis

## PBT by Geography - Mar 06



- Ireland 64%
- UK 22%
- Rest of World 14%

## Geographic Split of Shareholder Base - Mar 06



- Ireland 18%
- Retail 29%
- UK 12%
- US 21%
- Europe/Rest of World 20%

# Economic Outlook - Ireland

	Actual	Forecast		
	2005	2006 (e)	2007 (F)	2008 (F)
GDP Growth	4.7	6.0	6.0	5.0
GNP Growth	5.4	6.0	6.0	5.0
Consumer Spending Growth	5.6	8	7.5	6.0
Exports Growth	1.8	5.2	5.0	5.0
Inflation	2.5	3.5	3.0	2.5
Unemployment	4.4	4.4	4.3	4.4

Source: Bank of Ireland Global Markets

# Economic Outlook - UK

	Actual	Forecast		
	2005	2006 (e)	2007 (F)	2008 (F)
GDP Growth	1.8	2.2	2.5	2.5
Consumer Spending Growth	1.9	2.0	2.2	2.5
Exports Growth	5.2	5.0	5.0	5.0
Inflation	2.1	2.0	2.0	2.0
Unemployment	2.8	3.0	3.0	3.0

Source: Bank of Ireland Global Markets



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