



**Merrill Lynch Banking & Insurance Conference
2nd October 2007**

“Delivering growth in a riskier world”

Brian Goggin
Group Chief Executive

Forward-looking statement

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934 and Section 27A of the US Securities Act of 1933 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. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward-looking statements include among others, statements regarding the Group's future financial position, income growth, business strategy, projected costs, estimates of capital expenditures, and plans and objectives for future operations. 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.

Bank of Ireland

Bank of Ireland Group

Brian Goggin

Retail Financial Services Ireland

Richie Boucher

- Mortgages
- Personal Banking
- Business Banking
- Wealth Management

UK Financial Services

Des Crowley

- Mortgages
- Business Banking
- Consumer Financial Services

Capital Markets

Denis Donovan

- Corporate Banking
- Global Markets
- Asset Management
- Corporate Finance

% PBT by Division

- 45% RFSI
- 24% UK Financial Services
- 31% Capital Markets

% PBT by Geography

- 60% Ireland
- 29% UK%
- 11% Rest of world

Shareholder distribution

- 15% UK
- 17% Ireland
- 23% Europe & RoW
- 19% US
- 26% Retail

Driving a growth & investment strategy

Our Vision:

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

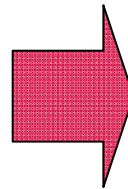
Our Strategy:

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

Delivering on commitments

Our priorities

- Develop a competitive, lower-cost operating model
- Achieve real customer differentiation
- Conclude review of our UK businesses and take action
- Deliver on the UK Post Office Venture
- Create more growth platforms in international businesses



Delivered results

- Established a new operating model to drive operational efficiency
- Strengthened domestic franchise
- Streamlined and refocused UK Division
- Established international growth platforms

Delivering on a clear and proven strategy

	12 months to 31 March 2005	12 months to 31 March 2006	12 months to 31 March 2007
Underlying PBT	+ 5%*	+ 16%	+ 22%
Underlying EPS	+ 7%*	+ 16%	+ 22%
Impairment losses	11bps*	11 bps	9bps
Dividend	+ 10%	+ 15%	+ 15%
Return on equity	23%	24%	23%
Cost / income ratio	60%	57%	54%

Note: *Irish GAAP

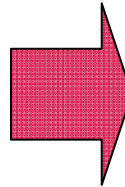
Stepping up the level of ambition

- 1 Drive growth from our leading Irish franchise
- 2 Significantly reposition the geographic earnings profile of the Group: >50% international
 - Grow United Kingdom as our second core market
 - Drive significant international expansion with a particular US focus
- 3 Maximise efficiency from new operating model
 - Achieve mid 40's% cost / income ratio over medium term

Priority 1: Drive growth from our leading Irish franchise

Competing from a position of strength:

- Leading **distribution** capability
- Broadest **product** offering
- Delivering **sales and service** excellence
- Highly **engaged** staff



Business Banking: *GROWTH DRIVER*

- Significantly strengthened market position
- Drive growth in recruitment and cross-sales

Wealth Management: *GROWTH DRIVER*

- Very strong market positions
- Invest in people, product, innovation and technology

Consumer Banking: *PROTECT & STRENGTHEN*

- Continue to drive growth in mortgages and consumer lending

Efficiency: *CONTINUED IMPROVEMENT*

- Reduce cost / income ratio

Customer focus: *DIFFERENTIATE*

- Increase front-line
- New and re-modelled branches
- Investment in on-line platform
- Drive customer recruitment and retention

Priority 2: Significantly reposition the Group's geographic earnings profile

UKFS – drive growth in our second core market

- **Business Banking: *GROWTH DRIVER***
 - Broaden distribution - invest further in skilled Business Bankers
 - Broaden product capability – increase “share of wallet”
- **Mortgages: *EXTEND MARKET POSITION***
 - Extend product range – e.g. professional buy-to-let
 - Extend distribution – through the UK Post Office
 - Improve efficiency – web-enabled delivery
- **Consumer Financial Services: *GROWTH DRIVER***
 - Deepen partnership with the UK Post Office

Priority 2: Significantly reposition the Group's geographic earnings profile

Leveraging our strengths in Capital Markets

- **Corporate Banking: *GROWTH DRIVER***
 - Expand existing product segments, enter new growth segments
 - Invest in people: talent and capability
 - Continue to 'move up the tombstone' and drive cross-sales
- **Global Markets: *PARTNERING FOR GROWTH***
 - Partner customer growth across Group
 - Focus on innovation and customer business
 - Maximise performance of Group's balance sheet
- **Geographic expansion: *US FOCUS IN NICHE SKILL-BASED SEGMENTS***

People

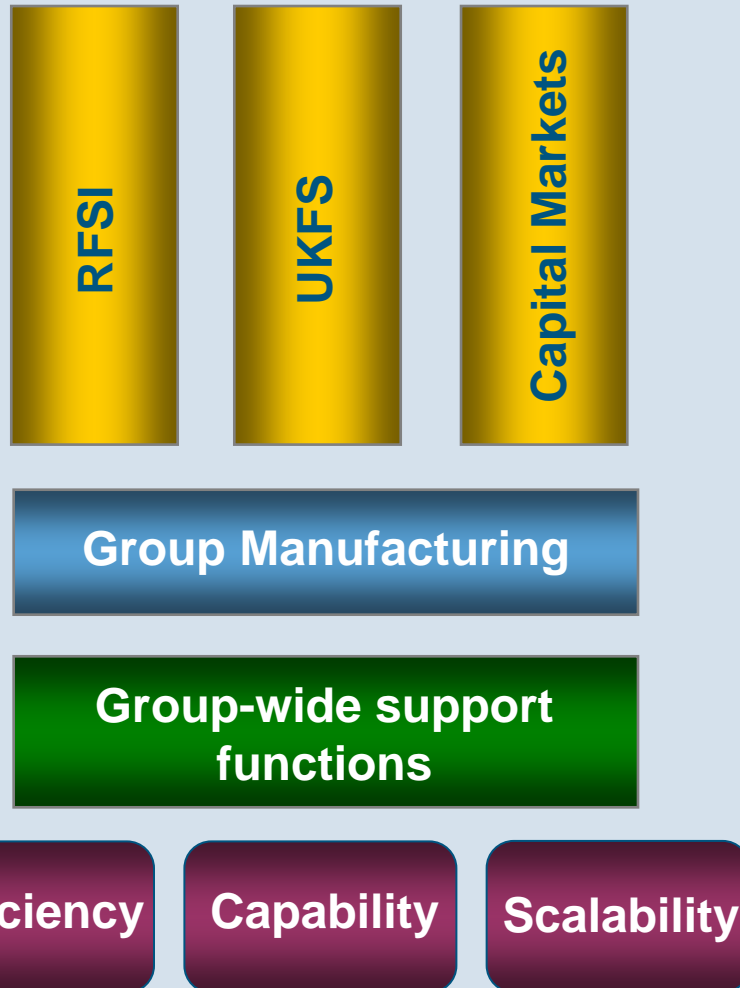
Technical Product
Capability

Risk Management

Execution

Priority 3: Maximise efficiency through the new Group operating model

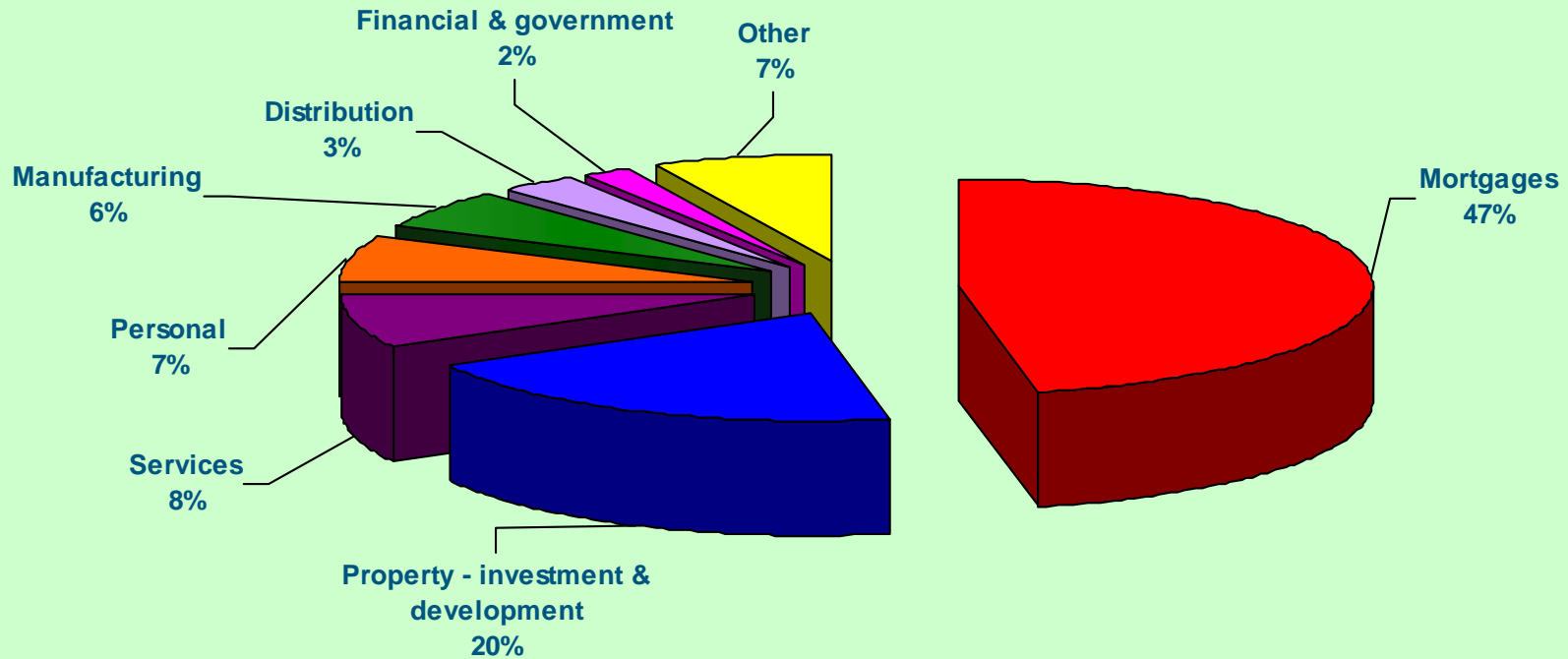
Group operating model



- **Cost culture embedded**
- **Group Manufacturing platform established**
 - 4,500 employees
 - Driving operational processing efficiencies by consolidating and standardising like activities
 - Credit operations
 - Contact centres
 - Payments
 - IT
 - Banking operations
 - Group services
 - Outsourcing a key enabler
 - Facilities management, technology, procurement, learning
- **Consolidation of support functions**

Controlled Growth – A well diversified loan book

% of Group loan portfolio (€125.5bn March 2007)



Group lending

Well diversified across portfolios, sectors and geographies

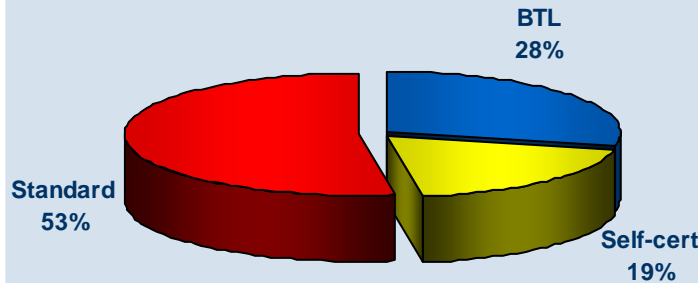
Residential mortgages – 47% of Group loan book*

UK

58% of Group mortgages

UK mortgage book

£24bn sterling



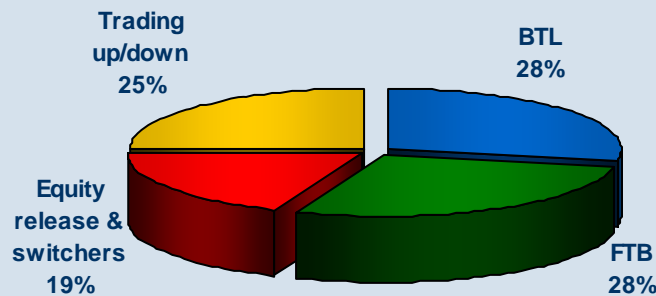
- Excellent asset quality
 - 0.54% arrears vs. 0.89% industry
 - 2006: 196 repossessions vs. 17,000 industry
- Extended product range to include Professional BTL
 - Max. LTV 75% for >£1m; max. loan £20m
- Conservative credit policy
 - Standard max. LTV 85% for >£500k
 - BTL max. LTV 90%
 - Self-cert max. LTV 90%, max. loan £500k

Ireland

42% of Group mortgages

Irish mortgage book

€25bn



- Excellent asset quality
 - 0.51% arrears
 - 06/07 repossessions: 2 (voluntary)
- 100% LTV product
 - < 3% total book
 - 7% new advances
 - Stringent qualification criteria
- Tight conservative credit policy
 - Residential stress-tested to ECB +3%
 - BTL 'professional investor' bias, max. LTV 90%

*Note: All figures as at 31 March 2007

Controlled Growth – A well diversified loan book ¹⁴

Corporate Banking



Total Corporate loan book €24.3bn March 2007

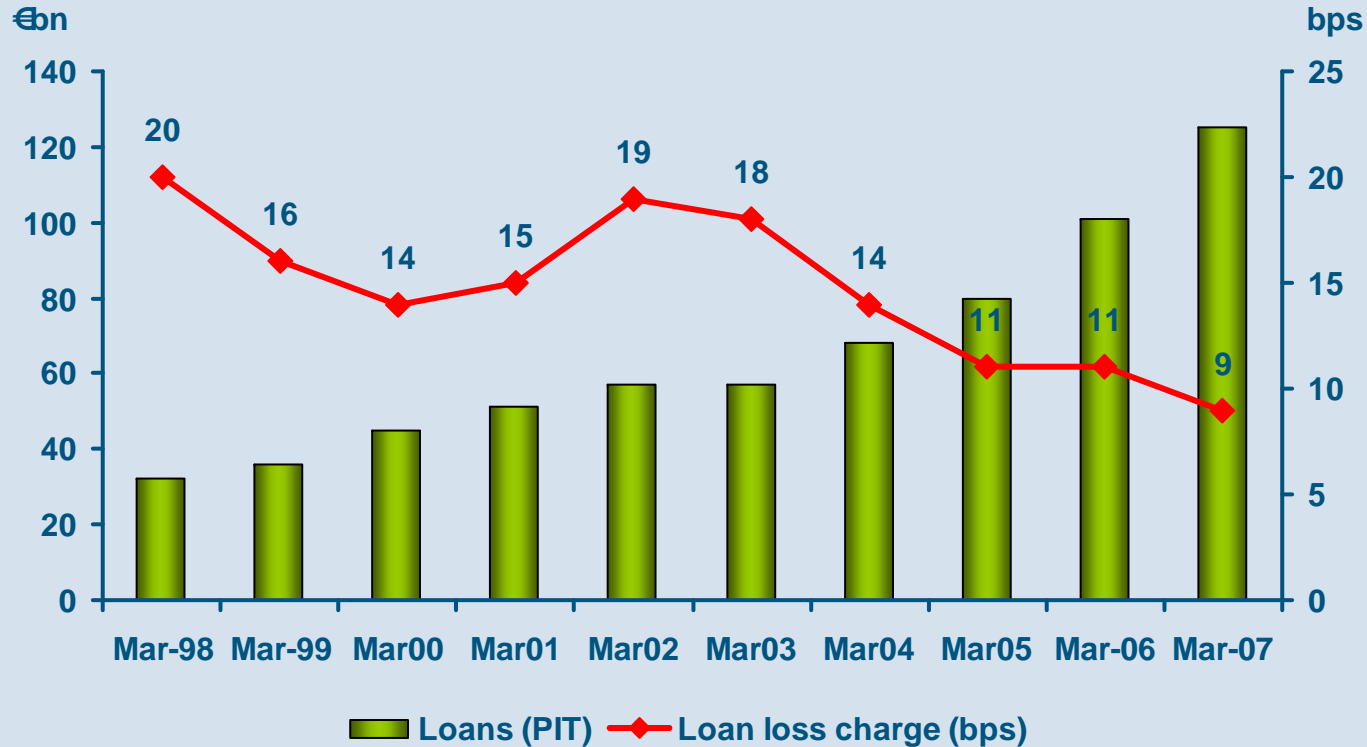
Getting there safely

- Strong and **diversified** loan growth
- **Centralised** credit decision making
- **Proactive credit** management
- Controlled **bite size**
- **High rejection** rate

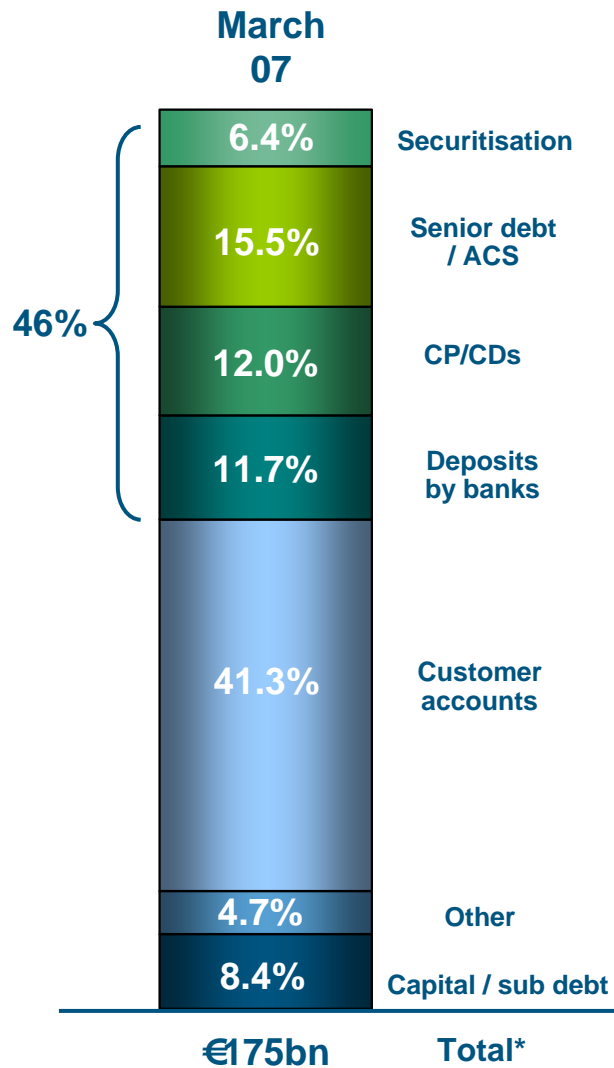
Delivering results: Building a quality lending book

Loan growth without compromise to asset quality

Bank of Ireland Group loan book vs. asset quality 1998 - 2007



Growing on Firm Foundations



Capital and Funding

- Strong capital ratios**
 - Tier 1 capital 8.2% March 2007
 - Total capital 11.8% March 2007
- Strengthened liquidity regime - significant buffer
- 46% wholesale funding - maturity profile lengthened
- Circa 80% loan book funded by customer deposits and term funding (*maturities >1yr +*)
- Established and diversified funding programmes

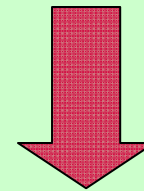
* Excludes Life funds held on behalf of policyholders: Mar 07 €13.9bn

** After deduction of final dividend total capital 11.5% and tier 1 capital 7.9%

In conclusion

- Investment strategies delivering growth
- Significant further potential within established strategy
- Operating model driving efficiency improvement
- Building a well diversified loan book
- Maintaining tight credit standards
- Strong balance sheet

Controlled Growth



**Getting there
safely**



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