



Growth and risk management as the cycle turns

Morgan Stanley European Banks and Financials Conference

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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.

Growth and risk management – a conservative philosophy

- Traditional retail and commercial bank
- Controlled growth in established markets
- Gradual expansion into new market segments
- Driving efficiency, building capability and scalability
- Diversified business portfolio
- Strong risk culture embedded across the Group
- Deep management experience across market cycles

Assets

- 'Relationship' lending – loans remain on balance sheet
- Conservative underwriting & disciplined implementation of credit policies across all asset classes
- Pricing for risk through the cycle
- Rigorous risk control through diversification

Funding

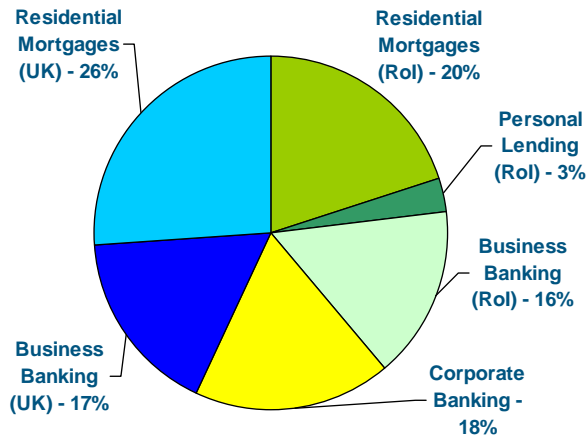
- Operate within robust Irish regulatory liquidity regime
- Prudent funding profile to support planned business growth – optimise balance between deposits and wholesale funding
- Established funding programmes (10) diversified by geography, investor, product & maturity
- Disciplined adherence to funding targets and limits

Capital

- Operate within conservative capital ratio targets
- Capital structure balances efficiency and prudence
- Strengthening core equity ratio target to reflect changing operating environment

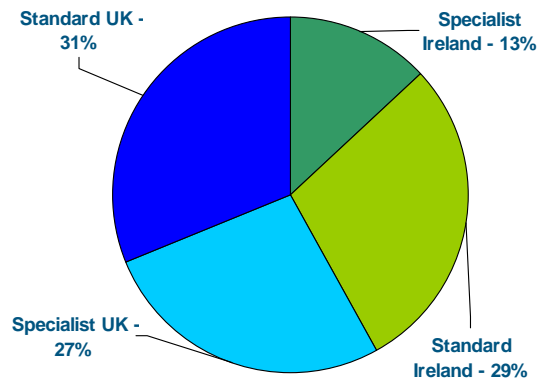
Strong Balance Sheet – low risk loan portfolio

Loans and advances to customers c. €134bn
at 30 September 2007



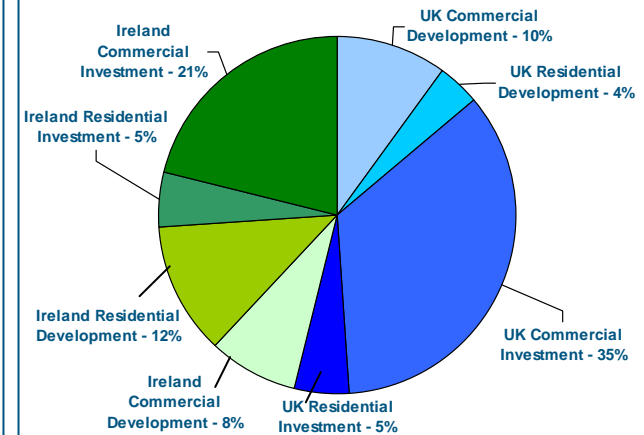
- Conservative asset profile – diversified portfolio
- Traditional cash-flow lender
- Rigorous credit risk management

Mortgage lending represents c. €61bn
at 30 September 2007



- Mortgages represent 46% of loans and advances to customers
- Tight credit policies
 - Pricing for risk
 - Conservative LTVs
 - Excellent asset quality – 3 month arrears below industry average
 - Ireland 0.59%
 - UK 0.57%

Property: investment & development represents c. €33bn
at 30 September 2007



- Property exposure well diversified
 - 54% UK and 46% Ireland
 - 66% investment and 34% development
- Tight credit policies
- Cash-flow lender with conservative LTV limits and interest service cover ratios
- Excellent asset quality

Strong Balance Sheet – minimal exposure to ‘toxic products’

US Sub-prime mortgages

- No direct exposure – less than €10 million indirect exposure through CDO portfolio

Structured Investment Vehicles (SIVS)

- €85 million total exposure - 6 vehicles
- Classified as *Loans and advances to customers* within Corporate Banking loan portfolio
- 50% provision taken through our Income Statement

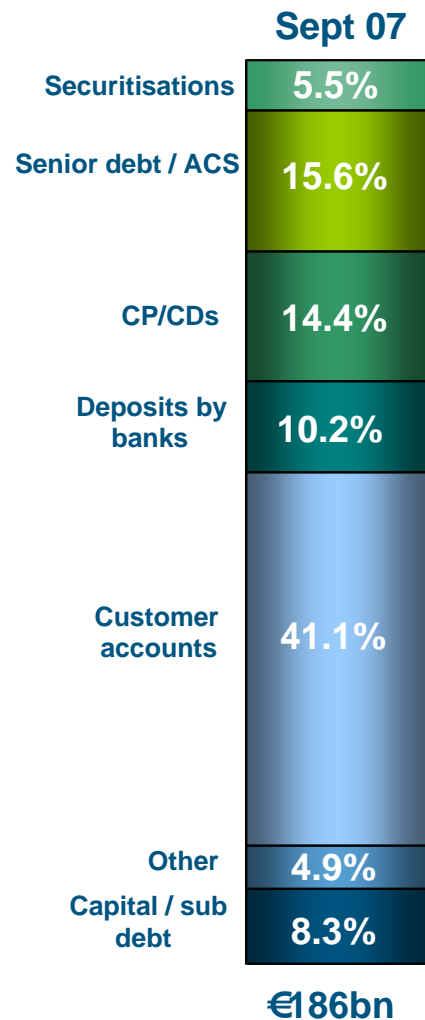
CDOs

- €45 million total exposure (including €30m in Bol sponsored CLO)
- Remaining €15 million - 7 transactions, senior notes, Vintages pre-2003
- Portfolio includes less than €10 million indirect exposure to US sub-prime
- Highly rated - 97% AA2 & higher
- Classified as AFS with mark-to-market through reserves - fair-value movements not material with no permanent impairment

Mono-lines

- €136 million exposure largely indirect through wrapped products in AFS portfolio - fair-value movements not material with no permanent impairment

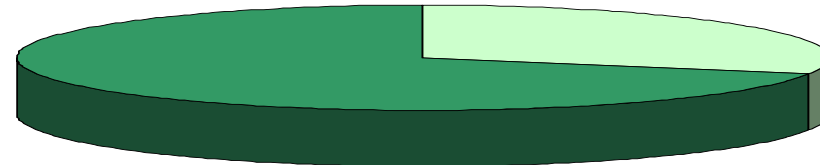
Strong Balance Sheet – prudent funding profile



46% Wholesale Funding

€85 billion (Sept 2007)

Term Funding >1 year: 36%



Funding <1 year: 64%

- Strong balance sheet profile
 - C. 80% of customer loans are funded by customer accounts & term funding >1yr
 - Growth in customer accounts supporting balance sheet growth
 - Quantum of wholesale funding reducing
- Robust wholesale funding strategy delivering results in challenging markets
 - Well established broadly based funding platform
 - Diversified programmes by geography, maturity & investor
 - Prudent maturity profile
 - C. €4bn term funding private placements since August 2007
- Liquidity position strengthened by the new Irish Liquidity Regime for Irish banks (July 2007)
 - Liquid asset coverage for net outflows: 100% for 0-7 days; 90% for 8-30 days
 - Significant liquidity buffer in excess of Regulatory requirements
- Funding strategy continues to support balance sheet growth

* Excludes Life funds held on behalf of policyholders €14.3bn

Strong balance sheet – conservative capital management

Capital management

- Prudent capital management policy reflects conservative profile of balance sheet
- Continuing active management strengthening capital ratios:
 - Total Capital 11.1%
 - Tier 1 Capital 8.0%
 - Equity Tier 1 Capital 5.3%
- Revised Equity Tier 1 Capital target 5.5% to 6% reflecting changing operating environment
- Internally generated capital adequate to support business growth and strengthen capital ratios - moderating rate of RWA growth

Dividend policy

- Pay-out ratio 40% to 45%
- Dividend growth reflects the medium term outlook for the Group's earnings

Growth and risk as the cycle turns ...

- Excellent track record of performance
- Core philosophy of prudence and conservatism
- Well positioned to meet challenges of current market
- Confident of business fundamentals and competitive positioning
- Capitalise on growth opportunities in current market and as economic conditions improve



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