

Bank of Ireland today announces a change to our business focus in the UK residential mortgage market. We will no longer be sourcing new residential mortgage business through the intermediary channel. In future distribution will be through our joint venture with the UK Post Office and through our 44 Bank of Ireland branches in Northern Ireland. As a result of this de-leveraging strategy, our UK residential mortgage book which stood at £29 billion at 30 September 2008, is expected to reduce significantly over an extended period of time.

This is in line with the strategy outlined at our Interim Results in November 2008 to reduce dependency on wholesale funding through selective balance sheet de-leveraging and to rigorously manage our cost base.

In this context, subject to consultation with staff, we are aiming to achieve cost savings of circa £30 million p.a. with a one-off restructuring cost of circa £40 million.

Asset quality across our UK mortgage portfolio remains robust relative to the market and in line with our expectation as guided to the market at the announcement of our Interim Results in November 2008.

Ends.

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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 Bank of Ireland Group's (the Group) 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

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