

Bank of Ireland Group
Interim Results for the 6 months ended 30 September 2009
Script for results presentation 4 November 2009

Slide 1: Title slide

Slide 2: Forward-looking statement

Slide 3: Title slide – Richie Boucher

Good morning everyone - welcome to our interim results presentation and thank you for joining us here in Dublin and London.

I will open our presentation this morning with a brief review of our progress against our priorities over the past 6 months. I will then hand over to John O'Donovan to take you through the detail of our financial performance.

Slide 4: Overview

Trading conditions throughout the first six months of our financial year have remained difficult. While we have seen some early indications of a slowdown in the pace of economic decline in the UK and to some extent in Ireland – the outlook remains challenging.

Throughout this turbulent period the Irish Government remains supportive – they have announced details regarding the introduction of a new deposit guarantee together with further details regarding the proposed implementation of NAMA – topics I will return to in more detail in a few moments.

Bank of Ireland has good businesses with a resilient business model. This has enabled the Group to continue to generate significant operating profit through-out this deep recession – our core franchise in Ireland remains intact; and internationally we are focused on those businesses where we have competitive strengths and capabilities.

The profits that we will generate from these businesses together with our existing capital should be sufficient to absorb our expected impairment charge of circa €6.9 billion over this recessionary cycle - we are committed to strengthening our capital ratios in line with revising market norms and expected regulatory developments.

We are also committed to achieving more conservative balance sheet metrics - and we continue with our initiatives to achieve and maintain a more conservative funding profile and over time eliminate our reliance on the Government Guarantee

Slide 5: Interim highlights – Group

Today we are reporting a significant deterioration in our financial performance. In the 6 months to 30 September we recorded a profit before tax of €80 million and EPS of 2.4 cent. Excluding the impact of non-core items, the most significant being the gain of €1 billion we made on the re-purchase of non core tier 1 securities, we recorded a loss of €79 million and an EPS of minus 96.6 cent.

Our operating profit before impairment of €787m is 18% lower – driven by a 14% reduction in total income largely as a result of reduced deposit margins and higher wholesale funding costs. Operating expenses are 10% lower reflecting continued tight cost management – in particular staff costs – where the number employed is down by 1700 over the last 12 months. As expected, the impairment charge on loans and advances to customers has risen significantly over the year – largely reflecting the landbank and development component of our property and construction portfolio in Ireland - John will review our asset quality in more detail later in the presentation.

We have made progress in reducing the size and strengthening the profile of our balance sheet.

We increased our equity capital by €1 billion through the repurchase of non core tier 1 securities in June – this is reflected in the improvement in our equity and core tier 1 ratios rising to 6.6% and 10.1% respectively.

With customer loan assets broadly unchanged, before impairments and having increased our customer deposits by 4% we enjoyed an improved loan to deposit ratio of 152%.

We have extended the maturity profile of our wholesale funding with term funding as a percentage of same having increased to 33%. Together with our strong franchise assets available for contingent liquidity purposes, these initiatives have enabled us reduce our quantum of wholesale funding from €74 billion in March 2009 to €61 billion at the end of September. We retain over €43 billion euro in contingent liquidity collateral and the group's utilization of drawings from Monetary Authorities has reduced from €17 billion net at the end of March '09 to €7 billion net at the end of September.

Slide 6: Interim highlights - divisional performance

While the deterioration in asset quality and the recessionary conditions in our main markets have negatively impacted the Groups' performance – we have generated almost €800 million in operating profit pre impairment at this low point in the recessionary cycle.

Improving margins, tight cost management and the benefits derived from our downsizing initiatives have resulted in a resilient performance from Capital Markets and UK Financial Services. Retail Ireland has been severely impacted by the recession. Bank of Ireland Life recorded a significant improvement in PBT primarily reflecting the impact of improving world markets on the investment variance.

Slide 7: Series of supportive Irish Government initiatives

The Irish Government continues to play a significant role in stabilising the financial sector in Ireland. Building on the stability provided in our last financial year following the introduction of the Government Guarantee Scheme in September 2008 and the re-capitalisation of the Group in March 2009 – the Government has provided some further clarity in September regarding the new Scheme for guaranteeing deposits and similar liabilities and on the proposal to establish NAMA - the National Asset Management Agency. The NAMA legislation is currently going through the Irish parliament – on September 16th the Minister for Finance indicated that he expected up to €16 billion of Bank of Ireland's landbank, development and associated loans would transfer to the agency. While the purchase price was not announced for individual banks – he estimated that an industry wide aggregate discount of 30% would apply with the consideration for same consisting of Government guaranteed bonds representing 95% of the purchase price and the balance of 5% in subordinated debt issued by NAMA.

In our pre-close statement in September we noted positive variations between the key industry valuation metrics across the 5 institutions referred to by the Minister and Bank of Ireland's estimated comparable figures.

On the basis of these positive variations and the illustrative methodology set out by the Department of Finance we felt that the discount applicable to our loans potentially transferring to NAMA could be significantly less than the 30% estimated aggregate discount mentioned by the Minister. However, it should be noted that the final discount will only be known on completion of the relevant due diligence and valuation exercises to be performed by NAMA on a loan by loan basis. Significant uncertainties exist as to the specific quantum and timing of loans which may transfer to NAMA, the price that NAMA will pay for those loans, the fees that the Group would be paid for any work undertaken in relation to any such loans and the fair value of the consideration to be received. It is also difficult to calculate at this stage the positive impact which NAMA will have on liquidity, on funding costs and on increased confidence in the economy.

Turning to the Deposit Guarantee – our deposits and similar liabilities remain guaranteed by the Government until 29 September 2010. Under the new Eligible Liabilities Guarantee Scheme – the Government is providing a guarantee for issuance of securities of up to 5 years and provide a guarantee for certain deposits with a maturity beyond 2010 – an important feature of the Scheme is the flexibility that it affords financial institutions to issue non-guaranteed debt. Improved funding conditions are supportive of non-guaranteed issuance – we successfully raised €1.5 billion of partially and un-guaranteed debt in September and a further €1 billion which settled in early October. We are committed to increasing our non-guaranteed issuance and eliminating our reliance on the Government Guarantee over time.

Slide 8: Supporting our customers

Stabilisation of the Bank has been the immediate management objective in the first half of our financial year – with the support of the Irish Government, our customers, our investors, and staff, we have made significant progress across each of our stated priorities;

- To support our customers;
- To strengthen our capital
- To actively manage our credit risks
- To continue to fund our balance sheet effectively; and
- To rigorously manage our costs

Turning to our first priority - to support our customers

Bank of Ireland has good businesses with resilient business models and established market positions. Our retail and commercial banking activities have a strategic bias towards Ireland and to those international businesses where we have clear competitive strengths.

Over the past 9 months we have taken steps to de-leverage our balance sheet and to narrow our focus in international markets towards those sectors where we are confident of opportunities for sustainable profitable growth within acceptable balance sheet constraints.

In Ireland we remain committed to supporting our personal, business and corporate customers through this period of significant challenge - we have dedicated resources in particular to mortgages for first time buyers and to the SME sectors. Since April we are approving on average over 350 mortgages each week – we have lent over €1 billion in total mortgages – and since the launch of our €1 billion mortgage fund for first time buyers in February 2009 we have approved over €750 million in new mortgages.

Over the past six months we have opened over 12,000 business current accounts; we have processed over 6,000 SME credit applications each month; our working capital facilities and limits to SMEs are up 18% since last year and gross lending to SMEs was €1.5 billion in the 6 month period. Bank of Ireland is very much open for business; supporting our customers.

We remain committed to the UK market where we continue to invest in our successful joint ventures with the UK Post Office. To-day we have over 2 million customers in this joint venture. We have narrowed our focus in the SME sector in the UK to business sectors such as healthcare and hospitality where we have competitive strengths and well established market positions.

In International Corporate Banking our focus is on project finance, mid-market acquisition finance and asset based lending.

This re-focus places in run-down €37 billion in non-core customer lending representing €32 billion in UK intermediary introduced mortgages and €5 billion in international corporate lending. Excluding this €37 billion euro, together with the potential transfer of up to €16 billion of property related loans to NAMA our core continuing-business customer lending amounted to €82 billion at September 30th.

Slide 9: Significant progress on priorities

Our second priority is to strengthen our capital – I have highlighted our progress in this regard through the re-purchase of non core tier 1 debt securities and our action to place into run-down €37 billion of non core customer lending. We are committed to building our capital ratios over the medium term in line with the changing norms for European retail and commercial banks.

Our third priority is to rigorously manage our asset quality – as indicated on September 17th 2009 we have revised to €6.9 billion our estimate for impairment charge in the 3 years to March 2011 primarily reflecting increased estimated charges for our Irish property and mortgage books. We believe the assumptions driving our impairment charge expectations are adequate to capture the further deterioration in the overall economic environment although we acknowledge the ongoing uncertainties and their potential to impact negatively this outcome. We continue to actively manage our credit risk and have re-directed large numbers of people to the intensive management of our more challenged portfolios and related customer support.

Turning to our fourth priority – funding conditions have improved and this has enabled us to strengthen our key balance sheet metrics. Despite intense competition in the Republic of Ireland, risk aversion in international markets and the pressure on international deposits caused by ratings downgrades earlier in the year, we have increased our deposits by 4% to €37 billion. This together with reduced loan assets and the lengthening of the maturity profile of our wholesale funding has enabled us to reduce the quantum of our wholesale funding by €13bn over the 6 months and extend its maturity profile – we have large pools of contingent collateral and our usage of contingent collateral to borrow from Monetary Authorities is approaching normalised levels.

We continue to manage our costs rigorously and to re-align our Group structure and cost base to an environment of lower levels of new business and activity. We have reduced the number of people we employ by 1700 over the last 12 months. Costs across all categories are being tightly managed.

Slide 10: John O'Donovan

The last twelve months have been very challenging for the Group – however with the support of the Irish Government and our continuing focus on key priorities we have brought greater stability to the Bank. As we look ahead – our focus remains on these priorities and the clear goals that we have set ourselves for continuing to make progress across each of these.

I will now hand you over to John to take you through our financial performance in more detail.

Slide 11: Presentation of interim results

Thank-you Richie. Good morning everyone.

My presentation today will focus on the 3 areas of continuing focus for investors – asset quality, funding and capital – these topics I will cover in some detail in the first two sections of the presentation. The third part of the presentation will cover the Group Income Statement and the Divisional financial performance for the 6 months ended September '09, I will cover in Section 4.

Slide 12: Section 1 – Asset quality

Turning first to asset quality.

Slide 13: Profile of loans and advances to customers

Total loans and advances to customers before balance sheet impairment provisions at September '09 were 135 billion euro – a reduction of 1% since March '09. The largest element of the Group's loan book is residential mortgages in Ireland and the UK which comprise 44% of loans and advances to customers.

Lending to both the property and construction sectors and the non-property SME and corporate sectors each represent 26%, whilst our portfolio of unsecured consumer loans remains relatively modest representing 4%.

Slide 14: Group loan book asset quality profile

There has been a significant deterioration in the grade profile of the Group's loan book since March '09 reflecting worsening economic conditions and the resultant low levels of business activity across our main markets. As a result we have experienced a significant increase in the quantum of impaired loans which have risen from 5.3 billion euro or 3.9% of total customer loans to 8.6 billion or 6.4 percent of customer loans.

Slide 15: Stock of Balance Sheet provisions and impairment charge

The most significant deterioration in asset quality is in our property and construction portfolios and non-property SME and corporate loan books. We have increased the quantum of provisions against impaired loans from 1.8 billion euro to 3.5 billion euro with the overall coverage ratio for the Group increasing from 33 percent to 41 percent. The required increase in provisions reflects the impact of the rapid deterioration in general economic conditions, consequent loan grade degradation and weakening in the property and construction sectors, both in Ireland and the UK.

Coverage ratios are influenced by the nature of the loan assets and the extent and quality of the underlying collateral held by the Group in support of the loan and therefore vary across each loan category.

Unsecured consumer loans have an 84 percent coverage, up from 82 percent in March '09. Coverage levels are high because recovery prospects are limited in the absence of supporting collateral. Property and construction coverage at 35 percent has increased from 24 percent at March 09. Non-property SME and corporate coverage ratio at 39 percent is broadly unchanged from March 09 whilst the coverage ratio for residential mortgage loans increased from 63 percent at March 09 to 78 percent at September 09.

The Group impairment charge for the 6 months to September '09 amounted to 1.8 billion euro or 260 bps – compared to 167 bps in the 6 months to March '09.

The impairment charge for residential mortgages of 47bps in the six months ended September '09 compares to a charge of 37bps for the six months to 31 March 2009, driven by the economic downturn impacting unemployment levels and house prices in Irish and UK Markets.

The impairment charge on the non-property SME and corporate loan book has increased by 42% in the six months ended September '09 reflecting the deepened recessionary environment in the reporting period. 22% of the total Group impairment charge for the reporting period relates to this portfolio – 220bps for the six months ended September '09 compared with 151bps for the six months ended 31 March 2009.

The impairment charge for the property and construction loan book increased to 640bps in the six months ended September '09 from 357bps for the six months ended March '09 and represents nearly two thirds of the Group's impairment charge in the period. The land and development portfolio within the property and construction portfolio is most significantly impacted with falling house prices and an over supply of residential units in Ireland being the key drivers.

Slide 16: Impairment charge – by portfolio

The 260bps Group impairment charge, in the 6 months ended 30 September 2009, equates to a charge of 47bps on our residential mortgage portfolio - 68bps in Ireland and 28bps in the UK; 220bps on our non property SME and corporate lending portfolio; 640bps on our Property & construction portfolio - which represents 91bps charge on the investment portfolio and 16.7 percent on the landbank and development portfolio; and a charge of 417bps on our unsecured consumer lending portfolio which includes credit cards, motor loans, overdrafts and personal loans.

Turning now to each of the portfolios in more detail.

Slide 17: UK residential mortgages - £29bn/€32bn September 2009

The UK mortgage book is unchanged at the end of September '09 compared to 31 March '09 – and while we have closed our intermediary distribution channel to new business the pace of 'run-down' in the book is slow due to the low levels of re-financing taking place in the UK market – largely as a result of the significant increase in new business pricing and reduced capacity in the market. There are some signs of stabilization in the UK housing market with evidence of rising house prices in more recent months.

However, with house prices still 13 percent lower than their peak in October '07 – there is some negative equity in our portfolio – this amounts to circa 344 million pounds sterling at the end of September '09, down from 685 million sterling at March '09.

Arrears in the book have stabilized in the 3 months to September 09 and continue to be lower than the industry average as evidenced by the most recently published CML data.

- Total book arrears for Bank of Ireland are 161bps at September '09 compared to a CML figure of 243bps at June '09.
- Buy to let arrears are 177bps for Bank of Ireland at September '09 compared to a CML figure of 249bps for June '09, and
- The arrears on our self cert and standard books are 410bps and 93bps respectively - against which there are no comparable figures published by CML.

The impairment charge on the overall mortgage book was 28bps for the 6 months to September '09, a decrease of 6bps on the six months to March 09.

Our experience in possessions remains relatively benign – with over 263,000 mortgages in total, we had 336 properties in possession at 30 September '09 representing 0.13% of the portfolio compared to 388 properties on 31 March '09. The CML indicate that possessions at 30 June '09 represent 0.19% of all mortgages across the industry.

Turning to our Irish residential mortgage book.

Slide 18: Irish Residential Mortgages - €28bn September 2009

The Irish residential mortgage portfolio grew by 2% September 09 over March 09. Whilst ahead of the market, this reflects the continuing weakness in new business activity. House prices remain weak with house prices down 11% in the year to September '09 – whilst this is the most recent published pricing data – the official statistics are trailing the actual market performance.

With house prices down 25% from their peak in February '07 – negative equity in our portfolio at September 09 was approximately 731 million euro, an increase from 355 million euro in March '09.

The asset quality of the mortgage portfolio has deteriorated with an impairment charge of 68bps in the 6 months to September '09 compared to 42bps in the 6 months to March '09, and 2 bps in the 6 months to September '08. Unemployment is the key risk driver of impairment in our mortgage portfolio and this higher charge reflects the general deterioration in the economy and increasing pace of unemployment.

Arrears levels have also increased with mortgages, 3 months or more in arrears, at 297bps in September '09 compared to 192bps in March '09. The deteriorating trend, which we highlighted in our May '09 presentation, in the professional segment of the buy-to-let book which represents circa one third of our overall Irish buy-to-let portfolio – continues. The level of house possessions remains low with only 14 houses currently in possession – with 11 new possessions in the 6 months to 30 September '09. This represents a modest quantum out of our 196,000 mortgages.

Slide 19: Property & construction lending - €35 billion September 2009

Our property and construction portfolio of 35 billion euro represents 26% of the Group's loan book. The recession in both the Irish and UK economies together with lack of liquidity and falling asset values are significantly impacting the asset quality in this portfolio though there is evidence of property yields stabilising, and in some areas in the UK improving in more recent months.

Our book bias is towards investment lending which represents two-thirds of our property lending exposure with a portfolio of 23 billion euro. While there is a low level of impairment in this portfolio pressure is evident in both retail and office investment properties due to poorer consumer sentiment impacting consumer spend and an oversupply of office space in an environment where the demand for space is muted.

The remaining 12 billion euro of the portfolio is in development lending and landbank and has been more severely impacted by property asset re-pricing, with increased impairment in the landbank and residential development portfolios in particular.

Slide 20: Property and construction lending

Two thirds of total property and construction lending is investment lending and is split 40% in Ireland; 54% in the UK with the balance of 6% in Europe and the US. This is a broadly diversified portfolio. The impairment charge on the investment portfolio in the 6 months to 30 September '09 is 91bps compared to 118 bps in the 6 months to March '09.

One third of our total property and construction lending relates to development and landbank in Ireland and the UK – with 58% in Ireland and 40% in the UK; and splits 54% development and 46% in landbank. The impairment charge for the 6 months to 30 September '09 of 16.7% has increased significantly from 8% in the 6 months to March '09. This reflects an impairment charge of one billion euro in the period which is a significant step up in provisioning against the most severely impacted segment of our loan book – and reflects the severe falls in land values and house prices and demand in the new housing market in Ireland.

Slide 21: Asset quality across other lending portfolios September 2009

Asset quality across our remaining portfolios is as expected, at the current point in the recessionary cycle. The asset quality of the SME portfolios in the UK and Ireland which are reasonably well diversified across a range of business sectors is being impacted by the general downturn in levels of economic activity.

Our lending to larger businesses focuses on Corporate Ireland as well as a range of international specialist portfolios including acquisition finance, global project finance, and comprehensive asset backed lending. The impairment charge on the non-property SME and corporate portfolio has increased by 42% to 393 million euro in the six months ended September '09 reflecting the impact of the recessionary environment on the SME and larger corporate sectors in Ireland and restructuring activity in the leverage acquisition finance portfolio.

Our unsecured consumer loan portfolio is 5 billion euro and has seen a reduction of 15% in impairment charges in the 6 months to September 2009 compared to the half year to March '09.

Slide 22: Outlook for asset quality

Looking towards 31 March 2011 - the end of our three-year forecast horizon for loan impairment - given the economic outlook and the continued poor outlook for the Irish property and mortgage market, we anticipate a loan impairment charge of circa 6.9 billion euro – this includes the charge of 1.4 billion euro in the year to March '09 and 1.8 billion euro in the 6 months to September '09. This estimate does not reflect any additional impact from the potential transfer of loans to NAMA at a discount to their carrying value after impairment provisions.

I set out on the right hand side of the slide the economic assumptions which are driving our expectations for impairment charges in the period to March 2011.

Slide 23: Funding and Capital

Turning now to the second section of my presentation today – Funding and Capital

Slide 24: Balance Sheet Funding Strategy

Strengthening our balance sheet funding remains a key priority for the Group – and in this regard we have continued to prioritise the gathering of customer deposits, the lengthening of our wholesale funding maturity profile, the reduction in our net outstandings with Monetary Authorities and the reduction in our reliance on the Government Liability Guarantee Schemes. As funding conditions across international money markets have improved from the more stressed levels experienced earlier in the year we have been able to make progress on each of these objectives.

Slide 25: Group deposits

We have increased customer deposits from 83 billion euro in March '09 to 87 billion euro in September 09 – this 4 percent increase has been achieved in an intensely competitive market and notwithstanding the pressure on international deposits caused by ratings downgrades earlier in the year.

Our share of the total resource market in Ireland is 26% - supported by the strength of our brand and franchise. We increased the level of deposits in Retail Ireland by 2% to 34 billion euro.

In the UK we have experienced some deposit outflows – in particular in Business Banking – where the negative sentiment caused by ratings downgrades earlier in the year was most pronounced. The Post Office continues to be a valuable source of deposits – since its launch in March '06 we have grown this deposit book to almost 8 billion sterling. A particularly positive feature of this book continues to be the high levels of retentions on the rollover of deposits.

Growth in Capital Markets has been strong with customer deposits increasing by 3 billion euro.

Slide 26: Wholesale funding profile

We reduced our quantum of wholesale funding from 74 billion euro in March '09 to 61 billion euro in September '09 – this significant reduction was achieved as a result of our increase in customer deposits and the improved maturity profile of our wholesale funding which together with the strength of our portfolio of franchise assets available for contingent liquidity purposes – reduced our requirement for liquid assets.

Wholesale funding conditions improved in recent months with an increased appetite for Irish debt. This trend is reflected in the narrowing of CDS spreads for both the Irish Sovereign and Bank of Ireland.

Against this improving backdrop – we issued almost 8 billion euro in term funding in the 6 months to September 09 – that is funding with a maturity of one year or greater at time of issue. A particularly positive element of this debt issuance was the 1.5 billion euro covered bond issue in mid September 09 –

this was the first partially un-guaranteed public benchmark transaction by an Irish institution since the introduction in September '08 of the Government liability guarantee scheme. This deal was followed in late September by the issuance of a 1 billion euro unsecured benchmark transaction – a further landmark deal supporting evidence of the improvement in general funding conditions.

These funding activities in the 6 months to September '09 improved the maturity profile of our wholesale funding – term funding increased from 27% of total wholesale funding in March '09 to 33% in September '09. In addition we also reduced the quantum of net drawings from Monetary Authorities from 17 billion euro in March '09 to 7 billion at September '09.

Slide 27: Funding position

Our strengthened funding position is reflected in the improvement in our key balance sheet metrics:

- Increased customer deposits to 87 billion euro
- An improved loan to deposit ratio of 152%
- And our term funding as a percentage of total wholesale funding increasing to 33%

Looking forward, our objective is to further strengthen these key metrics – we are achieving this through our focus on the gathering of customer deposits; further term debt issuance outside the Government Guarantee and the reduction in non-core customer loans through balance sheet de-leverage both in our UK mortgage book and certain international corporate loan books.

Slide 28: Capital position

Turning to capital.

We have improved the quality of our capital over the last 6 months primarily through the re-purchase of 1.7 billion euro of non core tier 1 securities in June '09 which generated 1 billion euro in equity capital. A reduction in Risk Weighted Assets from 105 billion euro to 101 billion euro resulted primarily from a lower level of assets, reduced market risk, together with higher impaired loans and increased impairment provisions. Our equity and core tier 1 ratios improved from 6.2 percent and 9.5 percent respectively in March '09 to 6.6 percent and 10.1 percent in September '09.

While the quantum of our existing capital, bolstered by ongoing pre-impairment operating profit should be sufficient to absorb the impact of our expected impairment charges as we progress through this low-point in the recessionary cycle, we are committed to strengthening our capital ratios in line with the revising market norms and expected regulatory developments.

Slide 29: Stockholders' equity

A positive trend in the 6 months to 30 September '09 has been the improvement in stockholders' equity which has increased by 1 billion euro – primarily as a result of the positive movement in the AFS reserve and the positive impact of the gain from the repurchase of debt securities partly negated by operating losses in the period. The net deficit in the Group's pension fund obligations is broadly unchanged since March '09 as the positive impact of the recovery in global equity and bond markets has been largely offset by a reduction in the discount rate used in the calculation of the scheme's liabilities and by a small increase in inflation rate assumptions.

Slide 30: Group Income Statement

Turning now to the Group Income Statement.

Slide 31: Group Income Statement

Commentary on financial performance is on an underlying basis and this slide shows how we strip out the impact of non-core items to derive this underlying performance – in the current reporting period non-core items in total income amount to just over 1 billion euro – largely reflecting the positive impact from the gain on the repurchase of non core tier 1 securities.

This has been a difficult period for the Group. On an underlying basis, i.e. excluding non-core items, operating profit pre-impairment charges, was down 18% to 787 million euro reflecting the impact of the reduced levels of economic activity across our businesses in Ireland and overseas. Impairment charges on our loans and advances to customers totalled 1.8 billion euro resulting in an underlying loss before tax of 979 million euro.

Slide 32: Total income and operating expenses

Total income is down 14% in the 6 months to September '09.

Net interest income is 7% lower due principally to margin attrition. Whilst net other income is down 36 percent. The main drivers of the decline in net other income include:

- Reduced policy-related income in the life assurance business and increased insurance claims in Retail Ireland.
- the Government Guarantee cost which was not a feature of the prior reporting period;
- a charge of 35 million euro relating to the narrowing of credit spreads on the Group's issued notes designated at 'fair value through profit or loss' – representing a partial reversal of gains recognised in prior periods;
- the disposal of two of our US asset management businesses Guggenheim Alternative Asset Management and Iridian Asset Management which, together with lower assets under management resulted in reduced fees;
- an increase in investment property impairments of 34 million euro;
- and a gain of 24 million euro on the Visa IPO which was included in the results for the six months ended September '08.

In addition, net other income has been impacted by lower fees in Global Markets, Business Banking, Corporate Banking and Private Banking.

These reductions to Net Other Income were partly offset by the:

- positive investment valuation variance movement of 88 million euro in the Life business due to improved global investment markets and ,
- a charge of €39 million in the six months ended September '08 arising from the collapse of Lehmans,

We continue to tightly manage our operating expenses across all cost categories. Staff costs are down 11% - largely as a result of the reduction in staff numbers with employee numbers down by 1700 or 10 percent, September '09 versus September '08. In addition we continue to make progress in aligning our structure and cost base to an environment of lower levels of new business and activity and we are on schedule to deliver the cost benefits from the downsizing initiatives in the UK and Capital Markets divisions.

Slide 33: Net Interest Margin

The Group net interest margin decreased by 10bps annualised to 161bps in the 6 months to September '09. The key drivers of attrition were:

- a 32 basis point reduction due to margin attrition on deposits as a result of the low interest rate environment together with intense competition for deposits
- a 3 basis point reduction due to the higher costs of term funding

Partly offset by:

- an 11 basis points increase, due to higher lending margins, particularly in Corporate banking and the UK Business Banking and Residential Mortgage business; and
- a 14 basis points increase due to lower short term wholesale funding costs as liquidity premia have narrowed versus the comparable prior period following interventions by Monetary Authorities.

Looking forward, we expect lending margins on new business to remain strong but funding costs and liability spreads are likely to continue to impact negatively on margin.

Slide 34: Divisional performance

Turning now to review Divisional performance, I would like to make some brief comments on each Division.

Slide 35: Retail Ireland

The 6 months to September '09 have been particularly difficult for our Retail businesses in Ireland. Net interest income decreased by 19 percent reflecting the low interest rate environment together with intense competition for deposits which negatively impacted margins.

Net other income was lower by 31 percent reflecting property impairment in Private Banking, higher general insurance claims, and lower fee income in branch banking, Private Banking and credit cards, due to reduced economic activity and weak investment inflows. Other income performance was also impacted by a distribution by Visa International following its IPO, which was recorded in the prior comparable period.

Operating expenses were tightly managed and reduced by 5%

The sharp contraction in economic activity, with continuing low levels of transactions in both the commercial and residential property markets, have impacted credit quality and resulted in a substantial increase in the loan impairment charge. In the 6 months to September '09, the impairment charge was 917 million euro or 333 bps compared to 114 million euro or 42 bps in the 6 months to September '08. Of the 803 million euro increase in the impairment charge, 2/3rds relates to property and construction loans; 16 percent to non-property SME loans; 12 percent to residential mortgages with the remaining 6% relating to unsecured consumer loans.

As a consequence of the weak economic environment, demand for new credit in the six months to 30 September '09 was considerably lower with customer loans down 1 percent at the end of September '09 versus March '09 – the residential mortgage book was up 2 percent with the Business Banking book down 2 percent and unsecured consumer loans down 7 percent.

Total customer deposits at 30 September '09 increased by 2 percent from 31 March '09 in a very competitive market, with current account credit balances increasing by 1 percent.

Slide 36: Bank of Ireland Life

The performance of our Life business has been significantly impacted by poorer investor sentiment. Operating profit is down 55 percent. Sales of new business were down significantly with APE sales lower by 40% in the 6 months to September '09 compared to the comparable prior period which together with lower fees due to lower assets under management led to a significant reduction of 31 percent in operating income.

We continue to manage costs tightly.

A significant positive movement in the investment valuation variance of 88 million euro has resulted in a significant increase in profit before tax which has increased from 3 million euro in the 6 months to September '08 to 57 million in the 6 months to September '09.

Slide 37: UK Financial Services (Sterling)

Operating profit pre impairment in UKFS is 1 percent higher in the 6 months to September '09 compared to the comparable prior period. This performance has largely been driven by the cost benefits derived from the downsizing initiatives in the Division together with the improvement in margins in both the mortgage and Business Banking loan books. The impairment charge increased significantly from 69 million sterling in the 6 months to September '08 to 385 million sterling in the 6 months to September '09. The increased impairment charge arises primarily in the landbank and development component of the property and construction portfolio in Business Banking. The residential mortgage, investment property and non-property business portfolios continue to perform relatively well.

The Business Banking business operating profit pre-impairment is 18% lower largely as a result of significant deposit margin attrition with some improvement in back-book lending margins and lower costs due to downsizing.

The significant Business Banking loss before tax results from the material rise in impairment charges from 52 million sterling in the 6 months to September '08 to 330 million sterling in the 6 months to September '09 – 95 percent of this increase relates to the landbank and development element of the loan book.

The Mortgage Business operating profit pre-impairment increased by 49 percent in the reporting period, reflecting improved product margins and a material reduction in costs due to the closure of the intermediary channel to new business.

Profit Before Tax in the Mortgage Business is 6 percent lower in the reporting period following an increase in the impairment charge from 6 bps to 28 bps. Trends in arrears in the Mortgage book show signs of stabilizing.

Profit Before Tax in our Consumer Financial Services business is 20 percent lower reflecting deposit margin attrition in Post Office Financial Services and reduced revenues in our foreign exchange business, largely as a result of the impact on foreign travel of both the UK recession and sterling weakness.

Slide 38: Capital Markets

Operating profit, pre-impairment, in Capital Markets is 2 percent lower in the reporting period driven by lower income across business units and higher cost of funding, partly offset by a 26 percent reduction in costs due to downsizing initiatives and business disposals.

Customer loans are 4 percent lower in September '09 compared to March '09 reflecting the lower level of economic activity and our narrower business focus internationally. Customer deposits are 11 percent higher as we continue to prioritise deposit gathering and leverage the strength of our distribution.

Corporate Banking made a loss before tax of 150 million euro in the 6 months to September '09 largely as a result of the significant increase in impairment charge to 433 million euro – an increase of 367 million euro which reflects the deterioration in asset quality in the property and construction book, challenging conditions for some mid-tier Irish corporate customers and some specific debt restructuring activity in the leveraged acquisition finance business.

Income was down 2%, driven by lower fees, offset by some margin improvement. Strong cost management resulted in a reduction in operating expenses of 19%. This was achieved from a reduction in headcount due to business disposals and downsizing activities together with substantial reductions in performance related pay.

Profit Before Tax in Global Markets is up 1 percent, however, the profit in the prior year was negatively impacted by an AFS impairment charge of 40 million euro. Operating profit, pre-impairment, was 31 percent lower in the reporting period due to the higher cost of liquidity and lower income due to reduced customer business activity. Costs have been tightly managed.

Profit Before Tax in Asset Management of 16 million euro compares to a loss of 10 million euro in the 6 months to 30 September '08. Profit in the prior period was negatively impacted by the collapse of Lehmans. Income is lower due to lower assets under management, lower fee income and the disposal of 2 of our US based asset management businesses. Costs have been reduced due to downsizing initiatives and business disposals.

Slide 39: Conclusion

In conclusion - our operating environment remains challenging – however we have fundamentally sound businesses and our priorities remain clear. We will continue:

- To support our customers
- To strengthen our capital
- To effectively fund our balance sheet
- To actively manage our credit risk; and to
- Rigorously manage our costs

We have made significant progress on each of these priorities in the past 6 months and we remain committed to further progress.

Thank you for your attention, I will now hand you back to Richie.