



# Interim Results Announcement

For the half-year to 30<sup>th</sup> September 2007

14<sup>th</sup> November 2007

# 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 Group



**Brian Goggin**  
Group Chief Executive

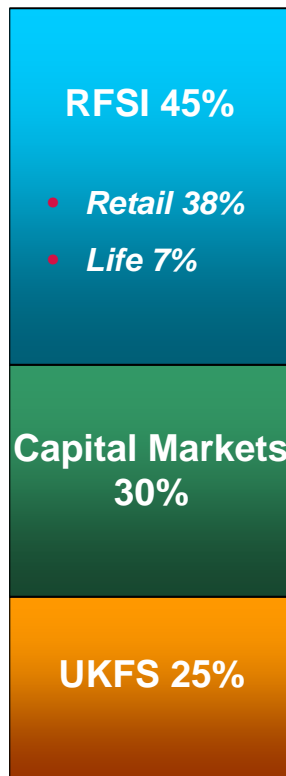
# Interim highlights

	Sept 2007	Sept 2006	Change
Underlying profit before tax	€951m	€852m	↑ 12%
Underlying earnings per share	80.1c	73.0c	↑ 10%
Profit before tax	€1,091m	€879m	↑ 24%
Earnings per share	95.8c	75.9c	↑ 26%
Impairment losses	12bps	9bps	↑ 3bps
Dividend	24.2c	21.0c	↑ 15%
Return on equity	22%	25%	↓ 3%
Cost / income ratio	51%	53%	↓ 2%
Tier 1 capital ratio	7.6%	7.7%	

Note: Underlying excludes the impact of non-core items: gain on disposal of business assets; gross-up for policyholder tax in the Life business; investment return on treasury shares held for policyholders; hedge ineffectiveness on transition to IFRS and cost of restructuring programme.

# Interim highlights

## % of Group PBT by Division\*



\* Excludes Group Centre

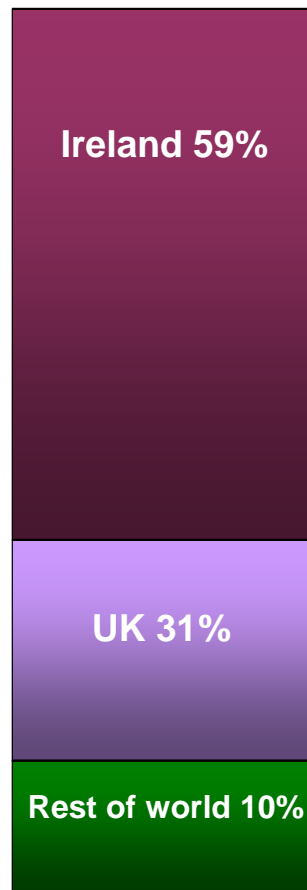
## Strong performance across the Group

■ Retail Ireland PBT	€381m	+12%
■ Life operating profit	€83m	+17%
■ Capital Markets PBT	€309m	+8%*
■ UK Financial Services PBT	€257m	+16%

\* *Capital Markets excluding Davy +19%*

# The market backdrop

## % of Group PBT by geography



## Market Environment

- Significant market dislocation since August 2007 - continuing uncertainty
- Changing economic growth outlook

## Ireland

- Economy strong - short term moderation in growth
  - GDP growth 5% (f) 2007; 4% (f) 2008
- Period of transition in housing market as rate of building adjusts to a more sustainable level
- Growth in broader economy remains strong
- Medium term potential growth rate 4% to 5% GDP
- Significant wealth creation
  - Irish GDP per capita 2007: 130% EU15 average; 119% of UK

## United Kingdom

- Strong economy - growth above eurozone
  - 3.1% (f) 2007; 2.2% (f) 2008
- Impact of rising interest rates resulting in moderating housing market
- Medium term prospects remain positive

# Re-affirm commitment to strategy – our priorities

**“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

## Our Priorities:

- Drive growth from leading Irish franchise
- Significantly reposition the geographic earnings profile of the Group
  - >50% earnings outside Ireland
- Maximise efficiency from new operating model

# Priority 1: Drive growth from leading Irish franchise

## Retail Financial Services Ireland – Number 1 or 2 in everything we do

### Enhanced distribution platform

- Continuing to invest in our unrivalled branch and broker distribution platforms
- Strengthening functionality across online channels

### Strengthened product range

- Further improvements to our all-embracing product range
- Enhanced business start-up package - 50% share of new business start-ups
- Extended Wealth Management investment range

### Customer service focus

- Highly developed service, sales and advice models
- Strong customer satisfaction scores

### Efficiency

- Further efficiency gains
  - Strong cost management
  - Jaws 4%

### Franchise growth

- Continued progress in the market position of our key areas of focus:
  - Business Banking
  - Wealth Management

Retail PBT + 12%  
Life Operating profit +17%

Wealth Management	No.1
Business Banking	No.2
Mortgages	No.1
Personal current A/Cs	=No.1
Resources	=No.1
Credit Cards	No.1



## Priority 2: Significantly reposition geographic earnings profile



**Capital Markets – growing international platform**

## Priority 2: Significantly reposition geographic earnings profile

### Capital Markets – growing international platform

#### Corporate Banking

- Continuing to add expertise in high potential niches - expanding geographic capabilities
- Delivering broadly based loan growth across all segments - loan book +23%
- Risk firmly controlled
- Asset quality remains excellent - clear trend towards improving structures and pricing
- Strong profit performance - PBT +18%

#### Global Markets

- Driving growth from established platform
- Continued focus on Customer business
- Maximising opportunity from Corporate Banking and Business Banking growth
- Excellent profit performance in volatile markets - PBT +31%

#### Asset Management

- Performing as expected - profit in line with prior period

# Priority 2: Significantly reposition geographic earnings profile

## UK Financial Services - driving growth in our second core market

### Business Banking

- Continued excellent profit growth - PBT+33%
- Leveraging the strength of the established platform - loan growth +28%; resource growth +21%
- Significant 'headroom' to grow in chosen segments - healthcare, leisure, property, professional services
- Asset quality remains excellent - no compromise on credit standards
- Building a 'quality' franchise

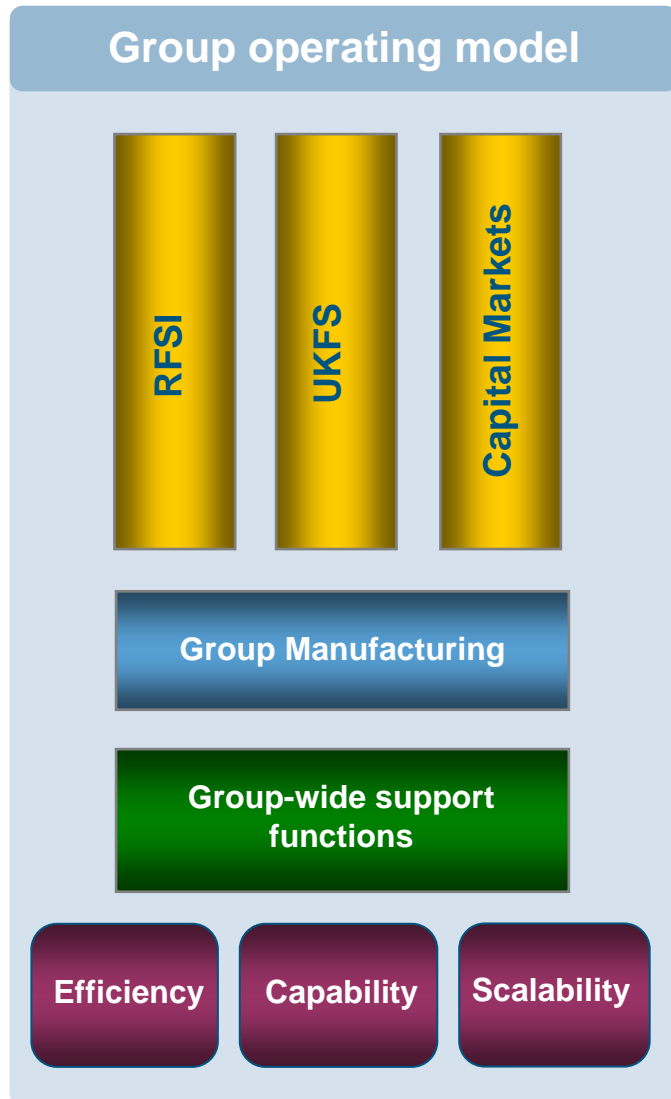
### Mortgages

- Optimising returns in challenging market
- PBT £72m; loan book +9%
- Asset quality remains excellent - no compromise on credit standards

### Consumer Financial Services

- Strong performance - PBT+85% to £24m
- FRES (Forex JV) - strong profit growth with stable margins
- POFS - continuing to grow customer numbers (1.25m customers at Nov 2007), excellent renewals and retention experience, very strong resource gathering (up from £1bn to £2.5bn). Roll-out of new product initiatives: Mortgages & term assurance

# Priority 3: Maximise efficiency from new operating model



- **Strategic Transformation Programme**
  - On target to complete in March 2008 with €140m annualised savings
  - Ahead of schedule and target
- **Further improvement in efficiency ratio achieved**
  - C / I ratio down 2% to 51%
  - C / I ratio down 9% since launch of the Strategic Transformation Programme in March 2005
- **Costs ‘firmly’ managed**
  - Further consolidation and centralisation yielding additional cost benefits
- **Achieve mid 40’s% cost / income ratio over medium term**

# Continuing to deliver on a clear and proven strategy

Drive growth from leading Irish franchise

Significantly reposition the geographic earnings profile of the Group

Maximise efficiency from new operating model

- Delivered strong performance in the first half of our financial year
- Strongly positioned in our core markets to maximise growth opportunities
  - Excellent asset quality
  - Capital and funding positions support business growth
- Increasingly challenging environment
  - Volatility in financial markets
  - Moderating rate of economic growth
- Guiding high single digit underlying EPS growth to March 2008 from a base of 144.6 cent in March 2007

**Bank of Ireland Group**



**John O'Donovan**  
Chief Financial Officer

# Delivering strong results - Group income statement

## Group income statement

(including non-core items)

	Sep 07	Sep 06*	%
	€m	€m	Change
Total income**	2191	1927	14
Operating expenses	(1054)	(1029)	2
Impairment losses	(79)	(48)	
Associates/JVs <i>post tax</i>	<u>33</u>	<u>29</u>	
<b>Profit before tax</b>	<b>1091</b>	<b>879</b>	<b>24</b>
Less total non-core items	<u>(140)</u>	<u>(27)</u>	
<b>Underlying PBT</b>	<b>951</b>	<b>852</b>	<b>12</b>

## Group Income Statement

(excluding non-core items)

	Sep 07	Sep 06	%
	€m	€m	Change
Total income**	2047	1881	9
Operating expenses	(1050)	(1010)	4
Impairment losses	(79)	(48)	
Associates/JVs <i>post tax</i>	<u>33</u>	<u>29</u>	
<b>Underlying PBT</b>	<b>951</b>	<b>852</b>	<b>12</b>

## Non-core items

	Sep 07	Sep 06*
	€m	€m
<b>Total income</b>		
Gain on disposal of business assets	33	40
Gross-up for policyholder tax in the Life business	9	15
Investment return on treasury shares (BoI Life)	105	(8)
Hedge ineffectiveness on transition to IFRS	(3)	(1)
<b>Non-core items in income</b>	<b>144</b>	<b>46</b>

## Operating expenses

Restructuring programme	(4)	(19)
<b>Non-core items in operating expenses</b>	<b>(4)</b>	<b>(19)</b>
<b>Total non-core items</b>	<b>140</b>	<b>27</b>

\* 2006 restated for change in accounting policy

\*\* Net of increase in insurance contract liabilities and claims

# Financial highlights

## Key metrics

	Sep 07	Sep 06*	% Change
Total PBT*	€1,091m	€879m	24
Total EPS*	95.8c	75.9c	26
Underlying PBT	€951m	€852m	12
Underlying EPS	80.1c	73.0c	10
Cost / income jaws	5%	9%	(4)
Cost / income ratio	51%	53%	(2)
Loan loss charge	€79m	€48m	65
Loan loss charge	12bps	9bps	
Dividend per share	24.2c	21.0c	15
Return on equity	22%	25%	(3)
Risk-weighted assets			
Pre-securitisation	€127.3bn	€109.3bn	16
Post-securitisation	€122.2bn	€109.3bn	12
Total capital	11.1%	10.9%	0.2
Tier 1 capital	7.6%	7.7%	(0.1)
Core effective tax rate	16.0%	15.8%	0.2

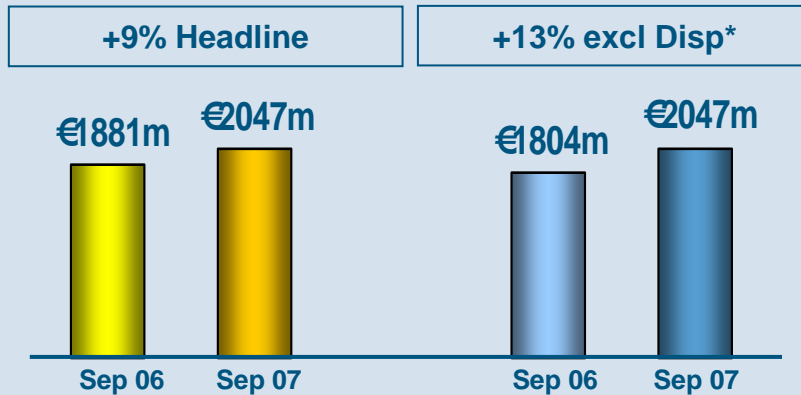
\* 2006 restated for change in accounting policy

## Highlights

- Excellent performance across all key metrics
- Improved cost metrics
  - Increased efficiency
  - Excellent operating leverage
- Excellent asset quality
- Strong capital position supporting business growth

# Total income & operating expenses

## Total income (excluding non-core items)



- Strong income growth
- Impact of disposal of Davy
- Income growth drivers:
  - Low business as usual margin attrition
  - Strong volume and other income growth

## Operating expenses (excluding non-core items)



- Cost growth firmly managed
- Cost growth drivers:
 

- Investment	2%	
- B.A.U.		
• Volume	4%	} 9%
• Inflation	5%	
- STP savings	<u>(2%)</u>	
- Total	9%	

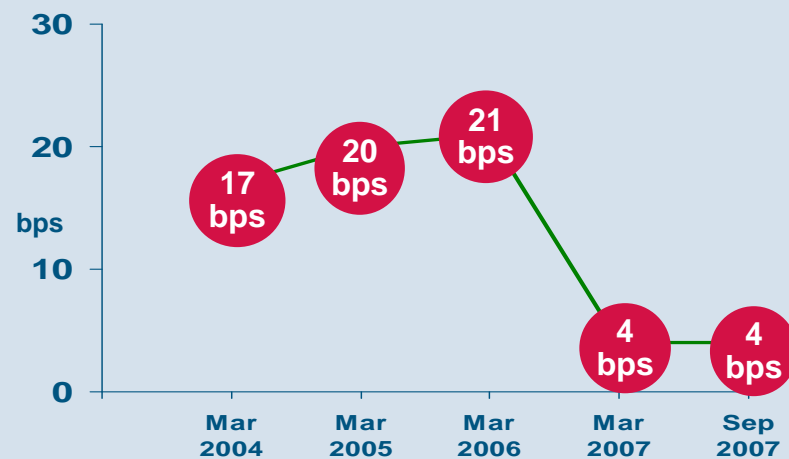
\* Davy disposal October 2006

# Net interest margin

## Net interest margin

	Sep 07 %	Sep 06 %
Net interest margin excluding IAS impact	1.64	1.68
IAS 39 impact	<u>0.13</u>	<u>0.05</u>
Net interest margin	1.77	1.73

## Margin attrition\*



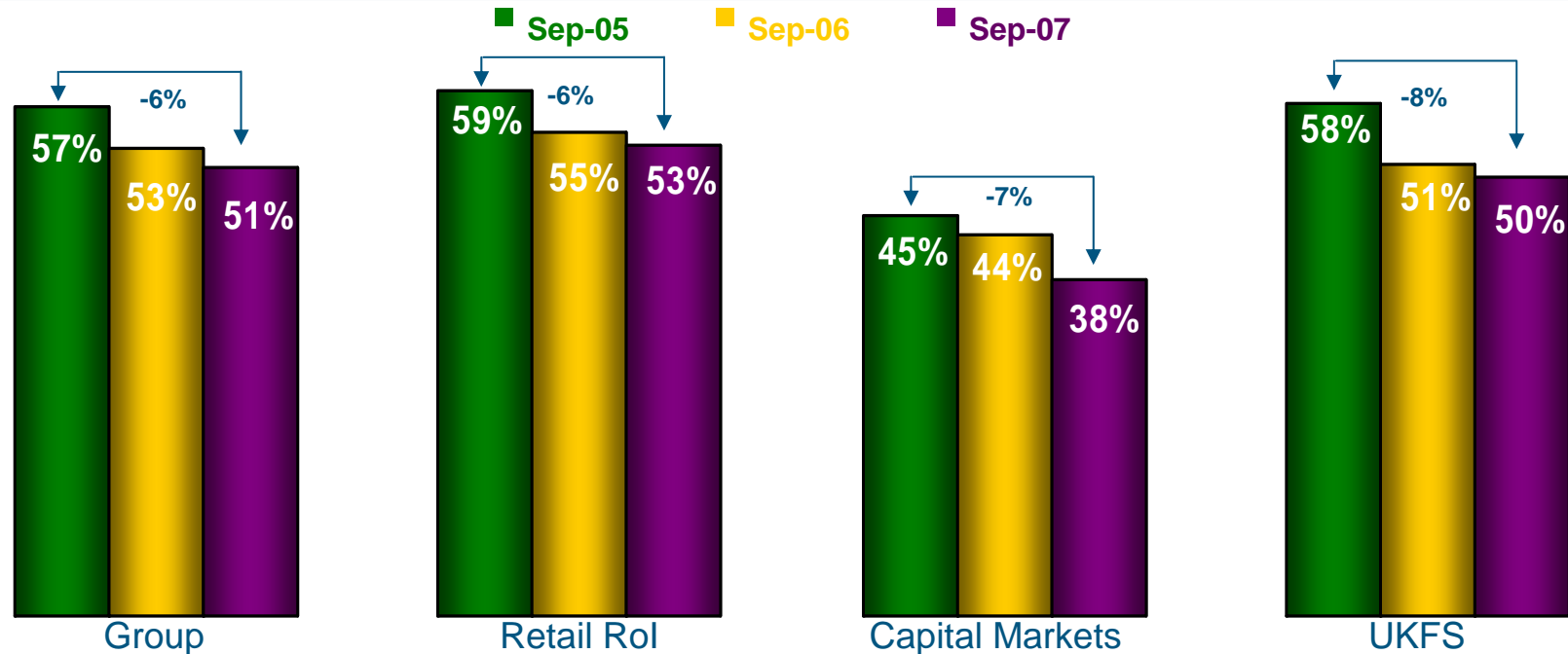
\* Excluding IAS impact

## Drivers of margin attrition

	Sep 07 vs Sep 06	Sep 06 vs Sep 05
Balance sheet structure	(2bps)	(5bps)
Liability spreads	+2bps	-
Product mix & competition	(4bps)	(4bps)
Bristol & West branch disposal	-	<u>(2bps)</u>
Net interest margin attrition excluding IAS impact	(4bps)	(11bps)
IAS 39 impact	<u>+8bps</u>	<u>+6bps</u>
Net interest margin benefit/attrition	4bps	(5bps)

# Cost / income ratios\*

## Cost / income ratios



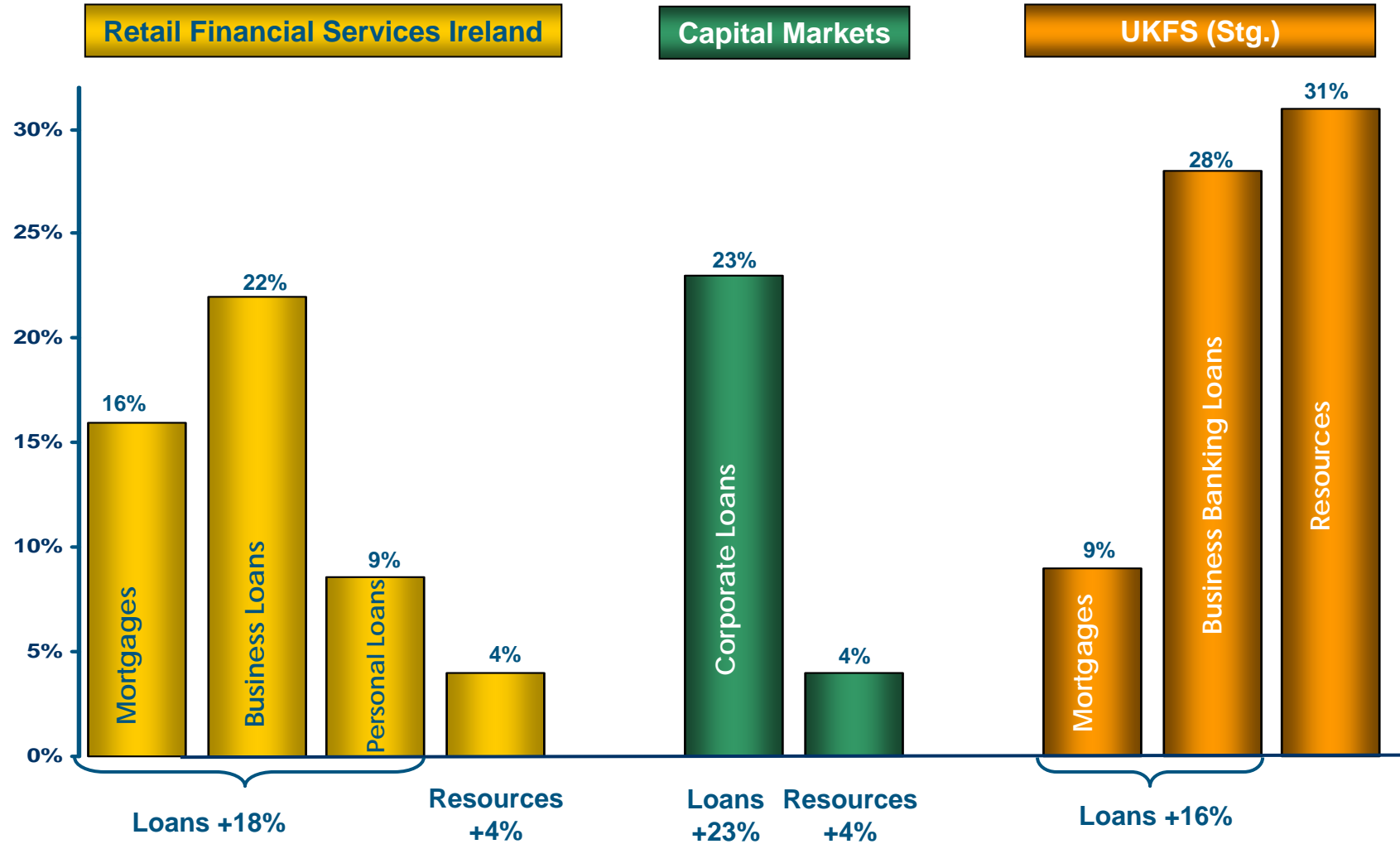
## A strong cost story

- Excellent efficiency improvements across the Group
- Continued focus on cost management whilst investing for growth
- Drive further cost savings, increase productivity and deliver improved efficiency

\* Excluding non-core items

# Loan & resources volume growth

Volume growth\* Sep 07 vs Sep 06



\*Point-in-time volume growth

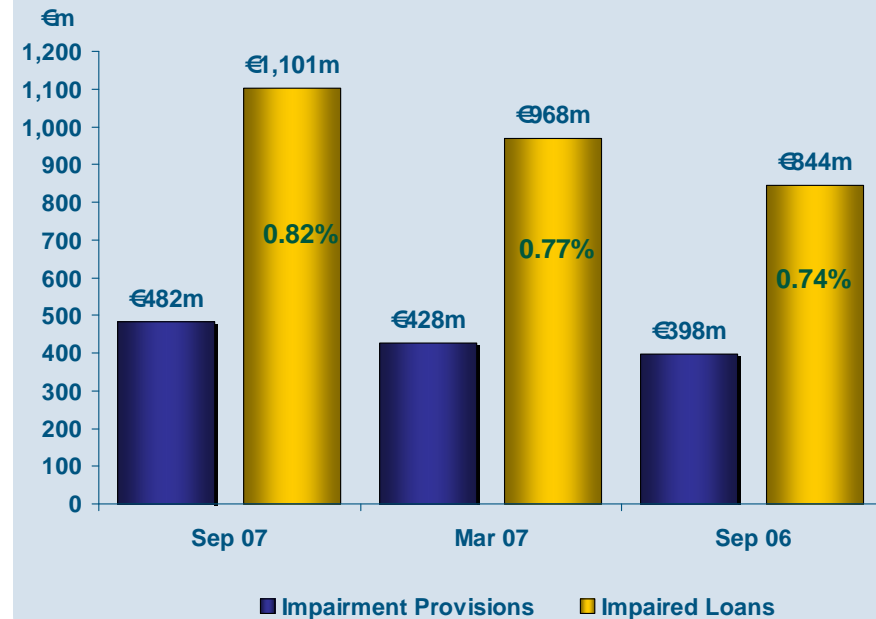
# Asset Quality

## Impairment losses on loans

	Sep 07 €m	Mar 07* €m	Sep 06 €m
Specific	68	73	48
IBNR	18	(8)	9
Recoveries	<u>(7)</u>	<u>(10)</u>	<u>(9)</u>
Total	<u>79</u>	<u>55</u>	<u>48</u>
Annualised loan loss charge	12bps	9bps	9bps

\* 6 months to March 2007

## Asset quality

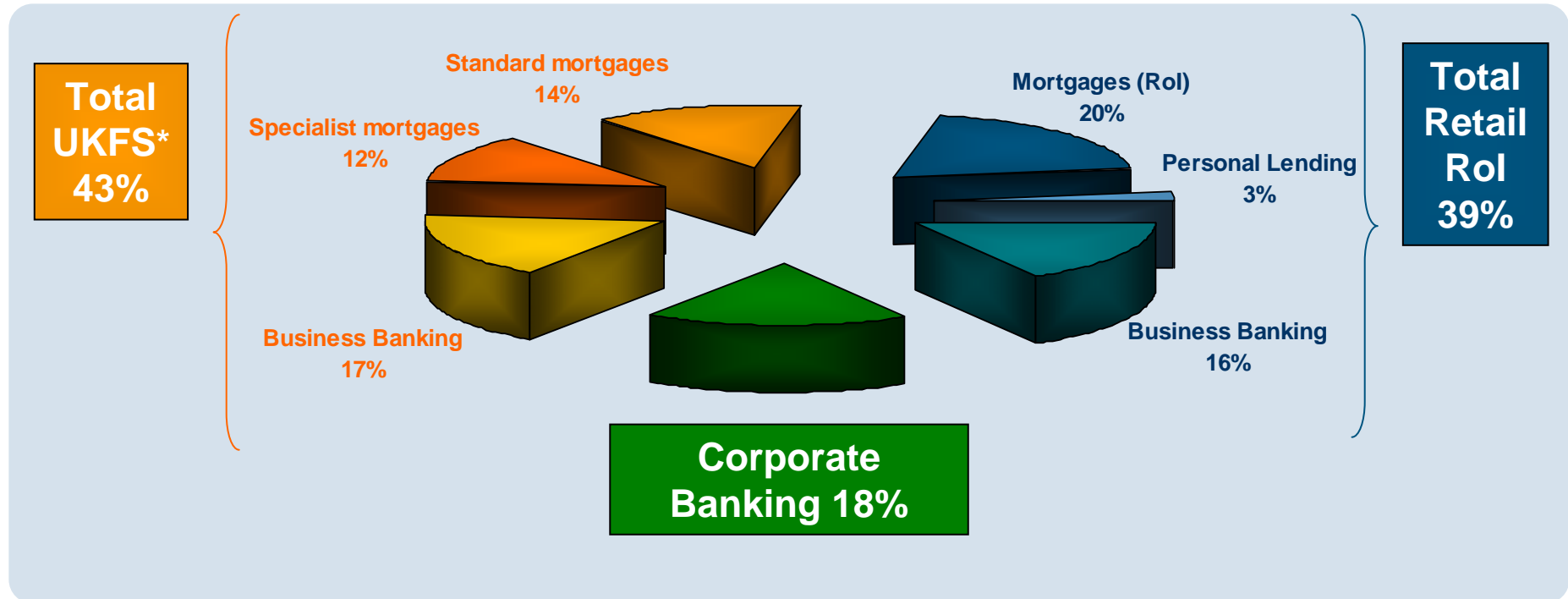


- Credit environment remained benign
- Loan loss charge below trend
- Impaired loans 0.82% of total loans
- Excellent asset quality across the Group

# Asset Quality

	Sept 07	Mar 07	Sept 06
<b>Impaired loans (€m)</b>			
Ireland	673	517	492
UK	277	282	245
International	<u>151</u>	<u>169</u>	<u>107</u>
<b>Group</b>	<b>1,101</b>	<b>968</b>	<b>844</b>
<b>Impairment provisions (IP) €m</b>			
Ireland	322	263	246
UK	78	73	78
International	<u>82</u>	<u>92</u>	<u>74</u>
<b>Group</b>	<b>482</b>	<b>428</b>	<b>398</b>
IP as % of impaired loans (%)	44%	44%	47%
IP as % of PIT loans (bps)	36bps	34bps	35bps
P&L annualised charge / average loans (bps)	12bps	9bps	9bps

# Profile of Loans & Advances to Customers - €133.6bn



Category	Value	Impairment losses on loans
UKFS	£40.3bn*	(3)-7bps 4bps
Corporate Banking	€24.7bn*	9-26bps 8bps
Retail RoI	€1.5bn	14-28bps 23bps

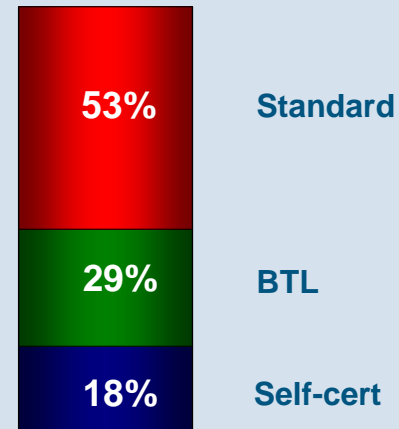
\* Corporate Banking excludes debt securities €3.2bn , UKFS excludes debt securities £0.3m (included in Available-for-sale assets)  
 \*\* 5 year range to March 2007

# Residential mortgages – 46% of Group loan book

## UK

58% of  
Group  
mortgages

### UK mortgages £25bn



- No compromise on credit standards
- Excellent asset quality
  - 0.57% arrears > 3months: % arrears and % repossessions tracking at half the industry average

- Standard mortgage max. LTV 85% for >£500k

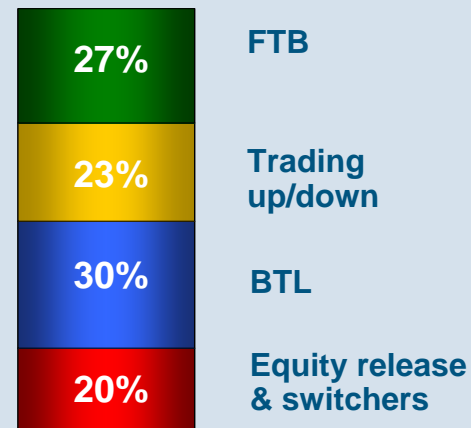
- General BTL: max. LTV 90%
- Professional BTL: max. LTV 75%; max. loan £20m

- Self-cert: max. LTV 90%, max. loan £500k
- Specialist underwriting team

## Ireland

42% of  
Group  
mortgages

### Irish mortgages €26bn



- Excellent asset quality
  - 0.59% arrears > 3months
  - No repossessions in the period

- 100% LTV product
  - 3% total book
  - 5% new advances
  - Stringent qualification criteria – professionals only

- Tight conservative credit policy
  - Private residential mortgages stress-tested to ECB +3%
  - BTL 'professional investor' bias, max. LTV 90%

# Property: investment & development – 23% of Group loan book

## Geographic and sector profile

	IRELAND	UK	TOTAL
<b>DEVELOPMENT</b>			
Residential	12%	4%	16%
Commercial	8%	10%	18%
	20%	14%	34%
<b>INVESTMENT</b>			
Residential	5%	5%	10%
Commercial	21%	35%	56%
	26%	40%	66%
<b>TOTAL</b>	<b>46%</b>	<b>54%</b>	<b>100%</b>

## Property lending

- Total Investment and property lending €32.5bn
  - 23% of Group loan book
- Geographic exposure
  - UK 54%
  - Ireland 46%
- Sector exposure
  - Investment 66%
  - Development 34%
- Diversified loan book with strong asset quality

# Strong capital base

## Capital ratios

	Sep 07 %	Mar 07 %	Sep 06 %
Equity Tier 1 capital	4.9*	4.9	4.5
Tier 1 capital	7.6*	7.9	7.7
Total capital	11.1	11.5	10.9

\* Post VIF transaction (25 Oct 2007): Equity Tier 1 5.3%, Tier 1 8.0%

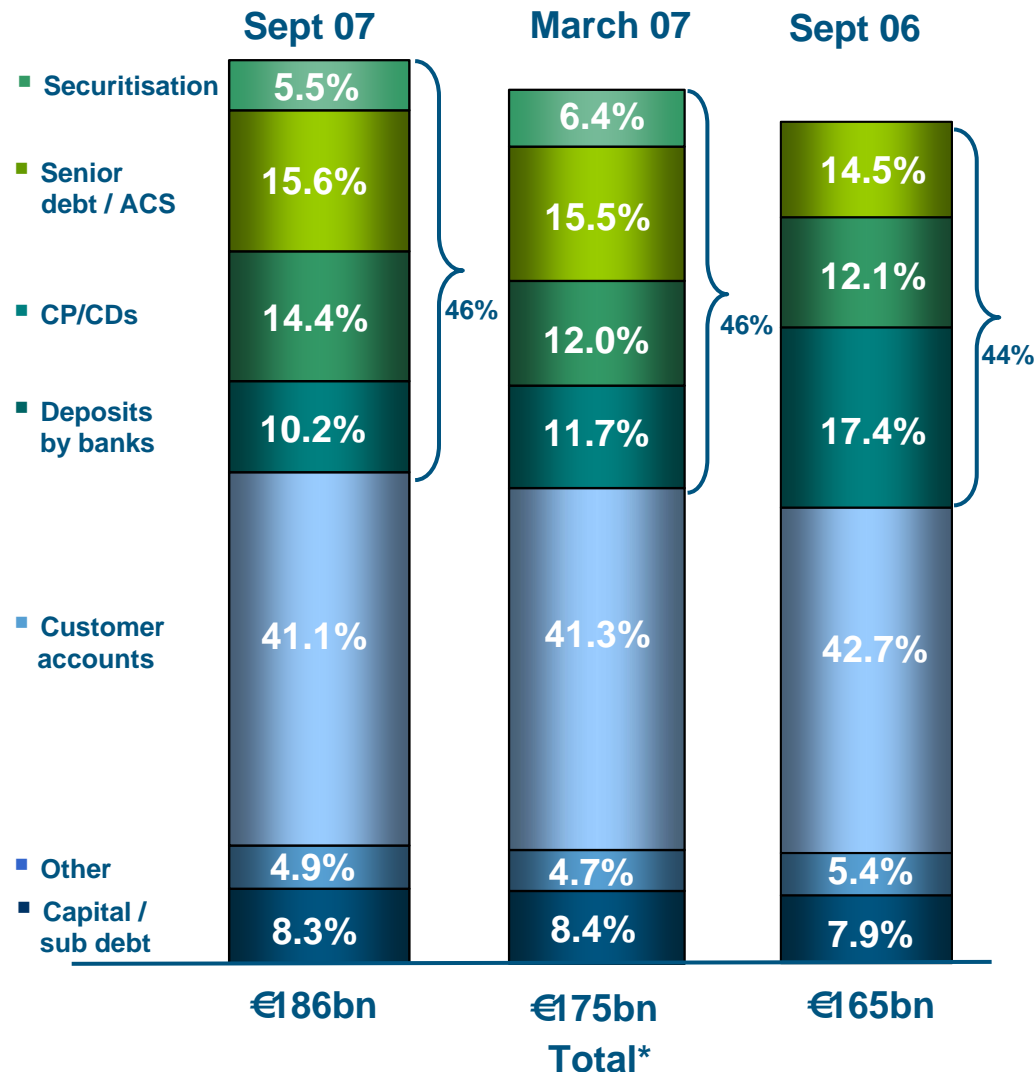
## Asset growth

	Sep 07 €bn	Sep 06 €bn	Change %
RFSI RWAs	40	33	21
Capital Markets RWAs	44	38	15
UKFS RWAs	43	37	15
Other RWAs	=	<u>1</u>	
RWA pre-securitisation	127	109	16
RWA post-securitisation	122	109	12
Total assets	200	178	12

## Strengthened capital base

- Strengthened capital ratios
  - Sale & leaseback of branches
  - VIF transaction completed in October added 33bps to equity tier 1 and tier 1 ratios
- Internally generated capital adequate to support growth in the business
- Basel II:
  - Ongoing consultation with the Regulator

# Balance sheet funding



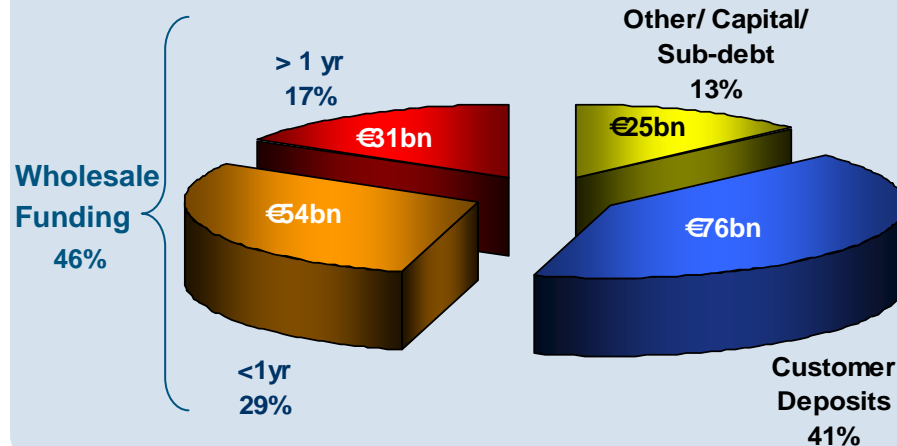
## Strong funding position

- Wholesale funding remained unchanged from March '07 at 46%, driven by improved loan and resource growth alignment
- Interbank borrowings 10.2% of funding versus 11.7% in March 2007 and 17.4% Sept 2006
- Implementation of new Liquidity Regime for Irish banks with 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: Sep 07 €14.3bn; Mar 07 €13.9bn; Sep 06 €12.5bn

# Profile of balance sheet funding - €186bn

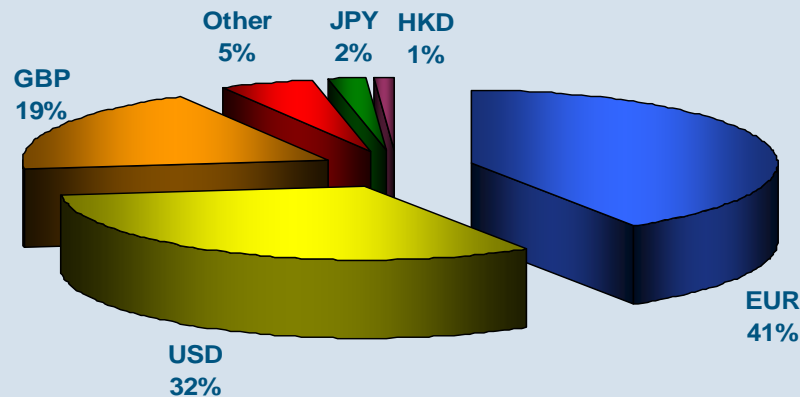
## Profile of balance sheet funding (€186bn)



## Funding profile

- Strategy to develop and diversify wholesale funding channels executed over past 24 months
- 80% of customer loans were funded by customer accounts and term funding >1yr
- Impact of higher cost of wholesale funding modest in the period to Sep 07

## Currency profile of wholesale funding (€85bn)



## Diversified funding facilities

- €25bn EMTN Programme
- €10bn ACS Programme
- US\$10bn MTN Programme
- Extendible Notes
- €10bn ECP Programme
- London CD Facility
- US\$ Yankee CD Facility
- US\$15bn US CP Programme
- C\$2.5bn Canadian CP Programme
- €5bn French CD Programme

**Bank of Ireland Group**



# **Business Review**

# Profit before tax by Division

## PBT by Division

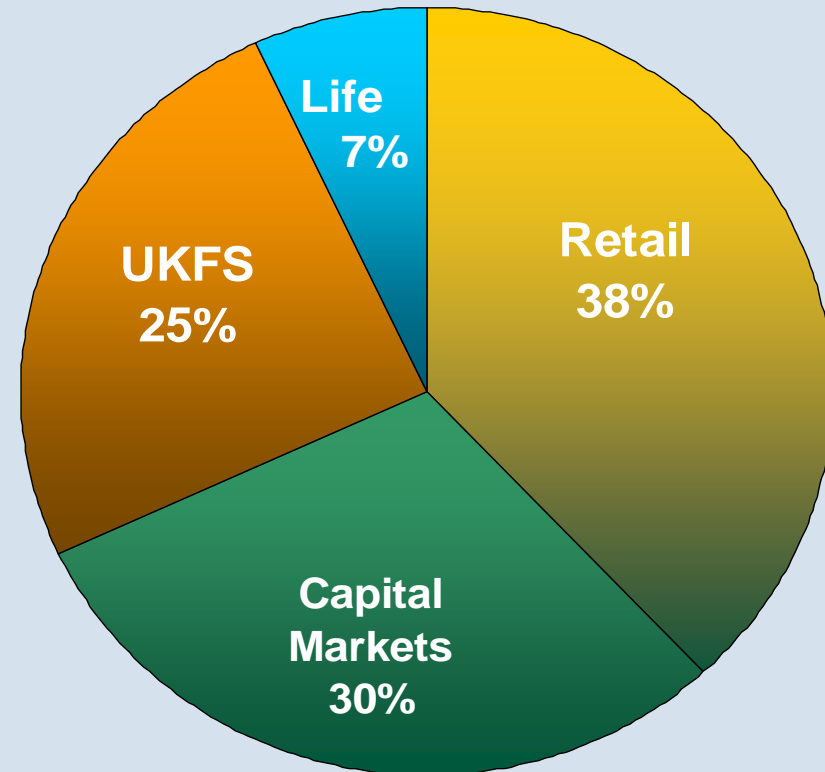
	Sep 07 €m	Sep 06* €m	% Change
Retail Ireland	381	339	12
Bank of Ireland Life	72	67	7
Capital Markets	309	286	8
UKFS	257	222	16
Group Centre	<u>(68)</u>	<u>(62)</u>	(10)
<b>Underlying PBT</b>	<b>951</b>	<b>852</b>	<b>12</b>
<b>Non-core items**</b>	<b><u>140</u></b>	<b><u>27</u></b>	
<b>Profit before tax</b>	<b>1,091</b>	<b>879</b>	<b>24</b>

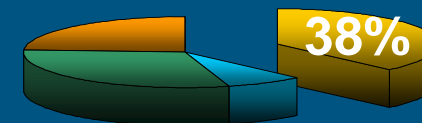
\* 2006 restated for change in accounting policy

\*\* See slide 15 for analysis of non-core items

\*\*\* Excludes Group Centre

## Group Divisional profitability\*\*\*





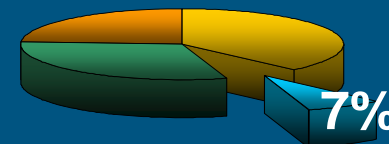
## Income statement

	Sep 07	Sep 06	%
	€m	€m	Change
Net interest income	708	632	12
Other income*	<u>226</u>	<u>189</u>	20
Total income	934	821	14
Operating expenses	(496)	(449)	10
Impairment losses	<u>(57)</u>	<u>(33)</u>	73
Profit before tax	381	339	12

\* Includes income from associates and joint ventures Sep 06 €0.9m and Sep 07 €nil m

## Retail PBT +12%

- Strong performance
  - Excellent business growth
  - Positive cost/income jaws 4%
  - Cost / income ratio improvement 2% reduction to 53%
  - 23bps annualised loan losses low by historical levels
  - Strong growth in other income driven by Private Banking, Credit Cards and disposal of MasterCard shares
- Business Banking
  - Very strong lending growth +22%
  - Particular success – 50% share of new business start-up accounts
- Mortgages
  - Loan book +16% to €26bn
  - Market share 19.2% - No. 1
- Private Banking
  - Raised €500m of investor equity for structured investments – up 17% yoy



## Income statement (IFRS)

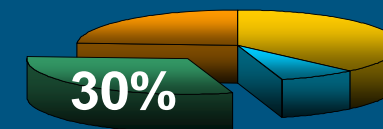
	Sep 07 €m	Sep 06 €m	% Change
Income*	137	121	13
Operating expenses	<u>(54)</u>	<u>(50)</u>	8
Operating profit	83	71	17
Investment variance	(5)	(4)	
Discount rate change	<u>(6)</u>	:	
Profit before tax**	72	67	7

## Operating profit +17%, PBT +7%

- Excellent performance:
  - APE sales +27%
  - Market share 25%
- Significant efficiency gains
  - Cost / income ratio down 2% from 41% to 39%
  - Cost/income jaws 5%
- Discount rate increased by 0.5% to 8% significantly offset by unit-linked assets growth rate assumption

\* Net of increase in insurance contract liabilities and claims

\*\* Excludes policyholders' tax gross-up (Sep 06 €15m and Sep 07 €9m)



## PBT – Business Analysis

	Sep 07 €m	Sep 06 €m	% Change
Corporate Banking	187	158	18
Global Markets	93	71	31
Asset Management	33	33	-
Division centre	<u>(4)</u>	<u>24</u>	
Profit before tax	309	286	8*

\* 19% growth in PBT excluding trading impact of Davy

## Corporate Banking

- Strong PBT growth +18%
- Corporate loan book
  - +23%
  - Growth across a broad range of portfolios
- Investment delivering strong returns

## Global Markets

- PBT +31%
- Excellent performance in volatile markets
- Significant growth in customer business

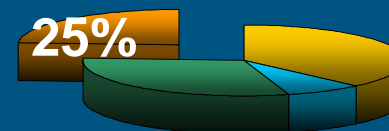
## Asset Management

- Performance in line with expectations

## Division centre

- Impacted by disposal of Davy (Oct 06)

# UK Financial Services (Sterling)



## PBT – Business Analysis

	Sep 07 £m	Sep 06 £m	% Change
Business Banking	93	70	33
Mortgage Business	72	74	(3)
Consumer Fin. Services	24	13	85
▪ <i>POFS</i>	-	(8)	-
▪ <i>FRES (Post-tax)</i>	23	19	21
▪ <i>ATM &amp; other Post Office related activities</i>	1	2	-
Division centre	<u>(14)</u>	<u>(5)</u>	
Profit before tax	175	152	15

## Business Banking

- Excellent PBT +33%
- Lending +28% to £15.5bn
- Resources +21% to £12.3bn
- Firm margin management resulting in stable lending margins

## Mortgages

- PBT impacted by base rate rises and higher funding costs
- Standard residential volumes +8%
- Specialist lending volumes +11% (BTL +17% & self-cert +4%)

## Consumer Financial Services

- UK Post Office relationship PBT £34m
- POFS
  - 1.25m customers at November
  - Strong retention and renewal experience
  - 146% increase in deposits to £2.5bn
- FRES
  - Excellent performance

# Summary

- **Excellent first half performance**
  - Delivered successfully on our growth and investment strategies
  - Underlying business trends across the Group remain strong
  - Impairment remaining below historical levels
  - Strong capital and funding positions
  - Modest profit impact of liquidity crunch in first half of financial year
  
- **Performance outlook to March 2008**
  - Business momentum remains positive – moderating rate of economic growth impacting demand
  - Continuing volatility in financial markets
  
- **Guiding high single digit underlying EPS growth to March 2008 from a base of 144.6 cent in March 2007**



## **Questions & Answers**



## Supplementary

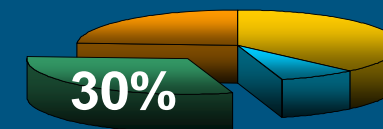
# Supplementary

- EPS calculation
- Capital Markets – Income statement
- UKFS – Income statement
- Bank of Ireland Life - embedded value basis
- Ireland & UK mortgage analysis
- Geographic analysis:
  - PBT
  - Shareholder base
- Economic outlook – Ireland
- Economic outlook – UK

# EPS calculation

	Sep 07 €m	Sep 06* €m	% Change
PBT	€1091m	€879m	24
Tax	(€164m)	(€154m)	
Minority interests & pref. dividend	<u>(€8m)</u>	<u>(€5.3m)</u>	
<b>A</b> Profit attributable to shareholders	€919m	€719.7m	28
After tax impact of non-core items	<u>(€128.7m)</u>	<u>(€8.2m)</u>	
<b>B</b> Profit attributable to shareholders excluding non-core items	€790.3m	€711.5m	11
<b>C</b> Weighted average number of shares	986.4m	974.1m	
Shares held for the benefit of life assurance policyholders	<u>27.6m</u>	<u>25.9m</u>	
<b>D</b> Weighted average number of shares (excluding BoI own shares)	958.8m	948.2m	
<b>Basic EPS (A/D)</b>	<b>95.8c</b>	<b>75.9c</b>	<b>26</b>
<b>Underlying EPS (B/C)</b>	<b>80.1c</b>	<b>73.0c</b>	<b>10</b>

\* 2006 restated for change in accounting policy



## Income statement

	Sep 07 €m	Sep 06 €m	% Change
Net interest income*	419	285	47
Other income**	<u>100</u>	<u>229</u>	(56)
Total income	519	514	1
Operating expenses	(199)	(224)	(11)
Impairment losses	<u>(11)</u>	<u>(4)</u>	
Profit before tax	309	286	8

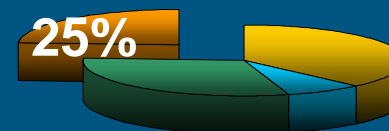
\* Excluding Davy (€1m Sep 06) and excluding IAS 39 (€29m Sep 06 and €98m Sep 07) net interest income +26%

\*\* Excluding Davy (€76m Sep 06) and excluding IAS 39 (€29m Sep 06 and €98m Sep 07) other income +8%

## Capital Markets PBT+8%

- PBT growth +19% excluding Davy
- Strong performances from Corporate Banking and Global Markets
- Excellent asset quality loan loss charge 8bps
- Cost / income jaws 12% (4% excluding Davy) whilst continuing to invest in ongoing expansion of our product and distribution capabilities
- Excellent efficiency with cost / income ratio down 6% to 38% (2% reduction excluding Davy)
- Investment delivering strong returns

# UK Financial Services (Sterling)



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## Income statement

	Sep 07 £m	Sep 06 £m	% Change
Net interest income	287	255	13
Other income*	<u>77</u>	<u>70</u>	10
Total income	364	325	12
Operating expenses	(181)	(165)	10
Impairment losses	<u>(8)</u>	<u>(8)</u>	-
Profit before tax	175	152	15

## UKFS PBT+15%

- Strong performance with PBT +15%
- Total lending +16% driven by strong growth in Business Banking
- Excellent resource growth +31% through BBUK and POFS
- Asset quality remains strong with 4bps annualised loan loss charge
- Cost / income jaws 2% whilst continuing to invest

\* Includes income from associates and joint ventures Sep 07 £23m and Sep 06 £19m

# Bank of Ireland Life - embedded value basis

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(Insurance & investment business)

	Sep 07	Sep 06	%
	€m	€m	Change
New business	56	45	24
Existing business	61	51	20
– Expected return	47	39	
– Experience variances	8	8	
– Operating assumption changes	6	4	
Inter-company payments	<u>(17)</u>	<u>(15)</u>	
<b>Operating profit</b>	<b>100</b>	<b>81</b>	<b>23</b>
Investment variance	(18)	(15)	
Discount rate change	<u>(1)</u>	=	
<b>Profit before tax</b>	<b>81</b>	<b>66</b>	<b>23</b>

# Residential Mortgages

## Loan to value – new business

### Residential mortgages: ROI

Average loan to value	Sep 07	Mar 07*	Sep 06
<i>Owner occupied</i>	70%	74%	73%
<i>Investors</i>	61%	63%	62%

### Residential mortgages: UKFS

Average loan to value	Sep 07	Mar 07*	Sep 06
<i>Standard</i>	65%	57%	61%
<i>Specialised:</i>			
<i>Self-certified</i>	74%	75%	75%
<i>Buy to let</i>	73%	72%	71%

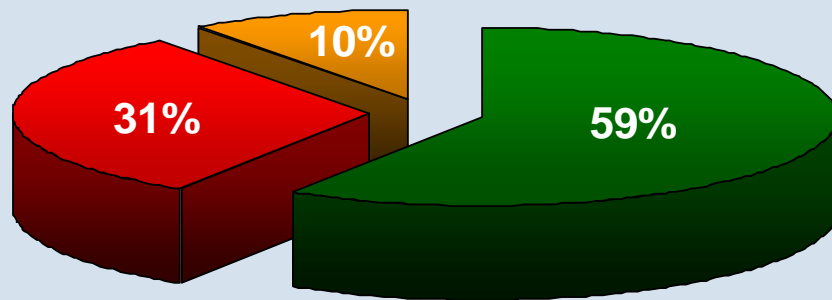
\* 12 months to March 2007

# Mortgages - arrears profiles

<b>Republic of Ireland</b>	<b>1-6mths</b>	<b>6-12mths</b>	<b>12+ mths</b>	<b>Total</b>
Sep 07 (%)	0.6	0.2	0.2	1.0
Mar 07 (%)	0.5	0.2	0.2	0.9
Sep 06 (%)	0.5	0.1	0.2	0.8
<b>UK mortgages</b>				
<b>UK mortgages</b>	<b>1-6mths</b>	<b>6-12mths</b>	<b>12+ mths</b>	<b>Total</b>
Sep 07 (%)	0.8	0.2	0.1	1.1
Mar 07 (%)	0.8	0.2	0.1	1.1
Sep 06 (%)	0.8	0.1	0.1	1.0

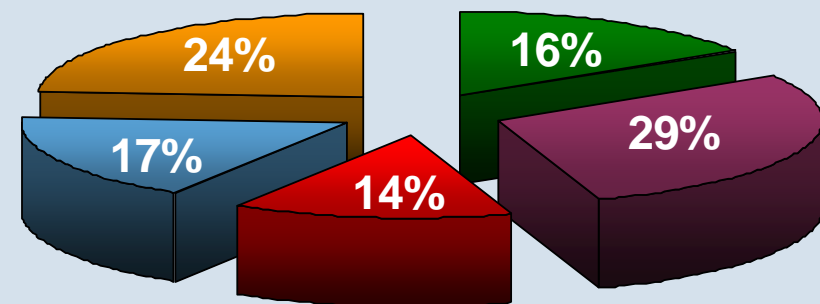
# Geographic analysis

PBT by geography – Sep 07



- Ireland 59%
- UK 31%
- Rest of World 10%

Geographic split of shareholder base – Sep 07



- Ireland 16%
- Retail 29%
- UK 14%
- US 17%
- Europe/Rest of World 24%

# Economic outlook - Ireland

	Actual	Forecast		
	2006	2007 (F)	2008 (F)	2009 (F)
GDP growth	5.7	5.3	4.0	5.0
GNP growth	6.5	5.0	4.0	5.0
Consumer spending growth	5.7	6.0	4.5	5.0
Exports growth	4.4	7.0	5.0	5.0
Inflation (incl. mortgage interest repayments)	4.0	4.8	2.7	2.0
Unemployment	4.4	4.7	4.9	4.7

Source: Bank of Ireland Global Markets (November 2007)

# Economic outlook - UK

	Actual	Forecast		
	2006	2007 (F)	2008 (F)	2009 (F)
GDP growth	2.8	3.1	2.2	2.7
Consumer spending growth	1.9	2.8	1.8	2.5
Inflation	2.3	2.3	2.0	2.0
Unemployment	2.9	2.8	3.0	3.0

Source: Bank of Ireland Global Markets (November 2007)