

BRISTOL & WEST PLC RESULTS CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2009

Interim Management Report

The Directors present their interim management report and the unaudited condensed interim financial information for Bristol & West plc for the six month period to 30 September 2009.

Business Commentary

The Company continues to hold interest-bearing cash deposits in order to meet its liabilities as they fall due, including the payment of future preference share dividends. No material changes to this position are expected in the second half of the year.

The Directors are not proposing to recommend the payment of a dividend for the six month period ended 30 September 2009 (six month period to 30 September 2008: £7.0m).

Principal Risks

The Company considers its strategic, operational and financial risks and identifies actions to mitigate these risks. Details of the Company's risk profile can be found on Note 18 Financial Risk Management in the Annual Financial Statements for the year ended 31 March 2009. The ultimate controlling party is the Governor and Company of the Bank of Ireland. The Company is therefore subject to the risks and uncertainties that impact on the Bank of Ireland Group as a whole. The risks and uncertainties, as reported by the Bank of Ireland Group (the Group) on 4 November 2009, are set out below:

- **National Asset Management Agency (NAMA)**

An overview of the current status of NAMA and its impact on Bank of Ireland is set out on page 35 of the Bank of Ireland Group Interim Statement for the six months ended 30 September 2009. There are risks and uncertainties for the Group if NAMA proceeds as it is currently envisaged and risks and uncertainties for the Group if NAMA does not proceed, is delayed or does not progress in its current expected form.

Under the Listing Rules of the Irish and London Stock Exchanges and the Bye-Laws of the Bank an application by the Bank for designation as a participating institution by NAMA would be subject to the approval of 75% of ordinary stockholders present and voting at an Extraordinary General Court. Significant uncertainties exist as to the specific quantum and timing of loans which may transfer to NAMA, the price that NAMA would pay for those loans (which will not be known until after a decision has been made to participate in NAMA), the fees that the Group would be paid for any work undertaken in relation to such loans and the 'fair value' of the consideration to be received. Therefore there are significant uncertainties as to the final discount which would be applicable to Bank of Ireland.

If NAMA goes ahead as expected, it is likely that the portfolios of loans would be purchased by NAMA at a discount to their carrying value after impairment provisions, which could adversely impact the Group's capital position. Given the uncertainties outlined above, the financial impact of the discount could require the Group to strengthen its current capital structure or to raise additional capital. While the Group's strong preference would be to raise capital from private sources, in such a scenario, ultimately it may be required to seek capital from the Irish Government which would further extend the ownership and influence of the Irish Government on the Group.

If NAMA does not proceed, is delayed or does not proceed as expected, there is also risk and uncertainty for the Group, particularly in relation to liquidity, funding and impairment. While the Group's funding position has strengthened in recent months, the risk appetite among the international funding markets for Ireland and Irish financial institutions, including Bank of Ireland, could be adversely affected by any uncertainties that could arise if NAMA was not to proceed as expected. This could ultimately lead to a strain on the Group's ability to meet its financial obligations. The level of impaired loans and impairment charges could increase beyond current expectations arising from the resultant uncertainties in the property and construction markets and the wider economy.

BRISTOL & WEST PLC RESULTS
CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD
TO 30 SEPTEMBER 2009

• **State Aid**

The Bank's participation in the various State support initiatives (the Government Guarantee Scheme and its proposed extension, the subscription by the National Pension Reserve Fund Commission for €3.5 billion of preference stock in the Bank and potentially, NAMA) has been and is subject to review by the European Commission under EU State Aid rules.

As part of this review, the Group submitted a plan to the Department of Finance of the Irish Government which was then submitted by the Department of Finance to the European Commission on 30 September 2009. The relevant European Commission guidelines provide that such plans for State-aided banks are to be assessed by reference to fundamental principles including:

- **Viability:** Banks must be viable in the long term, without further state support;
- **Burden sharing:** Banks and their owners must carry a fair burden of the restructuring costs; and
- **Competition:** Measures must be taken to limit distortions of competition in the Single Market.

The review of the plan by the European Commission is currently at a preliminary stage and the ultimate outcome is uncertain. Based on the process that some other European banks have undergone, the plan may ultimately involve the imposition of measures by the European Commission that may be adverse to the Group's interests including, for example, burden sharing, structural and/or behavioural remedies and other measures (such as divestments and/or balance sheet constraints).

• **Liquidity and funding**

The Group participates in the guarantee scheme for deposits and specified liabilities implemented by the Irish Government pursuant to the Credit Institutions (Financial Support) Act 2008 ("CIFS"). In addition, on 16 September 2009 the Irish Government outlined the draft Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 ("ELG") which is subject to the approval of the Houses of the Oireachtas and to EU State Aid approval. The ELG scheme is intended to facilitate credit institutions in Ireland to issue debt securities and take deposits with a maturity beyond September 2010 on either a guaranteed or unguaranteed basis.

The funding position of the Group could be impacted by the termination, amendment or cancellation of the CIFS Scheme, or removal of the Group from the scheme prior to its termination. Any amendment, delay or failure in enactment of the ELG Scheme could similarly negatively affect the Group. The potential impacts for the Group could include limited or insufficient access to funding alternatives, or higher costs associated therewith.

The Group's borrowing costs and its access to wholesale funding markets depend significantly on its own credit rating and on the credit rating of Ireland. Any future reductions in the credit ratings of the Group or of Ireland could increase the Group's borrowing costs, limit the Group's access to the wholesale funding markets or trigger additional collateral requirements.

• **Economic conditions**

While economic conditions vary in our key markets of the Republic of Ireland and the United Kingdom, common themes such as lower disposable income and reduced personal expenditure, reduced corporate profitability, higher insolvency rates and unemployment prevail across each market.

These uncertain conditions have affected and continue to affect the Group's customers, and by extension the demand for the Group's products and services, the level of impaired loans and the quantum of impairment charges that will ultimately be incurred.

BRISTOL & WEST PLC INCOME STATEMENT
CONDENSED INCOME STATEMENT FOR THE SIX MONTH PERIOD TO 30
SEPTEMBER 2009

		Unaudited 6 month period to 30 September 2009	Unaudited 6 month period to 30 September 2009
	Note	£m	£m
Interest and similar income	3	2.0	3.3
Interest expense and similar charges		(1.3)	(1.3)
Net interest income		<u>0.7</u>	<u>2.0</u>
Other operating expenses		-	(0.1)
Profit before taxation		<u>0.7</u>	<u>1.9</u>
Taxation		(0.6)	(0.9)
Profit for the financial year		<u>0.1</u>	<u>1.0</u>

The notes on pages 8 to 12 are an integral part of this condensed interim financial information.

**BRISTOL & WEST PLC STATEMENT OF OTHER COMPREHENSIVE INCOME
CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX
MONTH PERIOD TO 30 SEPTEMBER 2009**

There are no movements to be recognised through the Statement of Other Comprehensive Income in the 6 month period to 30 September 2009 or the 6 month period to 30 September 2008 other than those recognised through the Income Statement.

The notes on pages 8 to 12 form an integral part of this condensed interim financial information.

BRISTOL & WEST PLC BALANCE SHEET
CONDENSED BALANCE SHEET FOR THE PERIOD ENDED 30 SEPTEMBER 2009

	Note	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 £m	Audited 31 March 2009 £m
ASSETS				
Loans and advances to banks	4	128.8	131.9	126.5
Deferred income tax asset		0.1	0.1	0.1
Other assets		1.4	1.4	1.4
TOTAL ASSETS		<u>130.3</u>	<u>133.4</u>	<u>128.0</u>
LIABILITIES				
Other liabilities		2.9	2.8	2.9
Provisions		0.6	0.7	0.6
Current income tax liabilities		12.4	9.3	10.3
Other borrowed funds	5	32.6	32.6	32.6
TOTAL LIABILITIES		<u>48.5</u>	<u>45.4</u>	<u>46.4</u>
EQUITY				
Share capital	6	0.1	0.1	0.1
Retained earnings		81.7	87.9	81.5
TOTAL EQUITY		<u>81.8</u>	<u>88.0</u>	<u>81.6</u>
TOTAL EQUITY AND LIABILITIES		<u>130.3</u>	<u>133.4</u>	<u>128.0</u>

The notes on pages 8 to 12 are an integral part of this condensed interim financial information.

This interim financial information was approved by the Board of Directors on 25 November 2009 and signed on its behalf by:

David McGowan
Director

BRISTOL & WEST PLC STATEMENT OF CHANGES IN EQUITY
CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH
PERIOD TO 30 SEPTEMBER 2009

UNAUDITED	Share	Profit	Total
30 SEPTEMBER 2009	Capital	and loss	
		account	
	£m	£m	£m
Profit for the period	-	0.1	0.1
Recognised income and expense for the period	-	0.1	0.1
Total recognised changes in equity	-	0.1	0.1
At 1 April 2009	0.1	81.6	81.7
At 30 September 2009	0.1	81.7	81.8

UNAUDITED	Share	Profit	Total
30 SEPTEMBER 2008	Capital	and loss	
		account	
	£m	£m	£m
Profit for the period	-	1.0	1.0
Recognised income and expense for the period	-	1.0	1.0
Total recognised changes in equity	-	1.0	1.0
At 1 April 2008	0.1	86.9	87.0
At 30 September 2008	0.1	87.9	88.0

Profit and loss account

Profit and loss account reserves comprise accumulated retained profits.

The notes on pages 8 to 12 form an integral part of this condensed interim financial information.

BRISTOL & WEST PLC CASH FLOW STATEMENT
CONDENSED CASH FLOW STATEMENT FOR THE SIX MONTH PERIOD TO 30
SEPTEMBER 2009

	Note	Unaudited 6 month period to 30 September 2009 £m	Unaudited 6 month period to 30 September 2008 £m
Net cash flow from operating activities			
Profit before tax		0.7	1.9
Adjusted for:			
Interest expense: subordinated liabilities		1.3	1.3
Adjusted net cash flows from operating activities		2.0	3.2
Changes in operating assets and liabilities			
Loans and advances to banks		1.2	-
Provisions		-	-
Other liabilities		1.6	-
		2.8	-
Taxes paid		-	0.7
Net cash generated from operating activities		2.8	0.7
Cash flows from financing activities			
Equity dividends paid		-	-
Net cash used in financing activities		-	-
Cash flows from investing activities			
Interest on other borrowed funds		(1.3)	(1.3)
Net cash generated from investing activities		(1.3)	(1.3)
Net increase in cash and cash equivalents		3.5	2.6
Opening cash and cash equivalents		10.6	8.4
Closing cash and cash equivalents	4	<u>14.1</u>	<u>11.0</u>

The notes on pages 8 to 12 form an integral part of this condensed interim financial information.

BRISTOL & WEST PLC NOTES TO THE INTERIM FINANCIAL INFORMATION CONDENSED NOTES TO THE FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD TO 30 SEPTEMBER 2009

1 GENERAL INFORMATION AND BASIS OF PREPARATION OF THIS INTERIM FINANCIAL INFORMATION

These financial statements are the unaudited interim financial statements (hereafter referred to as the “Interim Financial Information”) of Bristol & West plc, a company registered in the United Kingdom for the six month period ended 30 September 2009. The address of its registered office is One Temple Back East, Temple Quay, Bristol BS1 6DX.

This condensed interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority and with International Accounting Standard 34 (IAS 34) ‘Interim Financial Reporting’ as adopted by the European Union. The condensed interim financial information should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2009, which has been prepared in accordance with IFRS’s as adopted by the European Union. This condensed interim financial information was approved for issue by the Board of Directors on 25 November 2009.

This interim financial information does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985 (section 434 of the Companies Act 2006). The Annual Financial Statements for the year ended 31 March 2009 were approved by the Board of Directors on 28 July 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

2 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Annual Financial Statements for the year ended 31 March 2009 as described in those annual financial statements. There have been no significant changes in the bases upon which estimates have been determined, compared to those applied at 31 March 2009. The Company’s critical accounting estimates and judgements are set out on page 24 of the Annual Financial Statements for the year ended 31 March 2009.

The prospective accounting changes setting out accounting standards / amendments to standards that apply to future accounting periods, and their expected impact on the Company, are set out on page 23 of the Annual Financial Statements for the year ended 31 March 2009. These are not expected to have a significant impact on the Company.

Adoption of new accounting standards

The following standards and amendments to standards have been adopted by the Company during the 6 months ended 30 September 2009:

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009)

This standard is effective from 1 January 2009, replacing IAS 14 – Segmental Reporting. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The introduction of this standard has not had a significant impact on the Company.

The segmental information for the 6 months ended 30 September 2009 and for the corresponding comparative period is presented in note 3 to this condensed interim financial information.

IAS 1 Presentation of Financial Statements (amendment) (effective for annual periods beginning on or after 1 January 2009).

This amendment revises the requirements for the presentation, structure and content of the financial statements. In accordance with the revised standard the Company has decided to present all items of income and expense in two separate statements, an income statement and a statement of comprehensive income. The revised standard requires that all changes in equity arising from transactions with owners in their capacity as owners be presented separately from non-owner changes in equity in the statement of changes in equity. The adoption of IAS 1 (revised) does not change the recognition, measurement or disclosure of specific transactions and events required by other standards.

**BRISTOL & WEST PLC NOTES TO THE INTERIM FINANCIAL INFORMATION
CONDENSED NOTES TO THE FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD
TO 30 SEPTEMBER 2009**

2 ACCOUNTING POLICIES (CONTINUED)

The following standards and amendments to standards have also been adopted by the Company during the 6 months ended 30 September 2009 but have no impact on the Company:

IAS 32 Financial Instruments: Presentation (amendment)

IAS 23 Borrowing Costs (amendment)

IFRS 2 Share based payment: Vesting Conditions and Cancellations (amendment)

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

IFRIC 16 Hedges of a Net Investment in Foreign Operation

3 BUSINESS SEGMENTS

At 30 September 2009	Divisional Centre £m	Total £m
Revenue	0.7	0.7
Segment result	<u>0.7</u>	<u>0.7</u>
Profit before tax	0.7	0.7
Taxation	<u>(0.6)</u>	<u>(0.6)</u>
Profit for the period	<u>0.1</u>	<u>0.1</u>
External assets	<u>130.3</u>	<u>130.3</u>
External liabilities	<u>48.5</u>	<u>48.5</u>
At 30 September 2008	Divisional Centre £m	Total £m
Revenue	2.0	2.0
Segment result	<u>1.9</u>	<u>1.9</u>
Profit before tax	1.9	1.9
Taxation	<u>(0.9)</u>	<u>(0.9)</u>
Profit for the period	<u>1.0</u>	<u>1.0</u>
External assets	<u>133.4</u>	<u>133.4</u>
External liabilities	<u>45.4</u>	<u>45.4</u>

Revenue comprises net income from interest earned on intra-group deposits and interest paid to preference shareholders.

**BRISTOL & WEST PLC NOTES TO THE INTERIM FINANCIAL INFORMATION
CONDENSED NOTES TO THE FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD
TO 30 SEPTEMBER 2009**

4 LOANS AND ADVANCES TO BANKS

	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 £m	Audited 31 March 2009 £m
Due from parent company and fellow group undertakings	14.1	11.0	10.6
Included in cash equivalents	<u>14.1</u>	<u>11.0</u>	<u>10.6</u>
Due from parent company and fellow group undertakings	114.7	120.9	115.9
	<u>128.8</u>	<u>131.9</u>	<u>126.5</u>

Loans and advances to banks with the remaining period at balance sheet date to the contractual maturity date less than 12 months is £61.9m (2008: £65.0m).

5 OTHER BORROWED FUNDS

	Rate	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 £m	Audited 31 March 2009 £m
Preference Shares	8.125	<u>32.6</u>	<u>32.6</u>	<u>32.6</u>

Sufficient funds have been retained within the Company to meet future dividend payments as they fall due.

The preference shares, which are non-redeemable, non-equity shares, rank equally amongst themselves as regards participation in profits and in priority to the ordinary shares of the Company.

**BRISTOL & WEST PLC NOTES TO THE INTERIM FINANCIAL INFORMATION
CONDENSED NOTES TO THE FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD
TO 30 SEPTEMBER 2009**

6 SHARE CAPITAL

	Unaudited 30 September 2009 £m	Unaudited 30 September 2008 £m	Audited 31 March 2009 £m
Authorised 86,857,500 units on ordinary shares of £0.50 each	<u>43.4</u>	<u>43.4</u>	<u>43.4</u>
Allotted and fully paid 100,000 units of ordinary shares of £0.50 each	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>

7 DIVIDENDS

No dividends were paid during the period (2008: £7.0m)

8 INCOME TAXES

Income tax expense is recognised based on managements best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the half year to 30 September 2009 is 81.64% (the estimated average annual tax rate for the half year to 30 September 2008 was 47.4%). This increase is mainly due to a reduction in profit before tax as a result reduced interest income on intra-group deposits. .

9 RELATED-PARTY TRANSACTIONS

The Company has had no related party transactions during the six month period to 30 September 2009 that have materially affected the financial position or the performance of the Company. The balances with related parties at the period end are described in note 4.

10 REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information has not been reviewed or audited by the Independent Auditors of the Company.

**BRISTOL & WEST PLC NOTES TO THE INTERIM FINANCIAL INFORMATION
CONDENSED NOTES TO THE FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD
TO 30 SEPTEMBER 2009**

Statement of Directors' Responsibilities

The Directors are responsible for preparing this condensed interim financial information in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority ('DTR') and with International Accounting Standard 34 (IAS 34).

The Directors confirm that this condensed interim financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- Important events that have occurred during the first six months of the year;
- The impact of those events on the condensed set of financial information;
- A description of the principal risks and uncertainties for the remaining six months of the financial year;
- Details of any related party transactions that have materially affected the Company's financial position or performance in the six month period to 30 September 2009, and
- This condensed interim financial information is appropriately prepared under the going concern basis.

Directors

There were no changes to the Directors of Bristol & West plc in the six month period to 30 September 2009.

By Order of the Board

David McGowan
Director
25 November 2009