Bank of Ireland Group
25 September 2001

Pre close period briefings with analysts

Bank of Ireland Group will meet market analysts ahead of its close period for the year ending 30 September 2001. This statement is issued in advance of the meetings.

Overview

For the year to 31 March, 2001, the Group will have achieved:

- Continued substantial profit growth in Retail Ireland for the full year, reflecting strong volume growth, gains in market share and stable margins.

- High profit growth in Corporate and Treasury, reflecting strong performance both domestically and internationally.

- Increased Sterling profits in the Bristol & West core business before investment costs in developing the advice based businesses.

- Continued expansion and profit growth in our international activities, including lending and structured finance where advances growth will exceed 40%, coupled with new business growth in Bank of Ireland Asset Management.

- Early 20's growth in alternative EPS.

Operating performance by business

Retail Banking Republic of Ireland

Lending volumes are expected to grow by in excess of 20% compared with the year ended 31 March, 2000. Credit balances are also expected to grow by in excess of 20%, which, combined with deposit growth of approximately 15%, is expected to contribute to growth in total resources of approximately 16%. Retail net interest margin is expected to be stable. Mid teen's growth in net interest income is expected. Non interest income for the year will grow by a single digit percentage, after adjusting for the transfer of a portion of the credit card business to the EuroConex joint venture. Mid single digit growth in costs is expected for the full year.

The combination of strong income growth, good cost control and a low loan loss charge reflecting continued good asset quality is expected to deliver substantial profit growth compared with the year to 31 March, 2000.

Life Assurance

Annual Premium Equivalent Sales are performing strongly and are ahead of the comparable period last year by more than 35%. Sales have been boosted by a very good response to the new Government Special Savings contract although margins remain under pressure. Reported profits for the first half are expected to be ahead of the same period last year aided by the recognition of the reduction in corporation tax to 12.5%.

Average lending volumes are expected to show growth over the corresponding period last year approaching 20% (19.7%), with residential mortgages higher by over 25% (27%) and other lending by around 15% (15.2%). Consistent with the slow-down in the economy, lending volumes at the end of the period will record lower growth with total lending likely to show an increase in the region of 17% (17.7%). [Mortgages 26%, Non Mortgage 12%].

Growth in credit balances has slowed somewhat but average balances will nevertheless show an increase of around 20% (20.7%), with similar growth likely at period end. Deposits growth has slowed from exceptional levels earlier in the year but average balances will record a very healthy rise of over 12% (13.1%) with period end growth likely to exceed 10% (11%).

Net interest margin is expected to record a small reduction (7bp or so). Overall, net interest income is expected to show growth in the low teens. (12% assuming last yr restated for move of ITS/PSIR to Group. Otherwise close to 13%).

Non interest income in the first half was impacted by the foot and mouth restrictions and by the economic slowdown. Foreign exchange income was particularly affected but other income streams also slowed. Consequently it is expected there will be little change in non interest income. (+1% assuming last yr rerstated for ITS/PSIr, otherwise - 4%).

Loan losses are expected to be somewhat higher (+ €3m or so) but remain at very low levels .

Beyond the effect of the original terms of PPF and normal increments, costs in the period have been impacted by the revision to the PPF as well as the changes to employers PRSI introduced in the Government budget. Euro implementation costs have also added to costs growth. Savings from good progress in implementing the Group Transformation Programme helped offest these
and the growth in costs overall is expected to be contained to high single figures (+ 8.8% assuming re-statement).
Costs growth in the second half is likely to be lower.

Overall, satisfactory profit growth will be reported (current forecast 11.2%) despite the less favourable economic

Corporate & Treasury

Profit growth in the first half year from Corporate and Treasury will be significant compared with the same period last year. Treasury and International Banking performed very strongly, while Banking UK and First Rate Enterprises have also grown well. Lending volumes are up over 12% in both Corporate Banking and Banking UK since the first half of last year, with particularly strong growth in international lending.

Asset & Wealth Management Services

Profits in the period have increased over the previous six months reflecting the increased assets under management in Bank of Ireland Asset Management. Relative investment performance remains good and has led to significant levels of new business which have more than offset the fall in market values. Securities Services and Private Banking continued to grow business volumes during the period.

(N.B. The above is extremely sensitive to stock market values and can only be confirmed closer to the end of September).

Bristol & West

Sterling profits are expected to be flat half year on half year excluding the ongoing investment in MoneyeXtra. Margin on average assets is expected to reduce principally due to reduced savings margins combined with the effect of funding acquisitions.

Lending net interest income has been supported by the strategic diversification into wider margin non-standard lending. Non-standard lending is expected to account for approximately 12% of the book rising from 6% at the start of the year. Arrears emergence on the non-standard product types is considerably better than our original expectations and is running at similar levels to the standard book. Net lending market share is running well above our natural share and high single digit growth in the loan book is expected.

Savings margins have reduced in response to the high margins necessary to attract and retain balances in a fiercely competitive market. Growth in resources was planned for the first half of the financial year; we do not have plans for further growth this year and so expect a significant improvement in net interest income in the remainder of the year. Low double digit growth in resources is expected for the 6 months to 30 September 2001.

Chase de Vere has continued to make a positive contribution to profits and is performing in line with its original business plan.

MoneyeXtra, which was acquired in December 2000, will as expected return a loss at this stage of its development. However, during the period Bristol & West acquired

Willis National, one of the largest IFA's not owned by a major financial institution, building on the Group's stated strategy to diversify sources of income and develop new income streams from advice led products. This will provide MoneyeXtra with an immediate capability to provide face to face advice and will create significant cost and income synergies by removing the development and 'start-up' costs associated with building a new IFA sales force. This acquisition has increased costs in the period, but is expected to be earnings enhancing from 2002/03.

Credit Quality

The credit grade profile across the Group is stable and very satisfactory levels of credit quality continue to be maintained. Arrears balances, as a percentage of the total loan book, are virtually unchanged since March 2001.

The Bank continues to be satisfied with the quality of its overall exposure to the technology, media and telecommunications sectors. Exposure to companies involved in the acquisition of third-generation telecoms licences is minimal.

The impact of the restrictions implemented by the Irish Government earlier in the year to contain the spread of the Foot and Mouth disease have had no noticeable adverse effect on the quality of the Bank's loan book.

The recent global uncertainties are affecting the Irish economy but it is felt that any additional losses that result can to comfortable accommodated within the special Non-Designated Specific Provision which has been built up over the past number of years and now stands at €147.3m.

The loan loss charge expressed in basis points relative to total loans will be comparable, on an annualised basis, to that achieved last year.

Bank of Ireland Group

Mid teen growth in net interest income is expected for the full year, driven predominantly by the stable margin and strong volume performance in Retail Banking Republic of Ireland. Net interest margin at the Group level will be lower than last year, which benefited from the inclusion of a significant amount of interest income arising from trading positions taken by Treasury in advance of the introduction of the Euro.

Significant growth in non-interest income is expected. This has been driven by high levels of income in Corporate and Treasury, growth in Asset & Wealth Management Services and the impact in the second half of Chase de Vere.

In aggregate, high teen growth in total income is expected.

Costs in the established businesses in the Group are expected to rise by a high single figure percentage reflecting good cost containment in the context of significant volume growth.

The impact of Chase de Vere, MoneyeXtra and BOIe will together add c 6% to cost growth at the Group level. In addition, incremental volume driven costs in the Group's fast growing internationally focused businesses, coupled with exchange rate movements, will add a further 4% to cost growth at the Group level.

As previously disclosed, the Group will report as an exceptional item a charge relating to the settlement of the Group's liability for Irish Deposit Interest Retention Tax (DIRT) including interest and penalties. In addition, an exceptional charge of approximately €90m will be made relating to the Group Transformation Programme. Approximately €60m relates to staff severance costs, with the balance relating primarily to project work, including consulting costs, focused on delivering tangible transformation in a wide range of operating units. Payback on this expenditure is reflected in both the limited cost growth in the existing businesses and the further cost savings expected to be delivered over the next two financial years. An alternative earnings per share will be published excluding both of these exceptional items.

Earnings per share will continue to be favourably impacted by the buy back of equity executed in September 1999, and the reduced tax charge, arising from the lowering of Irish Corporation Tax rates and the impact of growth in the Group's international businesses.

ENDS

Preliminary Results for the year to 31 March, 2001 will be published on Thursday, May 10, 2001.

For further information:

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