Bank of Ireland Group
23 March 2001

Pre close period briefings with analysts

Bank of Ireland Group will meet market analysts ahead of its close period for the year ending 31 March, 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 approximately 32% ahead of the same period last year. Good growth in reported profits is expected for the year, as the impact of lower Irish Corporation Tax rates outweighs the prior year inclusion of a €14m one time gain arising from a 1% reduction in the embedded value discount rate.

Corporate & Treasury

Significant profit growth for the year is expected, driven by strong performances in Treasury and International Banking, Corporate Banking and in the Group's Northern Ireland and Great Britain banking operations. Overall, the growth in lending for Corporate & Treasury will be approximately 30%. Non funds based income is expected to show strong growth, including the impact of favourable trading gains made by Treasury in the second half.

Asset & Wealth Management Services

Low to mid teen growth in profits is expected in Asset & Wealth Management Services, with the second half performance somewhat lower than the first due to the effect of stock market volatility on the value of assets under management, and the timing of cost increases. Despite very good investment performance relative to competitors, assets under management are lower at Bank of Ireland Asset Management than at the same time last year as a result of lower market valuations. Performance in Bank of Ireland Private Banking and Securities Services has been excellent.

Bristol & West

Margin on average assets is expected to reduce slightly, with lower margin on resources offsetting wider residential lending margins. Net lending market share is expected to be at or above our natural market share. Mid single digit growth in both lending and resources is expected. Sterling profits on a like for like basis will increase.

During the year Bristol & West acquired Chase de Vere, which is performing ahead of expectations, and MoneyeXtra, as part of the Group's stated strategy to diversify sources of income and develop new income streams from advice led products. Including the impact of these acquisitions and development costs associated with building MoneyeXtra as an advice based brand, pre tax profits in constant currency are expected to be slightly lower than last year, while in Euro they are expected to be marginally higher.

Credit Quality

The credit grade profile across the Group is stable and excellent levels of credit quality continue to be maintained. Arrears balances, as a percentage of the total loan book, are virtually unchanged from March 2000. Absolute lending arrears in Bristol & West are expected to be lower.

The Bank is 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 credit risks, direct and indirect, arising from the Foot and Mouth disease situation have been evaluated. It has been concluded that any additional loan losses that may arise can be comfortably accommodated within the Non-Designated Specific Provision which stood at €156m as at 30 September, 2000.

The loan loss charge expressed in basis points relative to total loans will be comparable to 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.

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