Bank of Ireland Group

Interim Statement
for the half year to 30 September 2002

HIGHLIGHTS

. **Strong profit growth in challenging market conditions**	
- Group profit before tax and exceptional items at €602m	+10%
- Group profit before taxation at €580m	+9%
- Alternative earnings per share at 49.9c	+11%
. **Continuing market leading returns to Stockholders**	
- Return on average stockholders' funds	23%
- Dividend	+14%
. **Excellent divisional results**	
- Retail Republic of Ireland	+13%
- Bank of Ireland Life	+27%
- Wholesale Financial Services	+10%
- UK Financial Services	+14%
- Asset Management & Securities Services	-7%
. **Strong capital position**	
- Tier 1	7.4%
- Total Capital	10.6%
. **High Asset Quality standards continue**	
- Loan loss charge to average loans	19bps

"This is an excellent result in the current business environment. It demonstrates the ability of the Group to maximise returns from its strong brand and to apply its specialist skills to a diverse range of financial services businesses in Ireland, the UK and internationally."

Mike Soden
Group Chief Executive

Bank of Ireland Group

Interim Statement
For the half year to
30 September 2002

FINANCIAL SUMMARY

RESULTS	**Half Year 30-9-2002 €m**	**Half Year 30-9-2001 (restated)* €m**	**Change %**
Profit on ordinary activities before exceptional items	602	549	+9.7%
Profit before taxation	580	533	+8.8%
PER UNIT OF €0.64 ORDINARY STOCK			
Earnings per share	46.8c	43.2c	+8.3%
Alternative earnings per share	49.9c	45.1c	+10.6%
Dividend per share	13.2c	11.6c	+13.8%
BALANCE SHEET			
Total assets	89,657	83,756	+7.0%
Total stockholders' funds	4,462	3,917	+13.9%
Capital Ratios			
Tier 1 capital	7.4%	7.4%	
Total capital	10.6%	11.5%	
Equity/assets	4.4%	4.3%	
Key Ratios			
Net interest margin	2.29%	2.20%	
Costs/total income	55%	56%	
Return on average stockholders' funds	23%	24%	

* The accounts for the six months to 30 September 2001 have been re-stated to take account of changes to the accounting policies for both FRS19 and UITF 33 (see page 17 of the Interim Statement).

Introduction

Results underscore the quality and sustainability of the Group's earning streams

The Group's results for the six months to 30 September 2002 underscore the robustness of the business and the quality and sustainability of the Group's earning streams. Against a challenging economic background, a 10% growth in profit before exceptional items and taxation and 11% growth in alternative earnings per share is a strong result. The pre tax outcome includes a number of significant achievements: 13% profits growth in Retail RoI and 14% growth in profits in the UK Financial Services Division (which incorporates Bristol & West, Banking GB and Northern Ireland) at a time when bank profitability in the UK is under considerable pressure.

The Group continues to gain market share in key products.

The domestic businesses performed very well in a slowing economic environment. The Group continues to gain market share in key products, such as mortgages, on the back of an advice-based, added value approach to selling, which customers clearly appreciate. Bank of Ireland Life had a very satisfactory performance under difficult investment conditions and continued to grow new business strongly.

International activities, which generate 40% approximately of total Group profits, were also very successful, although asset management in particular was adversely affected by a continued weakness in international equity prices. This impact was reduced by strong sales performances in Bank of Ireland Life and asset gathering in Bank of Ireland Asset Management (BIAM).

Wholesale achieved further profits growth of 10% following two years in which profits increased by 30% and 25% respectively.

Wholesale Financial Services, which incorporates both domestic and internationally focused businesses, maintained its upward momentum, but at a somewhat slower pace than last year. The division has achieved two years of very strong growth, 30% in 2001 and a further 25% in 2002. Further profit growth of 10% against such a background is regarded as a very satisfactory achievement.

The growth in the restructured UK business was founded on strong performances from Northern Ireland and from the Personal Lending division. The UKFS performance was achieved in spite of conditions negatively affecting the marketplace for investment products.

The Group is strongly capitalised.

The Group is strongly capitalised with a Tier 1 ratio of 7.4% and total capital ratio of 10.6%, after redemption of US$ dated loan capital.

Divisional Performance

	Half Year to 30-9-2002 €m	Half Year to 30-09-2001 (restated) €m
Retail Republic of Ireland	189	168
Bank of Ireland Life	56	44
Wholesale Financial Services	195	178
UK Financial Services	166	146
Asset Management & Securities Services	56	60
Group and Central	(38)	(25)
Grossing up	(22)	(22)
Profit before taxation and exceptional items	602	549

Operating and Financial Review

Alternative Earnings per share up 11%

Bank of Ireland Group reports profit before exceptional items, of €602 million for the six months to 30 September, 2002. This compares to €549 million for the same period last year. Alternative earnings per share, at 49.9 cent compare to 45.1 cent last year, an increase of 11%.

All operating divisions, with the exception of Asset Management and Securities Services where the result was slightly down, reported double digit pre tax profit increases.

The continuing ability to increase market share underlines the strength of the Bank of Ireland brand.

The Group's strong domestic franchise continues to generate growth and has significant further potential particularly in those market segments in which the Group is under-weight. The continuing ability to increase market share in the face of intensifying competition underlines the strength of the Bank of Ireland brand.

The Group generates similar levels of profit from its retail operations in the UK and RoI.

The re-configuration of the UK businesses continues apace and the results are apparent in the strong performance of the business in the half year. The Group generates similar levels of profit from its Retail operations in the UK and the Republic of Ireland.

Encouragingly, UKFS has developed a reputation as a specialist in the non-standard lending sector and has achieved a significant level of diversification without deterioration in asset quality.

The Group's Asset Management and Securities Services division held its profit contribution close to last year's level with exceptionally strong sales performance by BIAM that compensated in part for sharply falling equity values. The acquisition of a 61% interest in Iridian

Exceptional sales performance by Bank of Ireland Asset Management

provides further potential for growth. It gives BIAM a presence in the biggest product segment of the US investment market - the management of US equities - a product which will now be available to BIAM for distribution to its extensive US client base.

Group costs up 8.2%: Group income up 8.7%

Group total costs increased by 8.2%, compared to income growth of 8.7%.

Retail Republic of Ireland

Retail RoI profits up 13% to €189 million

Pre tax profits increased by 13% to €189 million compared to the corresponding period last year. There was a positive variance of 3% between income growth and cost growth, at 9% and 6% respectively. Loan losses as a percentage of average loans increased marginally.

Net interest income up 7% and non interest income up 15%

Net interest income was up 7% - a very satisfactory outcome in the prevailing market conditions. Resources increased by 11%: deposit volumes and credit balances were both ahead, and a number of innovative deposit products were launched during the period.

Mortgage demand by both owner-occupiers and investors was buoyant, with very strong growth in new business, resulting in an increase of 25% in mortgage balances and further growth in Bank of Ireland's share of the national mortgage book. Non mortgage loan demand was weak, reflecting the more subdued general economic environment, however balances grew by 5%.

Net interest margin contracted somewhat reflecting the low interest rate environment and the more rapid growth in lower margin assets.

Non interest income was up 15%, driven by insurance commissions, branch fee income and significant gains from property disposals. Foreign exchange income was lower, impacted by the poor tourist season and the introduction of euro notes and coins.

Loan losses as a percentage of average loans increased by 4 basis points to 30 bps.

Costs up 6% with income up 9%

Costs increased by 6%, half year on half year. The principal factors were wage increases under the national agreement, higher pension costs and depreciation charges, offset by further savings from the Group Transformation Programme.

Bank of Ireland Life

Profits from new and existing businesses up 7% with APE sales up 16%

Profits from new and existing business were each up 7%. Profit before tax at €56m was 27% higher than the same period last year - a very solid performance in the prevailing market conditions. Annual premium equivalent sales were up 16%. Bank of Ireland Life was the leading provider of equity-based SSIA products under the Irish Government's Special Savings Incentive Scheme.

Non-operating profits benefited from a 1% reduction in the discount rate on embedded values to a rate of 10%, which brings it into line with current market levels.

World stock markets continued to be extremely volatile, leading to a negative investment variance of €32m (September 2001 - €26m). However, the capital adequacy and solvency of the life assurance business remains very strong and has not been affected by recent stock market volatility, as the shareholder reserves are held primarily in government bonds.

Wholesale Financial Services

PBT up 10% to €195 million with continuing very good asset quality

Profit before tax, at €195 million, was 10% up on the same period last year. The main contributors were First Rate Travel Services, the 50:50 joint venture between First Rate Enterprises and the UK Post Office, and transaction based income increases in Corporate Banking and IBI Corporate Finance. Including share of profit from the joint venture, divisional income was ahead by 9% compared to the first half of last year, with cost growth of 4%.

Loan losses as a percentage of the loan book were 20bps in the half year, ahead of the first half of last year when losses were exceptionally low at 13bps, but comparable with the outcome for the full year to 31 March 2002.

Lending volumes in Corporate Banking were up 8%, with all of the growth coming from international lending. Lending volumes in Private Banking were 15% higher than in the comparable period last year. The rate of lending growth in the current year has slowed considerably in both domestic and international markets, reflecting current market conditions.

Profits up 30% in Corporate Banking

Profit before tax in Corporate Banking was up 30% with income ahead by 31%. Non funds based income increased by 87%, due to some significant transactions in the period, and funds based income by 16%.

Underlying growth of 24% in Treasury profits after stripping out once off income	Profit before tax in Treasury and International Banking is down 5% compared to the first half of last year. However, when income identified last year as once-off is stripped out, the underlying growth was 24%. Costs have fallen by 3% compared to the first six months of last year.
	Profits from Davy Stockbrokers, Private Banking, First Rate and IBI Corporate Finance increased in aggregate by 16% over the first half of last year.
	UK Financial Services
PBT up 14% to €166 million in UKFS	Profit before taxation increased by 14% to €166 million compared to the first half of 2001/02. The increase is a reflection of the re-focusing of the business, and good cost management.
Personal Lending delivered an exceptionally strong profit performance.	UKFS Personal Lending delivered an exceptionally strong profit performance in the period, fully justifying the strategic decision three years ago to change the direction of the business. The business in Northern Ireland also performed strongly in this period.
	Margins have strengthened in both the lending and savings businesses, contributing to the income growth of 10%. The increase in lending margins is driven by diversification towards wider margin specialised lending, together with wider margins on standard mortgages.
	Costs have been closely controlled, growing at 7%, resulting in an improvement to the cost income ratio.
	The first half performance of UKFS would have been even stronger but for conditions in the market for investment products, resulting in a fall in investment product fee income over the corresponding period.
	Non standard lending has increased to 21% of the residential mortgage book at 30 September 2002, in line with expectations. Market share of new business in the standard mortgage market has been low, partly as a result of a planned decision to limit volumes in the current year during the implementation of a new mortgage processing system. New products, designed to widen the product range and support continued growth, are at an advanced stage of development.
Asset quality strong.	Asset quality, measured by either arrears or the internal quality profile method, is very strong and continues to improve.

	The reorganisation of the UK operations announced in March has been completed with resulting benefits of income synergies from cross referrals.
	Asset Management & Securities Services
Profit of €56 million a very satisfactory outcome in volatile equity markets.	Profit before tax in Asset Management and Securities Services reduced by 7% to €56 million. Against the background of the market conditions with which the business had to contend during the period, this is a satisfactory outcome.
	Costs in the core business were virtually static. The divisional cost increase of 8% was almost entirely due to the Iridian acquisition.
An excellent asset gathering effort with €4 billion in new assets during the period	Falling equity markets resulted in a reduction of €16 billion in the value of assets under management since 31 March 2002. The impact was reduced somewhat by excellent asset gathering, which brought in an additional €4 billion in new assets during the period, added to almost €5 billion in the immediately preceding period. Despite the strong inflows total assets under management, at €45 billion, are €2 billion lower than at the same time last year.
	Relative investment performance remains good.
	The acquisition of a 61% interest in Iridian on 6 September 2002 gives BIAM a presence in the biggest product segment of the US investment market.
	Profit before tax in Bank of Ireland Securities Services is similar to last year and the level of new client take-on is very satisfactory.
	Group and Central
	The net cost of Group and Central is €13m higher than the corresponding period last year. The results to 30 September 2001 included property gains, and the current half year includes the impact of the funding cost for the full six months of the buy back of the Preference Shares in September 2001, investment costs in certain businesses and higher earnings on surplus capital.

Financial Review

The Group Profit & Loss Account for the half years to 30 September 2002 and 30 September 2001 is set out below:

	Half Year to 30-9-2002 €m	Half Year to 30- 9-2001 (restated) €m
Net Interest Income	860	746
Other Income	594	592
	------	------
Total Operating Income	1,454	1,338
Income from associated undertakings and joint ventures	18	6
Operating expenses	814	752
Provision for bad and doubtful debts	56	43
	------	------
Profit on ordinary activities before exceptional items	602	549
Exceptional items	(22)	(16)
	------	------
Profit before taxation	580	533
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Income

Net interest income increased by 15% as a result of higher average lending and customer deposits and a widening of the Group net interest margin.

Average Earning Assets 30.9.2002 €bn	Average Earning Assets 30.9.2001 €bn		Net Interest Margin 30.9.2002 %	Net Interest Margin 30.9.2001 %
44.2	38.4	Domestic	2.49	2.64
31.8	31.3	Foreign	2.03	1.66
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76.0	69.7	Group	2.29	2.20
====	====		====	====

Total Group lending increased by 6%. Lending in the Republic of Ireland increased by 11%. In UKFS, strong growth in non-standard residential mortgage lending and in commercial lending outweighed the decline in the standard book leaving total lending slightly ahead of the corresponding period last year. Resources growth of 7% in the Republic of Ireland was more than fully offset by a decline in resources in UKFS, reflecting a continued strategy of not pursuing volume from price-led recruitment. Average Group earning assets increased by 9%.

The Group net interest margin increased by 9 bps to 2.29% for the half year to 30 September 2002. The domestic margin reduced to 2.49%, reflecting a modest downward trend across a number of businesses, and higher wholesale assets. The foreign net interest margin increased from 1.66% to 2.03%, due to a widening of margins in both lending and deposits in UKFS.

Other Income, at €594 million, was similar to last year. Good growth in the sale of Group products across the businesses and the benefit of €22 million from the change in the discount rate in Bank of Ireland Life were offset by sustained weakness in global equity markets. This weakness had a negative impact on the embedded values in Bank of Ireland Life and on assets under management in BIAM. It also resulted in lower income in the advice-based businesses in UK Financial Services and those Group businesses distributing equity based products.

Total operating income increased by 8.7% over the corresponding period.

Income from associated undertakings and joint ventures increased by €12m over last September, and includes the profit contribution from First Rate Travel Services.

Operating Expenses

Total operating expenses increased by 8.2% over the corresponding period reflecting an increase in staff costs of 8% across the Group, 8% in administrative expenses and a 12% increase in depreciation and amortisation expenses. The increase in staff costs was principally due to higher rates of pay impacted by the national wage agreement in the Republic of Ireland. The increase in administration expenses, depreciation and goodwill amortisation is driven by higher volumes and continued investment in the business. The Group cost income ratio for the half year of 55% shows a modest improvement compared to the corresponding period last year.

Loan Losses

The loan loss charge increased from €43 million to €56 million. The quality of the loan book remains strong. The charge for the half year equates to 19 bps of average loans, similar to the year-end, and balances under provisions at €293 million compare to €331 million at the year end. The total non-designated specific provision is €179 million as at 30 September 2002, an increase of €5 million since 31 March 2002.

Exceptional Items

The Group has commenced a review of its businesses consistent with its portfolio management approach. The exceptional items of €22m for the half year relate to the exit costs from two businesses – Active Business Services and PS Information Resource (Irl) Ltd.

Capital & Reserves

The return on equity for the half year was 23% and high capital ratios were maintained with Tier 1 and Total Capital Ratios of 7.4% and 10.6% respectively. The equity/assets ratio was 4.4%.

Stock Based Compensation

There has been considerable debate internationally about accounting for stock option schemes. For a number of years the cost of all stock option plans has been disclosed in the US GAAP section in the annual filing of the Group 20-F Report with the Securities and Exchange Commission. For the half year to 30 September 2002, it is disclosed in Note 15 – “Group Financial Information for US Investors” of this Interim Statement. The total cost of these schemes for the half year, not included in the Irish GAAP profit and loss account, amounted to €6m. Half of this sum relates to the Group employee Sharesave Scheme (SAYE Scheme). Bank of Ireland is giving consideration to reflecting this cost in its primary Irish GAAP financial statements in due course.

Interim Dividend

In accordance with Group policy that the interim dividend, in normal course, shall be set at 40% of the total distribution per unit of stock for the prior year, the Directors have declared an interim dividend of 13.2 cent for each unit of Ordinary Stock. This compares with 11.6 cent at the interim stage last year.

The interim dividend will be paid on 7 January 2003 to Stockholders who are registered as holding Ordinary Stock at the close of business on 6 December 2002.

Outlook

Our strategy is clearly focused on the further growth of the Group and the delivery of superior returns to our stockholders and in pursuit of this strategy we will continue to seek out suitable acquisitions in our chosen markets.

Prospects for the remainder of the current financial year remain challenging. Stock market volatility represents a threat to profitability in the asset management, life assurance and advice based investment businesses. However, given the diversity of the Group businesses, we remain positive for a satisfactory full year outturn.

Laurence Crowley
Governor
13 November 2002

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GROUP PROFIT AND LOSS ACCOUNT (UNAUDITED)

	Half Year 30-9-2002 €m	Half Year 30-9-2001 (restated) €m	Year 31-3-2002 €m
INTEREST RECEIVABLE			
Interest receivable and similar income arising from debt securities	223	228	436
Other interest receivable and similar income	1,701	1,889	3,637
INTEREST PAYABLE	(1,064)	(1,371)	(2,478)
NET INTEREST INCOME	860	746	1,595
Fees and commissions receivable	485	486	999
Fees and commissions payable	(42)	(31)	(80)
Dealing profits	37	38	65
Contribution from life assurance companies (Note 6)	71	58	152
Other operating income	43	41	74
TOTAL OPERATING INCOME	1,454	1,338	2,805
Administrative expenses (Note 5)	730	677	1,427
Depreciation and amortisation (Note 5)	84	75	155
OPERATING PROFIT BEFORE PROVISIONS	640	586	1,223
Provision for bad and doubtful debts (Note 11)	56	43	102
OPERATING PROFIT	584	543	1,121
Income from associated undertakings and joint ventures	18	6	1
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS	602	549	1,122
Group Transformation Programme	-	(16)	(37)
Exceptional items (Note 7)	(22)	-	-
PROFIT BEFORE TAXATION	580	533	1,085
Taxation (Note 8)	98	81	165
PROFIT AFTER TAXATION	482	452	920

GROUP PROFIT AND LOSS ACCOUNT (UNAUDITED) (Continued)

	Half Year 30-9-2002 €m	Half Year 30-9-2001 (restated) €m	Year 31-3-2002 €m
PROFIT AFTER TAXATION	482	452	920
Minority interests: equity	2	2	2
Minority interests: non equity	3	3	6
Non-cumulative preference stock dividends	5	13	17
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS	472	434	895
Transfer to capital reserve	53	47	73
Ordinary dividends	133	117	333
PROFIT RETAINED FOR THE PERIOD	286	270	489
Earnings per unit of €0.64 ordinary stock (Note 9)	46.8c	43.2c	89.0c
Alternative earnings per unit of €0.64 ordinary stock (Note 9)	49.9c	45.1c	93.4c
Diluted earnings per unit of €0.64 ordinary stock (Note 9)	46.3c	42.8c	88.1c

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	30-9-2002	30-9-2001 (restated)	31-3-2002
	€m	€m	€m
ASSETS			
Cash and balances at central banks	349	679	569
Items in the course of collection from other banks	476	757	554
Central Government and other eligible bills	134	107	79
Loans and advances to banks	7,492	7,466	8,385
Loans and advances to customers (Note 10)	57,440	54,836	56,577
Securitisation and loan transfers	950	1,241	1,106
Less: non returnable amounts	812	1,101	964
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	138	140	142
Debt securities	12,649	9,657	10,885
Equity shares	41	13	19
Own shares	26	28	27
Interests in associated undertakings	17	19	16
Interest in joint ventures	18	6	4
Tangible fixed assets	1,245	1,168	1,234
Intangible fixed assets	429	272	271
Other assets	3,179	2,907	2,317
Prepayments and accrued income	747	757	591
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	84,380	78,812	81,670
Life assurance assets attributable to policyholders	5,277	4,944	5,655
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	89,657	83,756	87,325
	======	======	======

CONSOLIDATED BALANCE SHEET (UNAUDITED)

	30-9-2002	30-9-2001 (restated)	31-3-2002
	€m	€m	€m
LIABILITIES			
Deposits by banks	14,218	11,169	12,583
Customer accounts (Note 12)	49,409	50,079	51,111
Debt securities in issue	8,044	5,000	6,374
Items in the course of transmission to other banks	94	251	152
Other liabilities and provisions	4,847	4,757	3,792
Accruals and deferred income	773	886	672
Deferred taxation	84	85	89
Subordinated liabilities	2,283	2,495	2,524
Minority interests			
- equity	86	92	91
- non equity	80	81	82
Called up capital stock (Note 13)	679	679	679
Stock premium account (Note 14)	774	770	773
Capital reserve (Note 14)	448	372	397
Profit and loss account (Note 14)	2,354	1,844	2,143
Revaluation reserve (Note 14)	207	252	208
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Stockholders' funds including non equity interests	4,462	3,917	4,200
	----------	----------	----------
Life assurance liabilities attributable to policyholders	5,277	4,944	5,655
	----------	----------	----------
	89,657	83,756	87,325
	======	======	======

MEMORANDUM ITEMS

	30-9-2002	30-9-2001	31-3-2002
	€m	€m	€m
Contingent liabilities			
Acceptances and endorsements	66	35	86
Guarantees and assets pledged as collateral security	1,157	816	1,029
Other contingent liabilities	421	519	496
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	1,644	1,370	1,611
	======	======	======
Commitments	18,394	14,889	16,314
	======	======	======

NOTE OF HISTORICAL COST PROFIT AND LOSS (UNAUDITED)

There is no significant difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

RECONCILIATION OF MOVEMENT IN STOCKHOLDERS' FUNDS (UNAUDITED)

	Half Year 30-9-2002 €m	Half Year 30-9-2001 (restated) €m	Year 31-3-2002 €m
Opening Stockholders Funds	4,200	3,798	3,830
Prior year adjustments	-	32	-
	4,200	3,830	3,830
Profit attributable to ordinary stockholders	472	434	895
Dividends	(133)	(117)	(333)
	4,539	4,147	4,392
Other recognised (losses)/gains	(84)	(15)	21
New capital stock subscribed	3	46	48
Preference Stock buyback	-	(261)	(261)
Goodwill written back on disposal	4	-	-
Closing Stockholders Funds	4,462	3,917	4,200
Stockholders' funds:			
Equity	4,395	3,849	4,132
Non equity	67	68	68
	4,462	3,917	4,200

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (UNAUDITED)

	Half Year 30-9-2002 €m	Half Year 30-9-2001 (restated) €m	Year 31-3-2002 €m
Profit attributable to ordinary stockholders	472	434	895
Exchange adjustments	(84)	(15)	23
Tax effect of disposal of revalued property	-	-	(2)
Total recognised gains for the year	388	419	916
Prior period adjustments	-	32	32
Total gains recognised in the period	388	451	948

GROUP CASHFLOW STATEMENT (UNAUDITED)

	Half Year 30-9-2002	Half Year 30-9-2001	Year 31-3-2002
OPERATING CASH FLOWS	**€m**	**€m**	**€m**
Net cash flow from operating activities	852	1,072	3,783
Dividend received from associated undertakings	-	8	10
Returns on investment and servicing of finance	(79)	(75)	(183)
Taxation	(91)	(58)	(153)
Capital expenditure and financial investment	(1,575)	(319)	(2,427)
Acquisitions and disposals	(176)	(240)	(244)
Equity dividends paid	(216)	(155)	(271)
Financing	(174)	(255)	(253)
(Decrease) / increase in cash	(1,459)	(22)	262

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

The accounting policies as set out on pages 50 to 53 of the Report and Accounts for the year ended 31 March 2002 are unchanged.

2 PRIOR PERIOD ADJUSTMENTS

The accounts for the 6 months to 2001 have been restated to take account of changes to the accounting policies for both FRS19 and UITF 33.

A) FRS 19: DEFERRED TAX

The Group has adopted FRS 19: “Deferred Tax”, which was effective for accounting periods ending on or after 23 January 2002. Previously, deferred tax was provided only on assets and liabilities where it was expected that the tax would crystallise in the foreseeable future. Now, under FRS 19, deferred tax is recognised on all timing differences as outlined in the accounting policy on Deferred Taxation in Note 1.13 of the Report & Accounts for year end 2002.

As a consequence of adopting FRS 19, the financial statements at 31 March 2001 have been restated leading to a decrease in deferred taxation of €32m.

The result of the change in policy for the half year ended 30 September 2001 and the year ended 31 March 2002 is to increase the tax on profit on ordinary activities by €1m and €3m respectively, resulting in a decrease in profit after tax and profit attributable to ordinary stockholders of the same amount.

B) UITF 33: OBLIGATIONS IN CAPITAL INSTRUMENTS

The Group adopted UITF 33 which was effective for accounting periods ending on or after 23 March 2002. Previously the 7.4% guaranteed step-up callable preferred securities issued by BOI UK Holdings plc were treated as “Outside Interest – non equity” under FRS 4 “Capital Instruments” and included as part of our overall capital with the interest costs being treated as a distribution and included as an after tax cost. The interest cost of €22 million, (September 2001: €23 million, March 2002: €44 million) is now included as part of interest payable in the profit and loss account and the outstanding balance is included in subordinated liabilities in the balance sheet.

3 ACQUISITION - IRIDIAN

On 6 September 2002 Bank of Ireland announced that its wholly owned subsidiary, BIAM (US), Inc. acquired a 61% interest in Iridian Asset Management LLC (“Iridian”) for a consideration of $177m (€178.5m) and deferred contingent consideration of up to $21.25m (€21.4m) dependent on net client gains and losses in the first two years post completion of this acquisition.

The Bank has the ability, if it wishes, to acquire the remaining 39% over the subsequent five year period via a series of call options exercisable each year in broadly equal stakes at a pre-agreed market multiple of profits of the business at the time of purchase of each individual stake. Each year the Bank may purchase any available stakes not previously purchased.

The Iridian members have a similar series of put options applying the same price formula. The put and call options are mismatched as to timing and consequently price with yearly intervals between when the Bank can exercise each call option followed by when the members can put the corresponding stake.

The acquisition is being treated as a piecemeal acquisition as, in the Directors’ view, the risks and rewards of ownership over the 39% have not passed to the Bank and, given the mismatched put and call mechanism there is uncertainty as to the exercise of, and therefore the timing of, either the put or call options. In the interim the remaining members will have a continuing economic interest in Iridian, including the right to any distributions declared.

As part of the transaction, the Bank also entered into an obligation to acquire subsequent interests, which will be issued to employees by Iridian in satisfaction of certain pre-existing appreciation entitlements. These rights will vest over years four through seven post acquisition. Consideration will be linked to the increase in profitability of the company over the period and the Bank estimates that this consideration will amount to $8.2m (€8.3m).

As analysed below the acquisition gave rise to goodwill of US$184.8m (€186.3m) which has been capitalised and will be written off to the profit and loss account over its useful estimated life of 15 years.

	US$m	**€m**
Debtors	13.0	13.1
Cash at Bank and in Hand	10.0	10.1
Tangible Fixed Assets	0.5	0.5
Creditors Due Within One Year	(13.0)	(13.1)
Other Liabilities	(0.8)	(0.8)
Minority Interests	(3.8)	(3.8)
	--------	--------
Net Assets acquired	5.9	6.0
Goodwill	184.8	186.3
	--------	--------
	190.7	192.3
	=====	=====
Consideration	185.2	186.8
Costs of Acquisition	5.5	5.5
	--------	--------
	190.7	192.3
	=====	=====

3 ACQUISITION – IRIDIAN (continued)

There were no fair value adjustments to the consolidated Balance Sheet of Iridian at 5 September 2002.

The profit before tax for Iridian for the period 1 January 2002 to 5 September 2002 was US$22.5m (€23.0m) (year ended 31 December 2001: US$43.5m (€48.3m)).

A summarised profit and loss account for the period from 6 September 2002 to 30 September 2002 is as follows:

	US$m	**€m**
Net interest expense	-	-
Other income	3.4	3.5
Operating expenses	1.9	2.0
Operating profit	1.5	1.5

4 SEGMENTAL ANALYSIS

The segmental analysis of the Group's results and financial position is set out below by geographic segment and by business class. For the geographic analysis Republic of Ireland includes profits generated in the International Financial Services Centre. Turnover is defined as interest income and non interest income. Turnover by business class is not shown. The Group has six business classes. The analysis of results by business class is based on management accounts information. Net assets are included below in order to comply with SSAP 25. The segmental allocation of liabilities necessitates the allocation of capital on a risk related basis which is in some cases necessarily subjective. The basis of capital allocation to segments is based on an economic capital basis which incorporates a broader range of business risks. The Directors believe that it is more meaningful to analyse total assets and the result of this analysis is therefore also included in the tables.

Following a reorganisation announced in January 2002, Corporate & Treasury has become Wholesale Financial Services which now excludes Banking GB and Northern Ireland and includes Private Banking. Asset Management and Securities Services now excludes Private Banking. Bristol & West has become UK Financial Services and now includes Banking GB and Northern Ireland. The analysis for 2001 has been restated accordingly.

The geographic segments have been changed and the analysis for 2001 has been restated accordingly.

The adoption of UITF 33 as described in Note 2 has been reflected in the segmental analysis below.

NOTES TO THE ACCOUNTS

4 SEGMENTAL ANALYSIS (continued)

(a) Geographical Segment

	Half Year 30-9-2002			
	Republic of Ireland	United Kingdom	Rest of World	Total
	€m	€m	€m	€m
Turnover	1,350	1,150	60	2,560
Profit before exceptional items	445	162	17	624
Exceptional Items				(22)
Grossing up (1)				(22)
Profit before taxation				580
Net assets	2,619	1,677	166	4,462
Total assets (2)	68,858	40,421	2,276	111,555

	Half Year 30-9-2001 (restated)			
	Republic of Ireland	United Kingdom	Rest of World	Total
	€m	€m	€m	€m
Turnover	1,374	1,296	70	2,740
Profit before exceptional item	426	124	21	571
Group Transformation Programme				(16)
Grossing up (1)				(22)
Profit before taxation				533
Net assets	2,227	1,526	164	3,917
Total assets (2)	59,379	39,706	2,193	101,278

4 SEGMENTAL ANALYSIS (continued)

(a) Geographical Segment

	Year 31-3-2002			
	Republic of Ireland	**United Kingdom**	**Rest of World**	**Total**
	€m	**€m**	**€m**	**€m**
Turnover	2,765	2,470	128	5,363
Profit before exceptional item	878	268	32	1,178
Group Transformation Programme				(37)
Grossing up (1)				(56)
Profit before taxation				1,085
Net assets	2,418	1,618	164	4,200
Total assets (2)	63,357	42,819	2,185	108,361

(b) Business Segments

	Half Year 30-9-2002						
	Retail Republic of Ireland	**BOI Life**	**Wholesale Financial Services**	**UK Financial Services**	**Asset Management and Securities Services**	**Group and Central**	**Total**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
Net interest income	415	-	146	312	2	(2)	873
Other income	124	56	166	126	108	23	603
Total operating income	539	56	312	438	110	21	1,476
Administrative expenses	324	-	123	255	54	58	814
Provisions for bad and doubtful debts	26	-	13	17	-	-	56
Operating Profit	189	56	176	166	56	(37)	606
Income from associated undertakings & joint ventures	-	-	19	-	-	(1)	18
Profit before Exceptional Items	189	56	195	166	56	(38)	624
Exceptional Items							(22)
Grossing up (1)							(22)
Profit before taxation							580
Net assets	1,017	88	642	1,688	144	883	4,462
Total assets (2)	26,689	5,650	46,930	31,985	1,254	7,022	119,530
Total Risk Weighted Assets	14,827	-	19,555	20,127	384	351	55,244

NOTES TO THE ACCOUNTS

4 SEGMENTAL ANALYSIS (continued)

(b) Business Segments

	Half Year 30-9-2001 (restated)						
	Retail Republic of Ireland	BOI Life	Wholesale Financial Services	UK Financial Services	Asset Management and Securities Services	Group and Central	Total
	€m	€m	€m	€m	€m	€m	€m
Net interest income	387	-	135	255	2	(13)	766
Other income	108	44	161	144	108	29	594
Total operating income	495	44	296	399	110	16	1,360
Administrative Expenses	307	-	118	238	50	39	752
Provisions for bad and doubtful debts	20	-	8	15	-	-	43
Operating Profit	168	44	170	146	60	(23)	565
Income from associated undertakings & joint ventures	-	-	8	-	-	(2)	6
Profit before exceptional item	168	44	178	146	60	(25)	571
Group Transformation Programme							(16)
Grossing up (1)							(22)
Profit before taxation							533
Net assets	860	82	579	1,507	123	766	3,917
Total assets (2)	22,943	5,275	39,299	32,336	1,083	5,645	106,581
Total Risk Weighted Assets	12,490	-	17,215	19,628	406	217	49,956

	Year 31-3-2002						
	Retail Republic of Ireland	BOI Life	Wholesale Financial Services	UK Financial Services	Asset Management and Securities Services	Group and Central	Total
	€m	€m	€m	€m	€m	€m	€m
Net interest income	787	-	306	554	4	(20)	1,631
Other income	228	122	310	284	224	62	1,230
Total operating income	1,015	122	616	838	228	42	2,861
Administrative expenses	646	-	243	490	102	101	1,582
Provisions for bad and doubtful debts	48	-	25	30	-	(1)	102
Operating Profit	321	122	348	318	126	(58)	1,177
Income from associated undertakings & joint ventures	-	-	7	-	-	(6)	1
Profit before exceptional item	321	122	355	318	126	(64)	1,178
Group Transformation Programme							(37)
Grossing up (1)							(56)
Profit before taxation							1,085
Net assets	865	82	570	1,609	123	951	4,200
Total assets (2)	23,427	6,028	43,538	33,338	930	5,767	113,028
Total Risk Weighted Assets	13,119	-	18,675	20,394	563	226	52,977

NOTES TO THE ACCOUNTS

4 SEGMENTAL ANALYSIS (continued)

(1) The Group undertakes tax based transactions at rates which are less than normal market rates in return for tax relief arising from incentives for industrial development and other reliefs. To assist in making valid comparison of pre-tax performance, the analysis of business unit performance is grossed up.

(2) Total assets include intra-group items of €29,873m (September 2001: €22,825m, March 2002: €25,703m) in business class and €21,898m (September 2001: €17,522m, March 2002: €21,036m) in geographic segments.

5 OPERATING EXPENSES

The Group	Half year 30-9-2002 €m	Half Year 30-9-2001 €m	Year 31-3-2002 €m
Staff Costs: (1)			
- wages and salaries	411	387	802
- social security costs	35	35	72
- pension costs	26	18	39
- staff stock issue	4	1	8
- severance packages	-	-	2
	476	441	923
Other administrative expenses (1)	254	236	504
Total administrative expenses	730	677	1,427
Depreciation and amortisation:			
- freehold and leasehold property	7	6	15
- computer and other equipment	68	62	125
- amortisation of goodwill	9	7	15
Total depreciation and amortisation	84	75	155
Total operating expenses	814	752	1,582

(1) Staff costs and other administrative expenses in the comparative periods have been reclassified in line with the current years classification, with no effect on total operating expenses.

NOTES TO THE ACCOUNTS

6 LIFE ASSURANCE

The table below provides an analysis of profits before tax.

	Half Year 30-9-2002 €m	Half Year 30-9-2001 €m	Year 31-3-2002 €m
New business	30	28	57
Existing business	32	30	60
Return on shareholder's funds	5	6	10
Operating profit before tax	67	64	127
Investment variance	(32)	(26)	(8)
Change in discount rate	22	-	-
Exceptional items	14	20	33
Contribution from life assurance companies	71	58	152
Less: income adjustment for certain services, overheads and capital allocations provided by Group companies	(15)	(14)	(30)
Life assurance segment, profit before tax	56	44	122

7 EXCEPTIONAL ITEMS

Agreement has been reached to dispose of Active Business Services resulting in a loss on disposal of €13m.

On 30 September the Group terminated its joint venture with Perot Systems and reorganised the IT business within the Group and the costs associated with this reorganisation amounted to €9m.

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Half Year 30-9-2002 €m	Half Year 30-9-2001 (restated) €m	Year 31-3-2002 €m
Corporation tax on profit for the period	53	60	129
Double taxation relief	(9)	(11)	(20)
Foreign taxation	47	20	41
Deferred taxation	1	11	14
Associated undertakings and joint ventures	6	1	1
	98	81	165

9 EARNINGS PER UNIT OF €0.64 ORDINARY STOCK

The calculation of basic earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders divided by the weighted average Ordinary Stock in issue.

	Half Year 30-9-2002	Half Year 30-9-2001 (restated)	Year 31-3-2002
Basic			
Profit attributable to Ordinary Stockholders	€472.0m	€434.0m	€894.5m
Weighted average number of shares in issue	1,008.3m	1,004.0m	1,005.6m
Basic earnings per share	46.8c	43.2c	89.0c

The calculation of alternative earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders before the Group Transformation Programme, goodwill amortisation and exceptional items divided by the weighted average Ordinary Stock in issue.

	Half Year 30-9-2002	Half Year 30-9-2001 (restated)	Year 31-3-2002
Alternative			
Basic	46.8c	43.2c	89.0c
Group Transformation Programme	-	1.3c	3.0c
Goodwill amortisation	0.9c	0.6c	1.4c
Exceptional items	2.2c	-	-
	----------	----------	----------
Alternative earnings per share	49.9c	45.1c	93.4c

The diluted earnings per share is based on the profit attributable to Ordinary Stockholders divided by the weighted average Ordinary Stock in issue adjusted for the effect of all dilutive potential Ordinary Stock.

	Half Year 30-9-2002	Half Year 30-9-2001 (restated)	Year 31-3-2002
Diluted			
Profit attributable to Ordinary Stockholders	€472.0m	€434.0m	€894.5m
Average number of shares in issue	1,008.3m	1,004.0m	1,005.6m
Effect of all dilutive potential Ordinary Stock	10.4m	10.2m	9.6m
	----------	----------	----------
	1,018.7m	1,014.2m	1,015.2m
	======	======	======
Diluted earnings per share	46.3c	42.8c	88.1c

10 LOANS AND ADVANCES TO CUSTOMERS

	30-9-2002 €m	30-9-2001 €m	31-3-2002 €m
Loans and advances to customers	54,410	51,828	53,559
Loans and advances – finance leases	2,355	2,482	2,450
Hire purchase receivables	1,176	979	1,068
	----------	----------	----------
	57,941	55,289	57,077
Provision for bad and doubtful debts (note 11)	(501)	(453)	(500)
	----------	----------	----------
	57,440	54,836	56,577
	=======	=======	======

NOTES TO THE ACCOUNTS

11 PROVISION FOR BAD AND DOUBTFUL DEBTS

	30-9-2002 €m	30-9-2001 €m	31-3-2002 €m
Opening balance	500	430	430
Charge against profits	56	43	102
Amounts written off	(53)	(29)	(55)
Recoveries	6	9	19
Exchange adjustments	(8)	-	4
Closing balance	501	453	500
All of which relates to loans and advances to customers			
Provisions at end of period:			
- specific	150	127	159
- general	351	326	341
	501	453	500

The Group's general provision, which provides for the latent loan losses in the portfolio of loans and advances, comprises an element relating to grade profiles of €172m (Sept 2001: €166m, March 2002: €167m) and a non designated element, for prudential purposes of €179m (Sept 2001: €160m, March 2002: €174m). The non designated element will be offset, in certain pre-defined circumstances, against specific loan losses as they crystallise in future years.

12 CUSTOMER ACCOUNTS

	30-9-2002 €m	30-9-2001 €m	31-3-2002 €m
Current accounts	9,494	8,017	8,924
Demand deposits	20,663	22,459	22,854
Term deposits and other products	18,768	18,591	18,638
Other short-term borrowings	484	1,012	695
	49,409	50,079	51,111

13 CAPITAL STOCK

	30-9-2002	30-9-2001	31-3-2002
Allotted and fully paid	€m	€m	€m
Equity			
1008.7m units of €0.64 of Ordinary Stock	646	644	645
41.4m units of €0.64 of Treasury Stock	26	28	27
Non equity			
1.9m units of Non-Cumulative Preference Stock of Stg£1 each	3	3	3
3.0m units of Non-Cumulative Preference Stock of €1.27 each	4	4	4
	679	679	679

14 RESERVES

	30-9-2002	30-9-2001 (restated)	31-3-2002
	€m	€m	€m
Stock premium account			
Opening balance	773	726	726
Premium on issue of capital stock	3	5	7
Premium on stock alternative scheme issue	-	39	39
Exchange adjustments	(2)	-	1
Closing balance	774	770	773
Capital reserve			
Opening balance	397	311	311
Transfer from revenue reserves	53	47	73
Capital redemption reserve fund (1)	-	14	14
Transfer to revenue reserves	-	-	(1)
Exchange adjustments	(2)	-	-
Closing balance	448	372	397
Profit and loss account			
Opening balance	2,143	1,818	1,818
Prior year adjustment	-	32	32
	2,143	1,850	1,850
Profit retained	286	270	489
Transfer to capital reserves	-	(14)	(14)
Preference Stock buy back	-	(247)	(247)
Transfer from revaluation reserve	-	-	45
Tax effect of disposal of revalued property	-	-	(2)
Transfer from capital reserve	-	-	1
Transfer from goodwill reserve	4	-	-
Exchange adjustments	(79)	(15)	21
Closing balance	2,354	1,844	2,143
Revaluation reserve			
Opening balance	208	252	252
Revaluation of property	-	-	-
Transfer to revenue reserve on sale of property	-	-	(45)
Exchange adjustments	(1)	-	1
Closing balance	207	252	208

(1) As the Preference Stock which was purchased was cancelled in September 2001, an amount equal to the nominal value of the shares purchased was transferred to a capital redemption reserve fund.

15 GROUP FINANCIAL INFORMATION FOR US INVESTORS

Consolidated Net Income	Half Year 30-9-2002	Half Year 30-9-2001 (restated)	Year 31-3-2002
	€m	€m	€m
Net income under Irish GAAP (as originally presented)	472	435	895
Prior year adjustment	-	(1)	-
Net income under Irish GAAP as restated	472	434	895
Depreciation	(1)	(2)	(3)
Software development costs	2	3	6
Goodwill	9	(17)	(33)
Pension costs	(17)	(21)	(58)
Long-term assurance policies	(46)	(17)	(78)
Group Transformation Programme	(16)	(11)	(21)
Leasing	(2)	-	(7)
Stock Based Compensation (1)	(2)	(2)	(4)
Derivatives (FAS 133)	36	12	(73)
Other	-	(2)	(15)
Deferred tax effect on these adjustments	7	23	58
Profit under US GAAP	442	400	667
Earnings per unit of €0.64 Ordinary Stock under US GAAP			
- basic	43.8c	39.8c	66.3c
- diluted	43.4c	39.4c	65.7c

Consolidated Total Stockholders' Funds

	30-9-2002	30-9-2001 (restated)	31-3-2002
	€m	€m	€m
Total stockholders' funds including non equity interests under Irish GAAP as originally presented	4,462	3,886	4,200
Prior year adjustment	-	31	-
Total stockholders funds including equity interests as restated	4,462	3,917	4,200
Property less related depreciation	(350)	(348)	(349)
Software development costs	(6)	(12)	(9)
Goodwill	451	470	460
Deferred taxation	(13)	(13)	(13)
Debt securities - available for sale	108	31	38
Pension costs	20	139	101
Long-term assurance policies	(370)	(300)	(370)
Dividends	133	117	216
Leasing	(9)	-	(7)
Derivatives (FAS 133)	(37)	12	(73)
Other	1	(8)	(6)
Group Transformation Programme	18	43	34
Deferred taxation on these adjustments	32	27	58
Consolidated stockholders' funds including non equity interests under US GAAP	4,440	4,075	4,280

15 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Consolidated Total Assets

	30-9-2002 €m	30-9-2001 (restated) €m	31-3-2002 €m
Total assets under Irish GAAP	89,657	83,756	87,325
Property less related depreciation	(350)	(348)	(349)
Goodwill	489	509	499
Software development costs	(6)	(12)	(9)
Debt securities - available for sale	108	39	38
Pension costs	24	143	106
Acceptances	66	35	86
Long-term assurance policies	(370)	(300)	(370)
Securitised assets	982	949	836
Derivatives (FAS 133)	1,307	614	692
Other	(75)	(73)	(79)
Total assets under US GAAP	91,832	85,312	88,775

Consolidated Total Liabilities and Stockholders' Funds

	30-9-2002 €m	30-9-2001 (restated) €m	31-3-2002 €m
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	89,657	83,756	87,325
Stockholders' funds (US GAAP adjustment)	(22)	158	80
Dividends	(133)	(117)	(216)
Borrowings related to securitised assets	982	949	836
Acceptances	66	35	86
Leasing	9	-	7
Group Transformation Programme	(18)	(43)	(34)
Derivatives (FAS 133)	1,344	602	765
Other	2	15	7
Deferred taxation on these adjustments	(55)	(43)	(81)
Total liabilities and stockholders' funds including non equity interests under US GAAP	91,832	85,312	88,775

(1) The Group accounts for stock based compensation in accordance with APB25 "Accounting for stock issued to Employees" and the charge as noted above is €2m. The Group in its 20-F filing adopts the disclosure provisions of SFAS123 "Accounting for Stock Based Compensation" and on this basis had a fair value basis of accounting for these schemes been applied based on the fair values at the grant date the additional expense in the period to 30 September would have been €4m and the pro forma net profit under US GAAP would have been €438m.

As detailed in Note 2, the Group has adopted the provisions of FRS19 and now provides deferred taxation in full on all temporary differences existing at the Balance Sheet date. In accordance with the transitional arrangements, the effect of this standard has been reflected in the Irish GAAP accounts by means of a prior year adjustment.

16 AVERAGE BALANCE SHEET AND INTEREST RATES

The following tables show the average balances and interest rates of interest earning assets and interest bearing liabilities for each of the half years ended 30 September 2002 and 2001 and the year ended 31 March 2002. The calculations of average balances are based on daily, weekly or monthly averages, depending on the reporting unit. The average balances used are considered to be representative of the operations of the Group and would not be materially different if daily averages were consistently used throughout. Rates for the half years are annualised.

	Half Year 30-9-2002			Half Year 30-9-2001			Year 31-3-2002		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
ASSETS									
Loans to banks									
Domestic offices	6,601	111	3.4	5,763	141	4.9	6,064	270	4.5
Foreign offices	818	9	2.2	1,234	24	3.9	1,230	44	3.6
Loans to customers (1)									
Domestic offices	24,943	702	5.6	22,330	732	6.6	23,313	1,433	6.1
Foreign offices	28,803	770	5.3	28,238	881	6.2	28,420	1,672	5.9
Central government and other eligible bills									
Domestic offices	6	-	-	18	-	0.4	19	-	0.4
Foreign offices	-	-	-	-	-	-	-	-	-
Debt Securities									
Domestic offices	9,941	189	3.8	7,466	197	5.3	8,206	373	4.5
Foreign offices	1,375	34	4.9	1,205	31	5.1	1,216	63	5.2
Instalment credit									
Domestic offices	451	16	7.1	404	16	7.6	420	31	7.4
Foreign offices	681	28	8.2	551	25	9.1	574	49	8.5
Finance lease receivables									
Domestic offices	2,312	63	5.4	2,440	69	5.7	2,429	136	5.6
Foreign offices	74	2	4.3	34	1	5.9	41	2	3.9
Total interest earning assets									
Domestic offices	44,254	1,081	4.9	38,421	1,155	6.0	40,451	2,243	5.5
Foreign offices	31,751	843	5.3	31,262	962	6.2	31,481	1,830	5.8
	76,005	1,924	5.1	69,683	2,117	6.1	71,932	4,073	5.7
Allowance for loan losses	(505)			(427)			(442)		
Non interest earning assets (2)	11,760			11,565			11,655		
Total Assets	87,260	1,924	4.4	80,821	2,117	5.2	83,145	4,073	4.9

16 AVERAGE BALANCE SHEET AND INTEREST RATES (continued)

	Half Year 30-9-2002			Half Year 30-9-2001 (restated)			Year 31-3-2002		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
	€m	€m	%	€m	€m	%	€m	€m	%
LIABILITIES AND STOCKHOLDERS' EQUITY									
Deposits and Customer Accounts									
Domestic offices	30,949	416	2.7	28,009	547	3.9	29,740	997	3.4
Foreign offices	24,039	430	3.6	24,844	612	4.9	24,654	1,083	4.4
Debt securities in issue									
Domestic offices	5,742	84	2.9	2,864	75	5.2	2,972	131	4.4
Foreign offices	2,582	55	4.3	2,014	55	5.5	2,315	113	4.9
Subordinated liabilities									
Domestic offices	1,526	43	5.6	1,589	45	5.7	1,589	81	5.1
Foreign offices	907	36	7.9	908	37	8.1	894	73	8.2
Total interest bearing liabilities									
Domestic offices	38,217	543	2.8	32,462	667	4.1	34,301	1,209	3.5
Foreign offices	27,528	521	3.8	27,766	704	5.1	27,863	1,269	4.6
	65,745	1,064	3.2	60,228	1,371	4.6	62,164	2,478	4.0
Non interest bearing liabilities									
Current accounts	6,417			5,159			5,785		
Other non interest bearing liabilities(2)	10,732			11,473			11,153		
Stockholders' equity including non equity interest	4,366			3,961			4,043		
Total liabilities and stockholders' equity	87,260	1,064	2.4	80,821	1,371	3.4	83,145	2,478	3.0

(1) Loans to customers include non accrual loans and loans classified as problem loans.
(2) In accordance with Financial Reporting Standard 2, the balance sheets of the life assurance companies have been consolidated and are reflected under "Non Interest Earning Assets" and "Non Interest Bearing Liabilities".

17 RATES OF EXCHANGE

Principal rates of exchange used in the preparation of the accounts are as follows:

	30-9-2002			30-9-2001			31-3-2002		
	Closing	**Average**	**Hedge**	**Closing**	**Average**	**Hedge**	**Closing**	**Average**	**Hedge**
€/US$	0.9860	0.9641	-	0.9131	0.8813	-	0.8724	0.8804	-
€/Stg£	0.6295	0.6333	-	0.6220	0.6141	0.6488	0.6130	0.6145	0.6487

18 THE ACCOUNTS WERE APPROVED BY THE COURT OF DIRECTORS ON 13 NOVEMBER 2002.

INDEPENDENT REVIEW REPORT TO THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND

Introduction

We have been instructed by the Bank to review the financial information for the six months ended 30 September 2002 as set out on pages 11 to 32. We have read the other information contained in the Interim Statement and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The Interim Statement, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Statement in accordance with the Listing Rules of the Irish Stock Exchange which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in Ireland and the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards issued by the Auditing Practices Board and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review, we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2002.

PricewaterhouseCoopers
Chartered Accountants
Dublin

13 November 2002

Notes:

1. The maintenance and integrity of the Bank of Ireland Group web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Interim Statement since it was initially presented on the web site.

2. Legislation in the Republic of Ireland governing the preparation and dissemination of Interim Statements may differ from legislation in other jurisdictions.

FINANCIAL SUMMARY

RESULTS	Half Year 30.9.02 €m	Half Year 30.9.01 (restated)* €m	Change %
Profit on ordinary activities before exceptional items	602	549	+9.7%
Profit before taxation	580	533	+8.8%
PER UNIT OF €0.64 ORDINARY STOCK			
Earnings	46.8c	43.2c	+8.3%
Alternative earnings	49.9c	45.1c	+10.6%
Dividend	13.2c	11.6c	+13.8%
BALANCE SHEET			
Total assets	89,657	83,756	+7.0%
Total stockholders' funds	4,462	3,917	+13.9%
Capital Adequacy Data			
Adjusted Capital Base			
Tier 1	4,099	3,673	
Tier 2	2,506	2,742	
	--------	--------	
	6,605	6,415	
Supervisory Deductions	733	652	
	--------	--------	
Total Capital	5,872	5,763	
	=====	=====	
Risk Weighted Assets			
Banking Book	53,304	48,273	
Trading Book	1,940	1,683	
	--------	--------	
Total	55,244	49,956	
	=====	=====	
Capital Ratios			
Tier 1 capital	7.4%	7.4%	
Total capital	10.6%	11.5%	
Equity/assets	4.4%	4.3%	
Key Ratios			
Net interest margin	2.29%	2.20%	
Costs/total income	55%	56%	
Return on average stockholders' funds	23%	24%	

* The accounts for the six months to 30 September 2001 have been re-stated to take account of changes to the accounting policies for both FRS19 and UITF 33 (see page 17 of the Interim Statement).