Contents

Report and Accounts for the year ended **31 March 1998**

Bank of Ireland Group

Court of Directors

MAURICE A KEANE *

Group Chief Executive

Joined the Bank in 1958. Appointed an Assistant General Manager in 1973 and General Manager Financial Control in 1978. Appointed to the Court as a Managing Director in 1983. Appointed Deputy Group Chief Executive in March 1991 and Group Chief Executive in February 1998. Director of Bristol & West plc and Citizens Financial Group Inc. ***(Age 57)***

PATRICK W McDOWELL *

Deputy Group Chief Executive and Chief Executive Retail

Joined the Bank in 1970. Appointed Head of Information Technology in 1978, Deputy Chief Executive Retail Division in 1988 and its Chief Executive in 1991. Appointed to the Court in 1994. Appointed Deputy Group Chief Executive in February 1998. ***(Age 58)***

JOHN J BURKE *

Managing Director and Chief Executive, Bristol & West

Appointed to the Court in July 1997. Joined the staff of The Bristol and West Building Society (now Bristol & West plc) in 1964, undertook a wide range of roles and became its Managing Director and Chief Executive in 1993. ***(Age 55)***

HOWARD E KILROY

Governor

Appointed to the Court in 1991 and Governor following the 1991 Annual General Court. Former President and Chief Operations Director of Jefferson Smurfit Group plc. A Director of the Jefferson Smurfit Group plc, CRH plc and Jefferson Smurfit Corporation. ***(Age 62)***

ANTHONY D BARRY

Deputy Governor

Appointed to the Court in 1993. Appointed Deputy Governor in October 1997. Former Chief Executive of CRH plc. Chairman of CRH plc, a Director of Greencore Group plc, DCC plc and Ivernia West plc. ***(Age 63)***

LORD ARMSTRONG OF ILMINSTER, GCB CVO

Appointed to the Court in July 1997. A Director of The Bristol & West Building Society (now Bristol & West plc) from 1988 until his retirement in December 1997 and its Chairman from 1993 to December 1997 and a director of a number of other companies. ***(Age 71)***

LAURENCE G CROWLEY

Appointed to the Court in 1990 and Deputy Governor from 1995 to 1997. Chairman of PJ Carroll and Co. Ltd, a Director of Rothmans International BV and Elan Corporation PLC and a number of other companies. Executive Chairman of the Michael Smurfit Graduate School of Business at University College, Dublin. ***(Age 61)***

MARGARET DOWNES

Appointed to the Court in 1986 and Deputy Governor from 1993 to 1995. A past president of the Institute of Chartered Accountants in Ireland and The Federation of European Accountants. Chairman of BUPA Ireland Ltd and Gallaher (Dublin) Ltd, a Director of Ardagh plc, BUPA in the UK and a number of other companies. ***(Age 65)***

NIALL W A FITZGERALD

Appointed to the Court in 1990. Executive Chairman of Unilever plc, Vice Chairman of Unilever NV and a Director of Prudential Corporation plc. Chairman of Confederation of British Industry (CBI) Europe Committee. ***(Age 52)***

E PATRICK GALVIN

Appointed to the Court in 1994. Former Chairman and Chief Executive of Waterford Crystal Ltd. A Director of Waterford Wedgwood plc, a Director of Gallaher (Dublin) Ltd, Chairman of PV Doyle Holdings Ltd, a Director of Greencore Group plc and Irish Shell Ltd. ***(Age 65)***

RAYMOND MAC SHARRY

Appointed to the Court in 1993. A former EU Commissioner for Agriculture, a Director of the Jefferson Smurfit Group plc, Green Property plc, Ryanair Holdings plc and Chairman of London City Airport Ltd. ***(Age 60)***

PATRICK J A MOLLOY

Appointed to the Court in 1983 as an Executive Director. Group Chief Executive from 1991 until he retired from that position in January 1998, remaining as a Non-Executive Director. Chairman of Bristol & West plc, Forbairt and Blackrock Clinic. A Director of CRH plc and Kingspan Group plc. ***(Age 60)***

MARY P REDMOND

Appointed to the Court in 1994. A solicitor specialising in labour law, a member of the Labour Relations Commission and a former member of the Employment Equality Agency and the Higher Education Authority. A Director of Jefferson Smurfit Group plc and founder of the Irish Hospice Foundation. ***(Age 47)***

R BRIAN WILLIAMSON

Appointed to the Court in 1990. Chairman of Gerrard Group Plc, a Director of the Financial Services Authority, Barlows Plc, Fleming Worldwide Investment Trust Plc, and Electra Investment Trust plc. ***(Age 53)***

* *Executive Director*

LEFT TO RIGHT:

(Standing) R Brian Williamson, Patrick J A Molloy, Raymond Mac Sharry, Laurence G Crowley, John J Burke, Niall W A FitzGerald, Margaret Downes, E Patrick Galvin, Lord Armstrong of Ilminster, Mary P Redmond,
(Seated) Anthony D Barry, Howard E Kilroy, Maurice A Keane, Patrick W McDowell.

REMUNERATION COMMITTEE

Chairman: Howard E Kilroy
Anthony D Barry
Niall FitzGerald
E Patrick Galvin
Ray Mac Sharry

AUDIT COMMITTEE

Chairman: Margaret Downes
Lord Armstrong of Ilminster
Anthony D Barry
E Patrick Galvin
Mary Redmond

Governor's Statement

Bank of Ireland's emphasis on Stockholder value as a core principle in the operation of the business is manifest in the financial results and the returns to Stockholders achieved during the 1997/98 financial year. The Group's emphasis on protecting and enhancing the interests of the owners of the business is neither narrow nor selfish. We believe that it is best advanced by taking proper account of the interests of all stakeholders, including, of course, our customers and employees, on whose goodwill the success of the business depends.

Bank of Ireland has worked assiduously in recent years to create a positive environment for the business. Significant investments have been made in product design and product delivery to meet customer needs. Much progress has been achieved in offering greater transparency in a business whose products are often complex. The needs of particular sectors, such as small business, have been systematically addressed and many innovative products and services have been introduced. The Group has anticipated and implemented corporate governance and compliance standards which are at the leading edge of current business practice.

Howard E Kilroy
Governor

Bank of Ireland is determined that customers of every component business of the Group, wherever located, will receive a professional and competent service which they will value and which will compare with the best available from any competitor. In this way, the Group will continue to provide its owners with the quality returns exemplified by this year's results.

The growth of the business in recent years has been most satisfactory. Bank of Ireland has been the top performing financial services stock listed in Ireland for the past ten years. In terms of Total Shareholder Returns, Bank of Ireland has been in the top quartile of retail banks in the UK and Ireland for the last three, five and ten year periods.

DIVERSIFIED SOURCES OF PROFIT

The increase in pre-tax profits of 34% in the year under review is the product of strong performances in the Group's core businesses and the contributions from acquisitions in Ireland and abroad.

Tá mórán daoine in Iarthar na hÉireann go h-áirithe ag labhairt Gaeilge mar phríomh theanga. Chuir Banc na hÉireann cúrsaí ar fáil dá lucht oibre sa gcaoi go mbeidís in ann na riachtannais a bheadh ag teastáil ó chuistiméirí a bheadh ag iarriadh a gcuid gnó a dhéanamh ina dteanga dhúchais a chur ar fáil. Máire Mhic Aodha, Banc na hÉireann, Ollscoil na hÉireann, Gaillimh.

Examination of the results illustrates the wide diversity of profit sources and the strength in depth that the Group has now achieved. The Group remains exceptionally strong in Ireland, with profits generated in the Republic of Ireland (excluding the export of financial services from the International Financial Services Centre) accounting for 55% of total pre-tax profit.

The Group now has a material market share in most of the important financial services segments in the domestic market, providing exposure to virtually every sector of Europe's most buoyant economy. Bank of Ireland is the market leader in many of the key product segments and its large customer base and extensive delivery network provide opportunities for further market share growth.

The Bank's euroFOCUS programme supports customers in their preparations for the Single Currency. It includes an intensive seminar programme for business customers, the publication of factfiles, a web site and a helpline for the general public. A team of 50 Euro specialists is in place to provide advice on the Euro and its implications.
Des Delahunty, Chairman, Clonmel Chamber of Commerce and Martina O'Dwyer, Euro specialist, at a euroFOCUS seminar in Clonmel.

The recent acquisition of New Ireland Assurance greatly enhances Bank of Ireland's position in the all-important life and pensions market and, on behalf of the Court, I am delighted to welcome our new colleagues to the Group.

Dublin's International Financial Services Centre (IFSC), has provided fertile ground for the rapid growth of new and existing businesses with a focus outside Ireland. More than 10% of the Group's profit before tax is now generated by IFSC businesses and the potential for further growth is substantial.

With the integration of Bristol & West, the Group has a strong presence in the British market through Bristol and West's branch network in the South West of England and nationally through intermediary, direct and postal channels. Further expansion opportunities will be pursued in Britain, which the Group considers to be the most natural and productive location for overseas growth. In the current climate of consolidation in the financial services industry, Bank of Ireland believes that it can successfully identify and exploit niche markets in Britain for products in which it has particular expertise.

The Group's part ownership of Citizens Financial Group in the United States with Royal Bank of Scotland continues to deliver a satisfactory profit stream as well as substantial growth in value.

Prospects in each of the Group's markets are very encouraging. The Irish economy continues to perform strongly and the position continues to look good. Economic conditions in Britain and the United States are also positive. The Group

Bank of Ireland is very reliant on technology for the delivery of its products and services. The Group invested more than £22 million in 1997/98 to ensure that all of its systems will be fully Year 2000 compliant.

is strategically well placed to benefit from these strong market conditions and to deal with any macro economic disruptions which might follow from the Year 2000 conversion.

BUSINESS CHALLENGES

We have enjoyed the benefit of strong economies while preparing to meet some of the challenges facing the business in coming years. The impact of the current wave of consolidations in the banking sector has yet to be fully assessed, although we are confident that the Group can implement its strategies and achieve its growth targets despite the emergence of very large banking conglomerates.

The impact of the Year 2000 IT challenge and of Economic and Monetary Union is of more immediate priority. The Group's preparations for these events are extensive but we are acutely conscious of the potential for adverse economic impact if there were not to be adequate preparation in all sectors of industry and the public service.

Our information programmes on both topics are designed to alert our customers to the need for urgent action.

GROUP MANAGEMENT

The significant successes of the Group over recent years are a testament to the quality of management of Pat Molloy, Maurice Keane and their senior management colleagues. Pat and Maurice were central to the decision making which extracted the Group from the difficulties of the late 80's and early 90's and influenced the growth and returns to Stockholders of recent years. On the retirement of Pat Molloy in January 1998, following an outstanding tenure as Group Chief Executive, Maurice Keane, his Deputy, was the obvious choice to replace him and the Court was delighted that someone of such proven ability was available to lead the Group into the new millennium.

The Court and the Stockholders owe Pat Molloy a debt of gratitude for his immense contribution to the Group throughout his long service. I am delighted that he has remained on the Court and that he will maintain a strong association with the ongoing fortunes of the Group through his Chairmanship of Bristol & West.

THE COURT

I am pleased, once again, to pay tribute to my colleagues on the Court who are diligent and conscientious in representing the interests of Stockholders. The diverse skills and experience of the Members of the Court have been greatly enhanced by the addition of Lord Armstrong of Ilminster, the former Chairman of Bristol & West and John Burke, its Chief Executive. I welcome them both and look forward to their continuing contributions.

GROUP STAFF

Some 14,700 people now work in Bank of Ireland Group, principally located in Ireland and Great Britain. They are central to the success of the business and are key stakeholders in the Group. Their well-being is an important objective. The Group operates on the principle that staff are entitled to good management, to equality in the workplace, to job satisfaction and to reward systems which recognise their contribution to the welfare of the Group. I am pleased that so many members of staff have benefited from the growth of the business through their ownership of Bank stock awarded through the Staff Stock Issue scheme over the years.

On behalf of the Court, I want to thank every member of staff in each of our businesses for their individual contributions and for their continuing loyalty to the Group.

Howard E Kilroy
Governor

Group Policy Committee

GROUP POLICY COMMITTEE left to right

PATRICK W McDOWELL Deputy Group Chief Executive and Chief Executive Retail

BRIAN GOGGIN Chief Executive Corporate and Treasury

JOHN J BURKE Managing Director and Chief Executive, Bristol & West

MAURICE A KEANE Group Chief Executive

PAUL D'ALTON Group Chief Financial Officer

DENIS HANRAHAN Head of Group Corporate Development

Group Chief Executive's Operating and Financial Review

COMMENTARY ON RESULTS

Bank of Ireland Group reports profit before tax of IR£530.4 million for the year ended 31 March 1998, an increase of 34% over the previous year's outcome of IR£395.6 million. Profit after tax was 40% ahead of last year, at IR£374.7 million.

Earnings per unit of IR£1 Ordinary Stock were 70.9 pence compared to 52.0 pence last year - an increase of 36%.

These results reflect very satisfactory trading performances across the spectrum of business activities in the Group. There has been a significant increase in the scale of the Group driven both by profitable organic growth and successful acquisitions. Return on equity has increased from 21.7% to 27.5%.

In summary, implementation of our strategies has delivered increased scale, profit growth and increased stockholder returns, while maintaining prudent capital levels.

Balance sheet size as measured by total assets increased from IR£19.7 billion at 31 March 1997 to IR£39.6 billion at 31 March 1998. Bristol & West and New Ireland Assurance have brought IR£15.4 billion of additional assets to the Group.

Divisional Performance

	1997/98 IR£m	1996/97 IR£m
Retail	207.6	204.4
Life Assurance	42.9	12.8
Bristol & West	92.3	13.6
Corporate & Treasury	84.1	73.9
Other Group Activities	63.5	63.9
Citizens	55.5	32.3
First NH	-	3.0
Grossing Up	(15.5)	(8.3)
Profit on Ordinary Activities before Taxation	530.4	395.6

Maurice A Keane
Group Chief Executive

Bank of Ireland places a high priority on the business sector and has introduced many innovative products and services to meet the sector's needs. During the year, specialists were appointed with specific focus on property, technology, women in business, public sector financing and tax based financing.

There was substantial organic growth in both asset based and fee based business activities, particularly in the Republic of Ireland where a very good sales performance in a growing economy led to substantial increases in lending (24%) and resources (17%) - a level of volume growth which more than offset some contraction in the net interest margin. Funds under management in our Asset Management business increased by 78% to IR£24.3 billion including substantial increases in funds under management for international clients.

This level of volume growth had to be supported by increased costs both to deliver increased revenue in 1997/98 and to invest in systems to underpin future business growth. Excluding acquisitions, exceptional costs for Year 2000 compliance in computer systems and preparations for European Monetary Union (EMU), costs increased by 11% over 1996/97 levels.

The loan loss charge, at 20 basis points, includes a non designated specific provision to take account of the underlying risk in lending, and remains at a very satisfactory level. Asset quality reflects the benefits of favourable economic environments in our markets and effective credit management systems.

RETAIL DIVISION

Retail Division provides services and products to Business and Personal customers in the Republic of Ireland, Northern Ireland and Britain. It incorporates Branch Banking, ICS Building Society, Bank of Ireland Finance, Credit Card Services, International Banking, Bank of Ireland Commercial Finance and First Rate Enterprises.

The Retail Division's strategy in Ireland is to be a broadly based supplier of retail financial services. Increased cross-selling of products and further evolution of its distribution capability underpins this strategy. Our banking business in Britain focuses on a number of business niches and continues to develop satisfactorily.

Retail Division reported pre-tax profits of IR£207.6 million for the year ended 31 March 1998, an increase of 1.6% on the previous year. Excluding expenditure on Year 2000, EMU and excluding a non designated specific provision for loan losses,

Eileen Kavanagh, Director, D C Kavanagh Ltd, printers, is one of many successful women entrepreneurs in Ireland. With the appointment of a manager specifically responsible for women in business, Bank of Ireland is recognising the importance of this market segment, which is now responsible for 35% of all new business starts.

profit increased by 15%.

Divisional income was up by 12.8% on the prior year. Net interest income increased by 10.7% despite further margin contraction.

The Division achieved significant volume growth and market share gains in key business lines. This reflected economic buoyancy in the Republic of Ireland and favourable economic conditions in Northern Ireland and Britain. Significantly improved customer service and enhanced sales management processes also contributed to this performance.

In Business Banking, advances volumes in the Republic increased by 16% and resources (credit balances and deposits) also showed strong growth. Leasing advances by Bank of Ireland Finance grew by 24%. Increased focus on the business market and development of skills in specialist sectors have been a priority. The Division continues its support of the SME sector with a range of new and expanded initiatives, including the appointment of a manager to oversee services to women in business.

In the area of Savings and Investments, the Division's resources grew by 15%, reflecting strong savings inflows. There were also exceptional inflows into the Group's investment products.

In the Residential Mortgage market, Retail Division increased market share of new lending in the Republic to 21%. This performance was achieved in a very competitive market and while maintaining our conservative lending criteria in the face of rapidly rising residential property prices.

In the Consumer Lending area, advances volumes grew by 21%. Telephone based selling of consumer lending showed a marked increase and will be a major channel for distribution of this product in the future.

New motor related lending grew by over 40%.

A reduction of 17 basis points in net interest margin reflected a narrowing of margins in both resources and lending.

Non-Interest income improved by 17.9% particularly from higher income in Credit Cards, International Banking and First Rate Bureau de Change.

Our Credit Card business continued to perform exceptionally well in the face of intensified competition. New card sales were up 18% and turnover increased by 24%. The recently introduced Laser debit card has been very successful.

Bank of Ireland has agreed to acquire the American Express card franchise in Ireland. This will increase our card base significantly in the high net worth segments.

There was considerable volatility in foreign exchange markets during the year and business volumes in International Banking showed strong growth. First Rate retained the contract to provide foreign exchange through Post Office Counters in the UK and also acquired Active Business Services, a niche payment processing business based in the UK.

Loan losses continued to be very low and the losses attributable to the Division, at 0.30% of advances although higher than last year, remain at a very satisfactory level. Asset quality remains strong in all the Division's businesses, reflecting the buoyant economic conditions and a continuing focus on sound credit management.

Year on year, costs in the Division increased by 16%. The growth in costs was particularly impacted by the Year 2000 and EMU programmes, exchange rate movements, the acquisition of Active Business Services, investments in emerging delivery channels (Internet and Telephone Banking), as well as set up costs in relation to a proposed technology joint venture. Together these contributed half of the growth in costs.

Bank of Ireland led the market in the provision of Internet based services and over 6,000 customers are now using this service. The use of telephone banking doubled in 1997/98, during which the services handled approximately 1.5 million calls.

Customer satisfaction levels improved further during the year. Retail Division is continuing to introduce improvements to product and service delivery. There is an increasing emphasis on training and developing our people to meet customers' changing needs.

Banking 365, which offers a wide range of services via the telephone, handled 1.5 million customer calls during the year and registered very high levels of customer satisfaction. The service now encompasses personal loans, bill payments, car insurance, foreign exchange as well as general account enquiries.

LIFE ASSURANCE

Following the acquisition of New Ireland Assurance, the Group's life assurance operations, previously reported under Other Group Activities, are reported separately.

Lifetime Assurance had a very good year with substantial increases in business volumes and profits, with annual premium equivalent sales up 29%. Lifetime had IR£1 billion in customer funds under management at year end.

Lifetime profits increased by IR£14.3 million or 112% over the previous year due to the benefit of increased new business volumes, release of profit on business written in previous years including favourable experience on mortality and persistency in retaining business as well as the favourable impact of some non recurring items of income.

The acquisition of New Ireland Assurance was completed on 24 December 1997. New Ireland provides the Group with an excellent product range, a highly skilled staff and a valuable additional channel through which to reach the growing domestic life assurance and pensions markets. New Ireland will continue to offer its products under its brand and through its existing channels, while Lifetime will maintain its focus on the Bank of Ireland branch network.

The profits reported by New Ireland from 24 December 1997 to 31 March 1998 include some exceptional gains (driven by the strong performance of the Irish Stock Market in the first quarter of 1998) on equities held. While these profits are significant for the period to 31 March 1998, the level of equity holding for shareholder's account in New Ireland has been reviewed and a decision taken to reduce equity holdings to avoid unduly volatile earnings in future years.

Jack Casey, Managing Director of New Ireland Assurance, pictured at the company's head office in Dublin. New Ireland became part of Bank of Ireland Group at the end of 1997 and, combined with Lifetime Assurance, gives the Group a very strong position in the Irish life and pensions market.

BRISTOL & WEST PLC

Bristol & West became a member of Bank of Ireland Group on 28 July 1997. The results of Bristol & West reflect trading from this date until 31 March 1998 and also include the results of Bank of Ireland Mortgages (BIM) for the full twelve-month period.

Profit before tax, at IR£92.3 million, is fully in line with expectations and is regarded as very satisfactory. Of this amount, IR£15.3 million was contributed by BIM, an increase of 13% on the previous year. The contribution from the newly acquired business more than exceeds the interest income that would otherwise have been earned during the period on the capital deployed on the acquisition and as such represents a significant enhancement to Group earnings.

Bristol & West has made good progress in its chosen markets – mortgages, savings and investments. It is performing very well in an increasingly competitive mortgage market with gross new residential and commercial lending of Stg£1,802 million in the full twelve months.

Direct Mortgages, a distribution channel introduced in January 1997, accounts for 5% of Bristol & West's new residential lending.

Bristol & West had a national market share of gross residential lending of 2.8% in the eight months to 31 March 1998, compared to a natural market share of 2.3%.

In a highly competitive savings market there have been substantial inflows into Bristol and West's range of bonds and postal savings accounts which have offset outflows following the payment of conversion bonuses. Overall, retail deposits increased by 2% in the eight months to 31 March 1998.

Bristol & West formally joined the Group at end July 1997. Its trading performance since demutualisation has been very satisfactory with strong growth in lending and in savings inflows.

The investment side of the business, which markets products such as single premium bonds, PEPs and guaranteed equity products, made a significant contribution to fee based income.

CORPORATE AND TREASURY

Profit before tax in the Division increased by 14% to £84.1 million with strong performances in each of the component businesses.

Corporate Banking played a key role during the year in assisting major companies in their organic and acquisition driven growth. A large number of substantial transactions were completed comprising conventional, structured, big ticket leasing and private placement facilities. Bank of Ireland International Finance, based in the International Financial Services Centre (IFSC), which participates in the international asset finance markets, significantly broadened its export earning activities by further developing its syndication business in project and leveraged acquisition finance principally in the UK and European markets. Strong volume growth was achieved in Ireland and overseas with lending and resources volumes up 24% and 26% respectively. Asset quality was maintained at a high level. The Group's exposure to Asian markets is modest.

Zimbank, the largest indigenous bank in Zimbabwe, is one of 55 developing country banks which, to date, have availed of technical assistance from Bank of Ireland International Services. During the year, staff in the Group's consultancy arm were deployed on assignments throughout Eastern Europe, Asia, Africa and the Middle East.

Group Treasury performed exceptionally well in volatile market conditions and significantly increased its profit over a strong prior year performance. Good positioning in interest rate markets and substantially increased foreign exchange turnover from corporate and institutional customers enabled Treasury to capitalise on the currency volatility that was a feature for much of the year. Risk exposures were very successfully managed.

The Bank has now centralised its world-wide treasury operation within the IFSC and the transfer of the New York Treasury business to Dublin was completed during the year. This was achieved without disruption to customers and the re-location has been very successful both in terms of operating efficiency and business retention. Opening hours in the IFSC have been extended to cater for the needs of customers who previously traded through New York.

Preparations for EMU were well advanced during the year and a comprehensive customer relations programme was launched.

Private Banking, which provides banking, investment and wealth planning services exclusively to individuals with substantial assets / income, had a highly successful year.

Having established a strong reputation for its product offering and service delivery, Private Banking is now benefiting from the increasing affluence and wealth creation that has become a feature of Ireland's economic success. Profits and business volumes were substantially up on the previous year.

OTHER GROUP ACTIVITIES

Profits earned on the business activities included in Other Group Activities increased by IR£27.3 million or 67% in the year to 31 March 1998. Earnings on central capital included with Other Group Activities declined principally due to the redeployment of surplus capital in the value enhancing acquisition of Bristol & West.

Bank of Ireland Asset Management increased its funds under management by 78% during 1997/98. At year-end, assets under management totalled IR£24.3 billion, of which US$13.4 billion was accounted for by its North American operations and IR£1.7 billion was transferred from New Ireland.

Bank of Ireland Securities Services performed strongly. Its alliance with State Street Bank and Trust Company has proved beneficial to both parties and has supported a strong increase in business volumes. Total assets under administration/custody amount to IR£43.3 billion.

IBI Corporate Finance was very active in the period under review and experienced the highest level of revenue in its history.

It was involved in a number of very significant transactions including the merger of Avonmore Foods and Waterford Foods to form Avonmore Waterford Group, the acquisitions by Bank of Ireland of New Ireland and Bristol & West and the flotation of Ryanair plc.

Davy Stockbrokers increased its profit contribution substantially with particularly strong growth in the equity and private client side of the business.

Trust Services increased its volumes for both Personal and Corporate clients. Demand was particularly strong for Estate Planning, where sharply increased wealth creation has given rise to the need for succession planning.

ASSOCIATED UNDERTAKINGS

CITIZENS FINANCIAL GROUP

The Group's share of the profits of Citizens Financial Group for the year to 31 March 1998 was IR£55.5 million which includes a credit of IR£3.8 million from the release of a provision set up when FNH and Citizens merged. The improvement in the result was substantially driven by efficiencies arising from the full integration into Citizens of First NH Bank. During the year under review, Citizens completed the acquisition of Bank of New Haven.

Citizens continues to perform very well. Its development strategy, which combines organic growth and infill acquisitions in key markets, has delivered both a steady increase in the balance sheet to US$16.8 billion, and strong profit growth.

Since the year-end, Citizens has announced its intention to acquire the following:-

- Woburn National Bank, a commercial bank located in and around Woburn, just north of Boston.
- Four of the five branches in New Haven County, Connecticut, currently owned by Branford Savings Bank, the Connecticut subsidiary of Long Island based North Fork Bankcorp.

When these acquisitions are completed, Citizens will have made five acquisitions since Bank of Ireland acquired its 23.5% shareholding in the Group in 1996 - a period during which the assets of Citizens have increased by US$2.6 billion. Each of Citizens' recent acquisitions has been funded without recourse to its shareholders.

Royal Bank of Scotland is the majority shareholder in Citizens.

Citizens Financial Group Head Office in Providence, Rhode Island. Citizens achieved further strong growth in assets and profits and the Group's 23.5% shareholding yielded a profit contribution of IR£55 million during 1997/98.

Financial Review

The Group Profit and Loss Account for the financial years to 31 March 1998 and 31 March 1997 is set out below and includes an eight month contribution from Bristol & West and a three month contribution from New Ireland Assurance in 1998.

Group Profit and Loss Account (Non Grossed up)

	1997/98 IR£m	1996/97 IR£m
Net Interest Income	752.9	614.8
Other Income	461.4	317.3
Total Income	1,214.3	932.1
Operating Expenses	702.4	548.8
Loan Loss Provisions	37.0	20.0
	474.9	363.3
Citizens	55.5	32.3
Profit on ordinary activities before taxation	530.4	395.6

ANALYSIS OF RESULTS

Net Interest Income IR£752.9 million

Net interest income increased by 22% from IR£614.8 million to IR£752.9 million year on year, of which the eight month contribution from Bristol & West (excluding BIM) amounted to IR£123.0 million, before taking account of the reduction in earnings on central capital as a result of the redeployment of funds to make the acquisition. The Group net interest margin decreased from 3.7% to 3.0%, reflecting the lower net interest margin in Bristol & West and some reduction in the domestic retail margin which was more than offset by year on year volume increases in lending and resources.

Other Income IR£461.4 million

Other income increased by IR£144.1 million to IR£461.4 million. This includes a profit contribution from New Ireland of IR£15.8 million, including equity gains, and IR£31.8 million from Bristol & West. Growth in net fees and commissions was mainly due to increased income in Bank of Ireland Asset Management, Lifetime and Davy reflecting increased volumes of business activity in these units. Increased dealing profits were driven by higher levels of transactions in the prevailing foreign exchange market conditions.

Operating Expenses IR£702.4 million

Total operating expenses increased by 28%. This increase includes eight months of costs from Bristol & West and the costs of Active Business Services. Excluding these, the increase was 13%. In addition, the Group incurred significant costs on Year 2000 and EMU. The underlying cost growth was 11% (excluding acquisitions, Year 2000 and EMU). This cost growth occurred in a year in which the level of business activity, as described earlier in this report, increased very substantially. Costs increased to service this level of activity and invest in systems and infrastructure to accommodate anticipated future growth.

Excluding the effect of Bristol & West and Active Business Services, staff costs rose by 8%, reflecting a combination of normal increments, variable performance related payments, business development projects and the impact of sharply increased business volumes.

Other costs, which increased by 21% (excluding acquisitions), were particularly influenced by Year 2000 expenditure of IR£22 million as well as business growth.

After taking into account the changes in the composition of the Group and the increased level of activity, the group cost/income ratio fell to 58% from 59% in 1997.

Loan Losses IR£37.0 million

The charge for 1997/98 was IR£37.0 million, representing 0.2% of average loans. Balances under provision at year end were IR£416 million (1.6% of total loans). Excluding Bristol & West, the balances under provision decreased by IR£20 million. Total loan loss provision cover was 67% compared to 75% in the previous year, reflecting the acquisition of Bristol & West and the relatively lower percentage level of provisioning necessary against residential mortgage balances.

The low charge reflects the good economic conditions in the countries in which the Group operates, the quality of credit management processes, the strict lending criteria which the Group applies across its markets and the significant proportion of home loans in the overall portfolio.

BALANCE SHEET AND CAPITAL ADEQUACY

Total Assets IR£39.6 billion

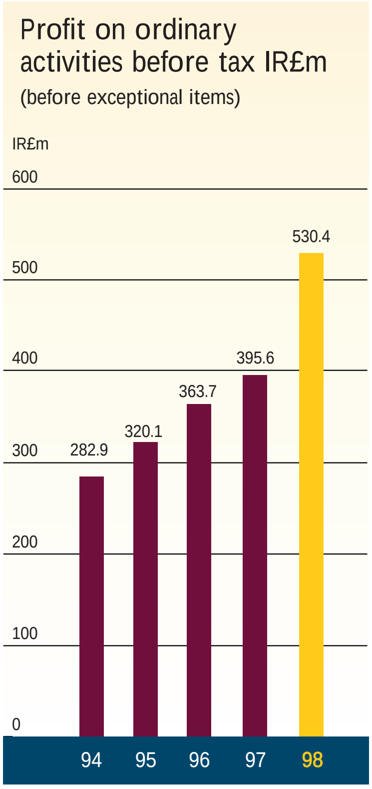
Total Assets were IR£39.6 billion at 31 March 1998, an increase of IR£20 billion on the previous year. The increase comprises IR£13.8 billion in respect of Bristol & West and IR£1.6 billion from New Ireland in addition to the increases in lending and resources in the existing businesses referred to earlier of 24% and 17% respectively.

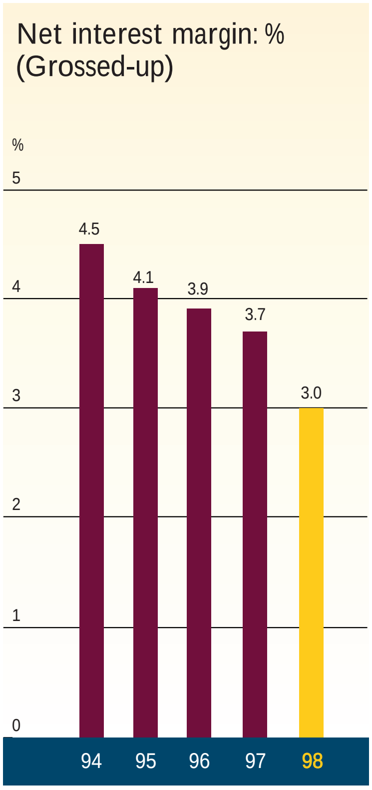
The Group is subject to the requirements of the Central Bank of Ireland which has set a minimum Total Capital Ratio and a minimum Tier 1 Capital Ratio for the Group in accordance with EU Funds and Solvency Ratios Directives for Credit Institutions. The Group had built up surplus capital at 31 March 1997 in anticipation of the acquisition of Bristol & West and, following completion, the Tier 1 and Total Capital ratios decreased. The Group's capital ratios were largely unaffected by the acquisition of New Ireland, as it was mainly funded through a stock placing. The Group continues to be well capitalised.

The Equity/Assets ratio at 31 March 1998 was 3.6%.

The table below shows the components and basis of calculation of the Group's Tier 1 and Total Capital ratios:

	As at 31 March	
	1998	1997
	(in IR£m, except percentages)	
Capital Base		
Tier 1 Capital	1,580	1,365
Total Capital	2,479	2,020
Risk Weighted Assets		
Banking Book	21,150	11,799
Trading Book	884	622
Total	22,034	12,421
Capital Ratios		
Tier 1 Capital	7.2%	11.0%
Total Capital	11.3%	16.3%





RISK MANAGEMENT AND CONTROL

The Court of Directors approves policy and limits with respect to credit risk, market risk and liquidity risk and has delegated its monitoring and control responsibilities to the Group Credit Committee for credit matters and the Group Asset and Liability Committee for market risk and liquidity. Membership of these committees consists of senior management.

CREDIT RISK

DISCRETIONARY AUTHORITIES

The Bank of Ireland Group has a credit risk management system which operates through a hierarchy of exposure discretions. All exposures above a certain level require the approval of the Group Credit Committee, which comprises of senior executives, some of whom are Executive Directors, and which is also empowered to decide on matters of credit policy within overall credit policy approved by the Court. Exposures below Group Credit Committee's discretion are approved according to a system of tiered exposure discretions.

Individual lending officers are allocated discretionary limits according to credit competence, proven judgement and experience. The discretionary limits exercisable by lending officers in Branches/Business Centres vary depending on the nature and scale of lending in these units. Lending proposals above the relevant discretionary limits are referred to an Area/Divisional Credit Department or to a central Group Credit Control Department for independent assessment and subsequent adjudication by the appropriate discretionary authorities including Heads of Divisions, Senior Executives or the Group Credit Committee.

Other business units also have varying levels of lending limits and a comparable procedure operates for lending above those limits. A similar system exists covering the provisioning and monitoring process.

CREDIT POLICY

The core values and main procedures governing the provision of credit are laid down in a Group Credit Policy document. This has been approved by Group Credit Committee and the Court of Directors and is reviewed periodically. This is supplemented by individual Unit Credit Policies which are in place for each Unit involved in lending. These Unit Credit Policies define in greater detail the credit approach appropriate to the Units concerned taking account of the markets in which they operate and the products they provide. Clear procedures for the approval and monitoring of exceptions to policy are contained in each Unit Credit Policy. Each Unit Credit Policy is approved by Group Credit Committee and is subject to regular review with material changes approved by Group Credit Committee.

In a number of cases these Unit Credit Policies are supplemented by Sectoral Credit Policies. These policies are reviewed regularly and material changes are approved by Group Credit Committee. Lending caps are imposed when it is considered appropriate to limit exposure to certain industry sectors.

In the case of branch banking, a number of Sectoral Guidelines have been developed setting out the key factors to be taken into account in lending decisions - the structure of the industry, the nature of the companies involved, the typical financial structure of companies in the industry - and providing guidance on the structuring of credit facilities to companies in the industry.

An independent function, Group Credit Review ("GCR"), reviews the quality and management of risk assets across the Group. GCR normally reviews a sample of lending in all units at least annually and provides comment on the quality and adequacy of overall credit management standards, credit analysis, grade management and accuracy, compliance with credit policy and other control procedures. The Group Credit Committee also reviews risk asset quality on a quarterly basis.

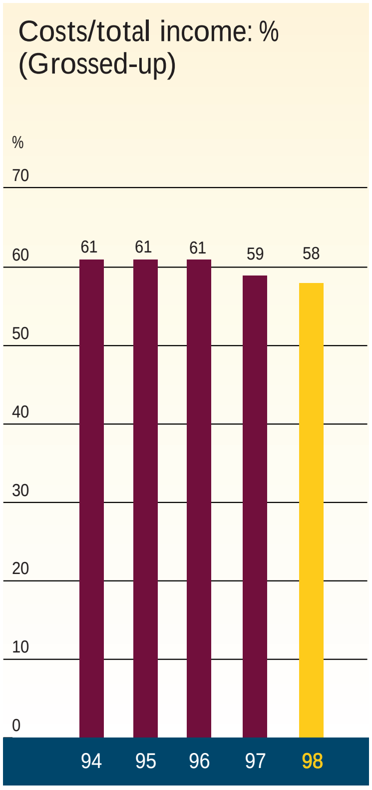
CREDIT GRADING/ASSESSMENT

The quality of all Group lending is monitored and measured using a grading system, the objectives of which are to provide an accurate measure of the underlying quality of the Group's loan portfolio, to facilitate early identification of a deterioration in quality and to enable management to focus on problem loans as soon as weaknesses begin to emerge.

MARKET RISK

Market risk is the potential adverse change in Group income or the value of Group net worth arising from movements in interest rates, exchange rates or other market prices. Market risk arises from the structure of the balance sheet, the execution of customer and interbank business and proprietary trading. The Group recognises that the effective management of market risk is essential to the maintenance of stable earnings, the preservation of shareholder value and the achievement of the Group's corporate objectives.

The Group's exposure to market risk is governed by policy



approved by the Court of Directors. This policy sets out the markets in which risk may be taken, the types of financial instrument which may be used to increase or reduce risk and the way in which risk is controlled. In line with this policy, the Court approves aggregate risk limits and receives a quarterly report of compliance with these limits.

Based on these aggregate limits, the Group Asset and Liability Committee (ALCO) assigns risk limits to all Group businesses and compliance with these limits is monitored by the Committee. Material exposure to market risk is permitted only in specifically designated business units. In other units market risk is eliminated by way of appropriate hedging arrangements with Group Treasury which is responsible for the centralised management of Group market risk.

Market risk throughout the Group is subject to independent measurement, reporting and control.

INTEREST RATE RISK

The Group uses techniques to measure, manage and control market risk which conform to generally accepted practice. Value at Risk (VaR) is used to measure and set limits on interest rate risk on the Group's trading books. For analytical and control purposes, VaR is also applied to Group Treasury's non-trading books, although these are accrual accounted for financial reporting purposes. In the other non-trading areas of the Group, sensitivity analysis is used to measure and control interest rate risk.

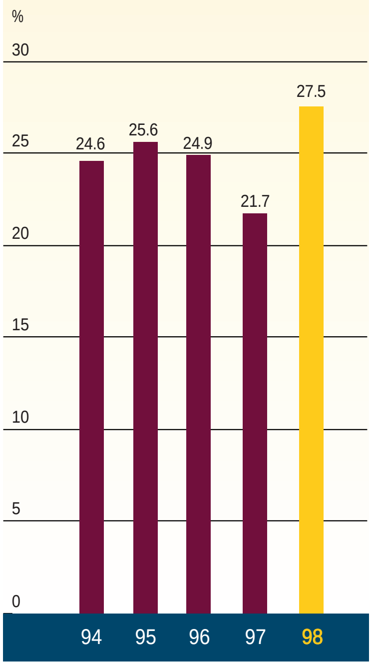
VALUE AT RISK

VaR provides an estimate of the potential mark-to-market loss on a set of exposures over a specified time horizon at a defined level of statistical confidence. The time horizon is 1 day and the confidence level is 97.5%. This implies that, on any given day, the VaR figure provides an estimate of the potential loss over a 1 day period which has no more than a 2.5% probability of being exceeded.

The VaR system has been developed in house based on the variance - covariance matrix approach. Interest rate risk positions are represented in terms of exposure to 14 key points on the relevant currency yield curve. A variance - covariance matrix is generated for 17 currencies at the start of each month using the most recent 6 months' data. Simple unweighted estimation is used.

Management recognises that VaR is subject to certain inherent limitations, the past will not always be a reliable guide to the future and the statistical assumptions employed may understate the probability of very large market moves. For

Return on average stockholders' funds: %



this reason, VaR limits are supplemented by a range of controls which include position limits and loss tolerances.

The interest rate VaR of the Group's combined trading books at 31 March 1998 was IR£0.8m.

SENSITIVITY ANALYSIS

In the non-trading books outside of Group Treasury, sensitivity analysis is used to measure and control interest rate risk. This analysis involves calculating exposure to a 1% parallel shift of interest rate curves. This is supplemented by estimates of the maturity distribution of this exposure using a methodology which provides estimates of the sensitivity of positions to selected points on the yield curve.

In calculating exposures, undated assets and liabilities (principally non-interest bearing current accounts, capital and fixed assets) are assigned a duration equivalent to that of a portfolio of coupon-bearing bonds with an average life of 4 years. The analysis then proceeds as though these items were constant-maturity dated liabilities.

All of the Group's material non-trading exposure is in Irish Pounds and Sterling. At year end 31 March, the Group's exposure to a parallel downward shift in the Irish Pound and Sterling yield curves (including exposure on Treasury's non-trading books which is not reflected in the VaR quoted above) was IR£8.8m and IR£24.7m, respectively.

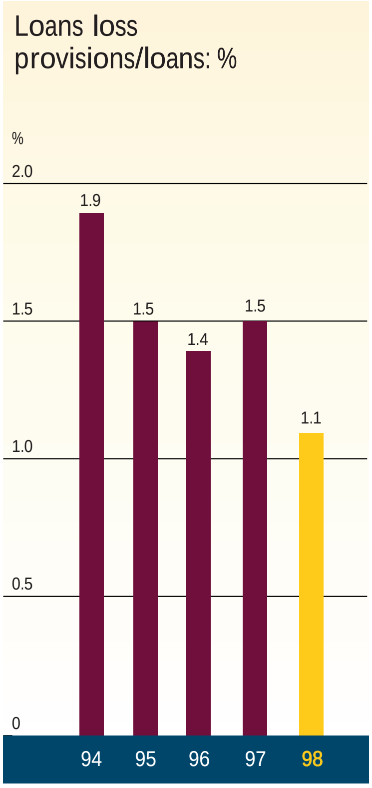
FOREIGN EXCHANGE RISK

Foreign exchange risk consists of trading risk and structural foreign exchange risk.

Traded foreign exchange risk is almost entirely confined to Group Treasury and arises from normal commercial and interbank foreign exchange business and from proprietary trading. It is controlled by way of limits on open positions where the limits take account of the volatility of the exchange rates in question.

Structural foreign exchange risk is defined as the Group's non trading net asset position in foreign currencies. Structural risk arises largely from the Group's investments in its overseas operations. In considering the most appropriate structural foreign exchange position, the Group takes account of the currency composition of its risk weighted assets and the desirability of maintaining a similar currency distribution of risk assets and capital. Doing so will ensure that capital ratios are not excessively exposed to changes in exchange rates.

At year end the currency composition of capital and risk



weighted assets is broadly in line and, as a result, exchange rate movements can be expected to have a non material impact on capital ratios. However, such movement will have an impact on reserves.

EQUITY RISK

As a result of the purchase of New Ireland Assurance, which was completed in December 1997, the Group acquired a diversified portfolio of Irish equities and this portfolio is accounted for on a mark to market basis. Subsequent to the year end the Court reviewed the level of equities held by New Ireland Assurance and decided to reduce the equity holdings to avoid unduly volatile earnings in future years.

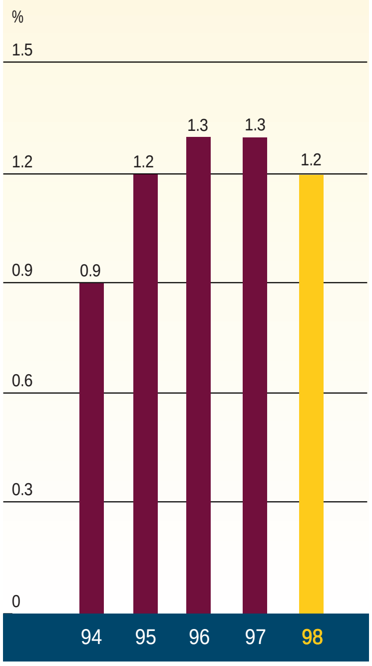
The Group's stockbroking subsidiary, J&E Davy, also carries small positions in Irish equities from time to time as part of its normal broking activities. These positions are subject to strict limits.

LIQUIDITY

It is Group policy to ensure that resources are at all times available to provide for a net outflow of funds on a scale which could be expected to occur only in exceptionally adverse liquidity conditions. The term 'outflows' covers the withdrawal of customer demand or term deposits, non-renewal of interbank liabilities, the drawdown of committed and uncommitted loan agreements and other assets expansion, both organic and by way of acquisition.

The Group measures liquidity on an ongoing basis by reference to two measures, a flow approach which measures the maximum cumulative outflow of funds in any period, and a stock approach which measures the ratio of liquid assets to liabilities. Both measures are subject to predetermined limits and are regularly reviewed by the Group Asset and Liability Committee.

Return on
average assets: %



DERIVATIVES

A derivative is an off balance sheet agreement which defines certain financial rights and obligations which are contractually linked to interest rates, exchange rates or other market prices. Derivatives are an efficient and cost effective means of managing market risk and limiting counterparty exposures. As such, they are an indispensable element of treasury management, both of the Group and for many of its corporate customers.

It is recognised that certain forms of derivatives can introduce risks which are difficult to measure and control. For this reason, it is Group policy to place clear boundaries on the nature and extent of its participation in derivatives markets and to apply the industry and regulatory standards to all aspects of its derivatives activities.

The Group's derivatives activities are governed by policies approved by the Court of Directors. These policies relate to the management of the various types of risk associated with derivatives, including market risk, liquidity risk, credit risk and legal risk. Any material change in the nature of the Group's derivatives business is subject to Court approval.

The following table represents the underlying principal amounts and replacement cost of the Group's over the counter and other non exchange traded derivatives at 31 March 1998;

Exchange Rate Contracts	**IR£m**
Underlying principal amount	14,469.4
Replacement cost	304.0
Interest Rate Contracts	
Underlying principal amount	35,032.0
Replacement cost	216.5
Equity Option Contracts	
Underlying principal amount	1,313.5
Replacement Cost	546.9

GROUP FINANCIAL CONTROL, GROUP INTERNAL AUDIT AND GROUP COMPLIANCE

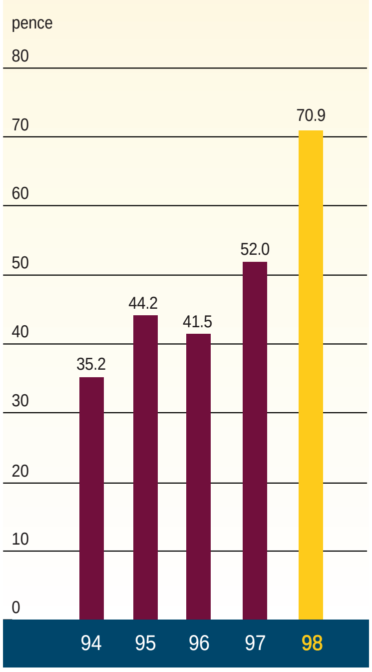
These are central control functions, independent of line management, whose roles include monitoring the Group's activities to ensure compliance with financial and operating controls.

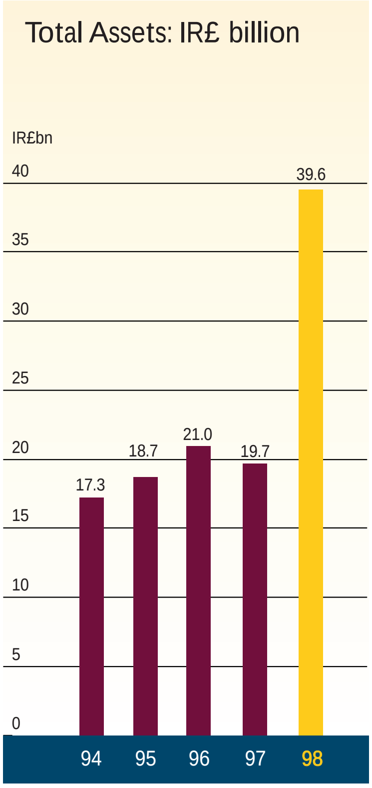
The general scheme of risk, financial and operational controls is designed to safeguard the Group's assets while allowing sufficient operational freedom to earn a satisfactory return to Stockholders.

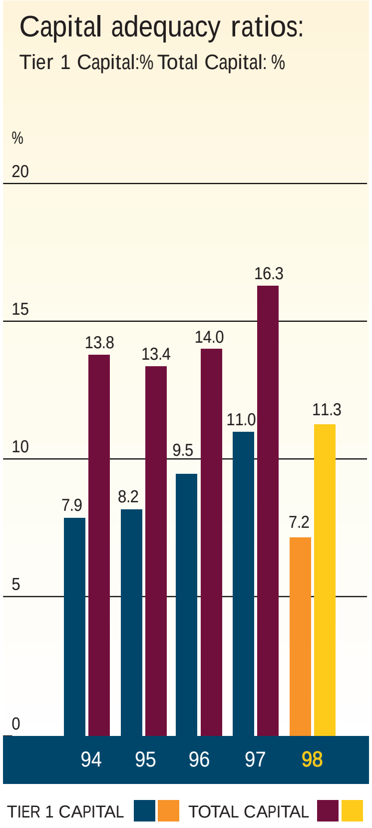
YEAR 2000 AND EMU

The Group has put in place the resources necessary to manage the implementation of the conversion of the Group's IT systems to make them Year 2000 compliant. Procedures are in place to monitor progress and there is regular review by management. Expenditure on Year 2000 projects charged in the accounts for the year ended 31 March 1998 comprised

Earning per unit of IR£1 ordinary stock: pence







revenue expenditure of IR£21.7 million and capital expenditure of IR£1.5 million. Projects to ensure systems are fully Year 2000 compliant are scheduled to be completed well in advance of the millennium.

In line with Ireland's expected entry to European Monetary Union in January 1999 the Group has been modifying computer software and other procedures to ensure that our customers will be able to avail of services in Irish Pounds or Euros. The Group spent IR£2.7 million on this in the current financial year.

OUTLOOK

The outlook for the Irish economy is good. The Group has strengthened its position in the Irish market and is well placed to benefit from these strong market conditions, and to meet challenges such as absorbing the impact on Group earnings of Ireland participating in EMU, and to deal with any macro economic disruptions which might follow from the Year 2000 conversion. The Group's businesses in Great Britain and the United States are also performing very well and further opportunities for growth in these markets will be pursued.

The Directors believe that a positive view of the Group's prospects is justified.

DIVIDEND

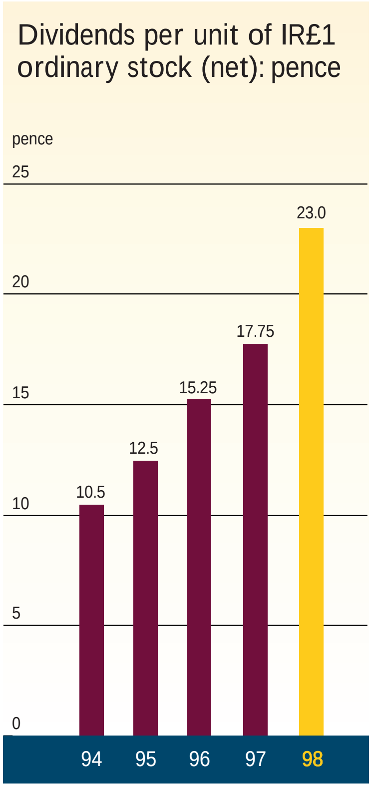
The Directors have recommended a final dividend of 15.9 pence (tax credit 1.9652 pence). Together with the interim dividend of 7.1 pence (tax credit 0.8775 pence) this results in a total of 23.0 pence for the year to 31 March 1998, an increase of 29.6% on the previous year.

The Bank has previously indicated to Stockholders its intention to operate a progressive dividend policy which is based on medium term prospects rather than earnings in any particular year.

In recommending dividends in respect of 1997/98 and 1998/99, the Directors believe that due account should be taken of the impact on the gross equivalent dividends for those years of the reduction in tax credit announced by the Minister of Finance in December 1997, even if this policy entails some reduction in dividend cover in 1998/99.

The final dividend will be paid on Friday 10 July 1998 to Stockholders who are registered as holding Ordinary Stock at the close of business on Monday 1 June 1998 and who have not previously elected to avail of the Stock Alternative Scheme. Despite the withdrawal from Irish resident tax payers of the tax benefits associated with the issue of stock in lieu of a cash dividend, the Directors have decided that this Scheme will be offered to Stockholders in respect of this dividend. Invitations to participate in the Stock Alternative Scheme will be posted on Monday 8 June 1998 to those Stockholders who have not already joined the Scheme. Those wishing to avail of this offer must complete and return the appropriate form to the Bank's Registration Department by Monday 29 June 1998. The Annual Report and Accounts will be posted to Stockholders on Monday 8 June and the Annual General Court of Proprietors will be held on Wednesday 1 July 1998.

Maurice A Keane
Group Chief Executive



Five Year Financial Summary

	Year ended 31 March				
	1994 IR£m	1995 IR£m	1996 IR£m	1997 IR£m	1998 IR£m
PROFIT AND LOSS ACCOUNTS (1)					
Profit on ordinary activities before exceptional items	282.9	320.1	363.7	395.6	530.4
Profit on ordinary activities before taxation	277.5	321.8	315.6	395.6	530.4
Profit on ordinary activities after taxation	180.2	224.5	213.9	267.1	374.7
Earnings per unit of IR£1 Ordinary Stock (3)	35.2p	44.2p	41.5p	52.0p	70.9p
Alternative Earnings per unit of IR£1 Ordinary Stock (2) (3)	36.4p	43.8p	51.6p	n/a	n/a
Dividends per unit of IR£1 Ordinary Stock (3) (net)	10.5p	12.5p	15.25p	17.75p	23.0p
BALANCE SHEETS					
Minority interests - equity	1.8	1.8	2.0	2.3	2.6
- non equity	-	-	-	-	64.5
Subordinated liabilities	596.2	601.7	517.7	718.3	1,145.6
Total stockholders' funds	900.2	1,031.4	1,226.5	1,411.3	1,580.6
Assets	17,343.0	18,677.8	20,958.8	19,669.6	39,631.8
OPERATING RATIOS (4)	%	%	%	%	%
Net interest margin (grossed-up) (6)	4.5	4.1	3.9	3.7	3.0
Other income / average assets (6)	2.3	2.1	1.9	1.9	1.8
Costs / total income (grossed-up) (6)	61	61	61	59	58
Return on average assets (5)	0.9	1.2	1.3	1.3	1.2
Return on average stockholders' funds (5)	24.6	25.6	24.9	21.7	27.5
ASSET QUALITY					
Loan loss provisions / loans (6)	1.9	1.5	1.4	1.5	1.1
Annual provisions / average loans (6)	0.7	0.2	0.2	0.2	0.2
CAPITAL ADEQUACY RATIOS					
Tier 1 capital	7.9	8.2	9.5	11.0	7.2
Total capital	13.8	13.4	14.0	16.3	11.3

(1) 1994 information includes the accounts of certain Group undertakings made up for periods greater than twelve months.
(2) Based on profit attributable to ordinary stockholders before exceptional items.
(3) Adjusted for rights issues and scrip issues.
(4) Operating ratios for 1994 have been prepared on an annualised basis.
(5) 1996 ratios are based on the profit attributable to ordinary stockholders before exceptional item.
(6) Ratios have been restated to exclude the effect of First NH Banks.

The Directors present their report together with the audited accounts for the year ended 31 March 1998.

RESULTS AND DIVIDENDS

The Group profit attributable to the Ordinary Stockholders amounted to IR£353.8m, after Non-Cumulative Preference Stock dividends of IR£16.0m, as set out in the consolidated profit and loss account on pages 36 and 37.

The Directors have recommended a final dividend of 15.9p (tax credit 1.9652p) per unit of IR£1 of Ordinary Stock in respect of the year ended 31 March 1998. This payment, together with the Interim Dividend of 7.1p (tax credit 0.8775p) per unit of IR£1 of Ordinary Stock paid in January 1998, results in a total of 23.0p (tax credit 2.8427p) for the year ended 31 March 1998 and compares with a total of 17.75p for the previous year.

If the recommended final dividend is approved by the Ordinary Stockholders at the Annual General Court, the retained profit for the year, after a transfer to capital reserves of IR£32.4m, will amount to IR£203.1m. Under the terms of the Stock Alternative Scheme, Stockholders will be offered the choice of taking new units of Ordinary Stock in lieu of the cash element of the final dividend.

GROUP ACTIVITIES

The Bank and its group undertakings provide an extensive range of banking and other financial services. The Governor's Statement and the Group Chief Executive's Operating and Financial Review on pages 4 to 27, describe the operations and the development of the Group.

On 23 April 1997 the Stockholders approved the transfer of the whole of the business of The Bristol and West Building Society to a subsidiary of the Bank, to be renamed Bristol & West plc and on 28 July 1997 the transfer was formally effected.

On 6 November 1997 the Group made an all cash offer for the share capital of New Ireland Holdings p.l.c., ("New Ireland") a life assurance company, valuing New Ireland at IR£273.6m. The acquisition of New Ireland was completed on 24 December 1997.

CAPITAL STOCK AND SUBORDINATED LIABILITIES

During the year the total Ordinary Stock issued increased from 486,512,754 units of IR£1 to 514,083,378 units of IR£1. This increase includes the placing in October 1997, on a non-pre-emptive basis of 23,500,000 units of stock at a price of 846.5p per unit. Full details of the changes during the year in the subordinated liabilities and capital stock of the Bank are displayed in Note 29 on pages 76 and 77 and Note 31 on pages 78, 79 and 80 respectively. Within the year the Group raised US$175m Subordinated Floating Rate Notes 2007 and redeemed the US$95m Floating Rate Capital Notes 2002 and the US$100m Undated Variable Rate Notes.

DIRECTORS

The names of the members of the Court of Directors together with a short biographical note on each Director appear on pages 2 and 3.

Mr Patrick J A Molloy, Group Chief Executive retired from this position on 31 January 1998, having reached his normal retirement age, and was succeeded by Mr Maurice A Keane. Mr Patrick W McDowell succeeded Mr Keane as Deputy Group Chief Executive. Mr Molloy remains a member of the Court in a Non-Executive capacity.

Mr Laurence G Crowley, Mr Maurice A Keane, Mr Patrick W McDowell and Mr R Brian Williamson retire by rotation at the Annual General Court and being eligible, offer themselves for re-election. Lord Armstrong of Ilminster, then Chairman of Bristol & West plc and Mr John J Burke, current Managing Director and Chief Executive of Bristol & West plc were co-opted to the Court on 28 July 1997. In accordance with the Bye-Laws, both retire at the forthcoming Annual General Court and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The interests of the Directors and Secretary, in office at 31 March 1998, and of their spouses and minor children, in the stocks issued by the Bank are shown in Note 39 on pages 99 to 105.

In relation to the Group's business, no contracts of significance in which the Directors of the Bank had any interest subsisted at any time during the year ended 31 March 1998.

SUBSTANTIAL STOCKHOLDINGS

There were 34,497 registered holders of the Ordinary Stock of the Bank at 31 March 1998. An analysis of these holdings is shown on page 120.

As at 13 May 1998, the Bank had received notification of the following substantial interests in its Issued Ordinary Stock:-

NAME	%
Bank of Ireland Asset Management Limited *	9.9
Irish Life Assurance plc	5.4
AIB plc and subsidiaries *	4.9

* None of these stockholdings are beneficially owned by the named companies but are held on behalf of a range of clients, none of whom hold, so far as the Directors have been notified, more than 3% of the Issued Ordinary Stock.

As at 13 May 1998 the Bank had received notification that The Standard Life Assurance Company held between 3% and 5% of the Issued Ordinary Stock.

So far as the Directors have been notified there were no other holdings of 3% or more of the Issued Ordinary Stock of the Bank.

CORPORATE GOVERNANCE

The Directors confirm that the Group complies with all of the provisions of the Code of Best Practice recommended by the Cadbury Committee on the Financial Aspects of Corporate Governance published in December 1992 (the "Code"), as it applies to Irish registered companies listed on the Irish Stock Exchange and that the Bank has fully adopted the Irish Stock Exchange's requirements in regard to the disclosure of Directors' remuneration and the information is contained in Note 39 on pages 99 to 105 of the accounts.

The Directors confirm that they are satisfied that the Bank and the Group have adequate resources to continue to operate for the foreseeable future and are financially sound. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The Audit Committee, on behalf of the Court, has reviewed the Group's systems in the context of the supplementary guidance on the effectiveness of the system of internal financial control arising from the Code and its report is contained on page 34.

The auditors have reported to the Court that in their opinion the Directors' statements on internal financial control and on going concern have provided the disclosures required by the Listing Rules of the Irish Stock Exchange and are consistent with the information which came to their attention as a result of their audit work on the accounts; and that the Directors' other statements appropriately reflect the Group's compliance with the other paragraphs of the Code specified for their review.

AUDIT COMMITTEE

The membership of the Audit Committee, which is a committee of the Court, currently comprises Dr Margaret Downes (Chairman), Lord Armstrong of Ilminster, Mr Anthony D Barry, Dr E Patrick Galvin and Dr Mary Redmond all of whom are Non-Executive Directors of the Bank. It meets regularly with the Group's senior management, the external auditors, the Group Chief Internal Auditor and the Head of Group Compliance to review the Group's internal accounting controls, the internal and external audit plans and subsequent findings, the selection of accounting policies, the audit report, financial reporting including annual audited accounts and other related matters. The external auditors, the Group Chief Internal Auditor and the Head of Group Compliance all have full and unrestricted access to the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee, which currently comprises Mr Howard E Kilroy (Chairman), Mr Anthony D Barry, Mr Niall W A FitzGerald, Dr E Patrick Galvin and Mr Ray Mac Sharry, all of whom are Non-Executive Directors of the Bank, is responsible for the formulation of the Group's policy on remuneration in relation to all Executive Directors and members of the Group Policy Committee (See Note 39 on pages 99 to 105). The Remuneration Committee is also responsible for recommending to the Court the names of Directors for co-option to the Court.

SAFETY, HEALTH AND WELFARE AT WORK ACT 1989

It is Group policy to attach a high priority and commitment to the safety, health and welfare of its employees and customers. The Group continues to review its compliance with the above Act and where inadequacies are identified, programmes of rectification are initiated. The Group's Health and Safety Consultation Group meets to discuss matters of principle covering the safety, health and welfare of employees and customers and to identify the training needs to ensure a continuing awareness in this regard. A Safety, Health and Welfare Policy Statement has been issued to all premises in accordance with the requirements of the Act.

POLITICAL DONATIONS

The Electoral Act, 1997 requires companies to disclose all political donations over IR£4,000 in aggregate made during the financial year. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Bank or any of its subsidiaries.

BRANCHES OUTSIDE THE STATE

The Bank has established branches, within the meaning of Regulation 25 of the European Communities (Accounts) Regulations, 1993 (which gave effect to EU Council Directive 89/666/EEC), in the United Kingdom.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office.

Howard E Kilroy *Governor*
Anthony D Barry *Deputy Governor*

Bank of Ireland
Head Office
Lower Baggot Street
Dublin 2

13 May 1998

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on page 35, is made with a view to distinguishing for Stockholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

Company law requires the Directors to ensure that accounts, which give a true and fair view of the state of affairs of the Bank and the Group and of the profit or loss of the Group for the year, are prepared for each financial year.

With regard to the accounts on pages 36 to 115, the Directors have determined that it is appropriate that they continue to be prepared on a going concern basis and consider that in their preparation:-

- *suitable accounting policies have been selected and applied consistently;*
- *judgements and estimates that are reasonable and prudent have been made; and*
- *applicable accounting standards have been followed.*

The Directors have a responsibility for ensuring that proper books of account are kept which disclose with reasonable accuracy at any time the financial position of the Bank and which enable them to confirm that the accounts comply with the Companies Acts, 1963 to 1990 and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Howard E Kilroy	*Governor*
Anthony D Barry	*Deputy Governor*
Maurice A Keane	*Group Chief Executive*
Terence H Forsyth	*Secretary*

Internal Financial Control

The Directors acknowledge their overall responsibility for the Group's systems of internal financial control. Such systems can provide only reasonable and not absolute assurance against material financial misstatement or fraud. Such losses could arise because of the nature of the Group's business in undertaking a wide range of financial services that inherently involve varying degrees of risk.

The Group's overall control systems include:

- *a clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the Court which support the maintenance of a strong control environment.*

- *appropriate terms of reference for Court sub-committees with responsibility for core policy areas.*

- *an annual budgeting and monthly financial reporting system for all Group business units, which enables progress against longer-term objectives and annual plan to be monitored, trends to be evaluated and variances to be acted upon.*

- *a comprehensive set of policies and procedures relating to capital expenditure, asset and liability management (including interest, currency and liquidity risk) and credit risk management. Further details are given in the Operating and Financial Review on pages 10 to 27.*

- *the Group Audit Committee, which on the Court's behalf, examines the effectiveness of the systems of control and whose membership and main activities are set out on page 31 of the Directors' Report. Separate Audit Committees are also established in certain business units.*

Controls are reviewed systematically by Internal Audit, which has a Group-wide role. Emphasis is focused on areas of greatest risk as identified by risk analysis. In addition, the system of internal financial control is also subject to regulatory supervision by the Central Bank of Ireland and other regulators in Ireland and overseas.

The effectiveness of the Group's internal financial controls is reviewed periodically by the Group Audit Committee. This is achieved primarily by a review of the work of Internal Audit and of the reports, which include details of any material internal control issues, provided by the Group's external auditors.

On behalf of the Court, the Group Audit Committee confirms that it has reviewed the effectiveness of the systems of internal financial control in existence in the Group for the year ended 31 March 1998.

Auditors' Report

Auditors' Report to the Members of the Governor and Company of the Bank of Ireland

We have audited the accounts on pages 36 to 115 which have been prepared under the historical cost convention, as modified by the revaluation of certain properties and investments, and the accounting policies on pages 42 to 45.

Respective responsibilities of Directors and Auditors

As described on page 33, the Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Bank and the Group as at 31 March 1998 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1990 and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Bank and proper returns adequate for the purpose of our audit have been received from branches not visited by us. The balance sheet of the Bank is in agreement with the books of account.

In our opinion, the information given in the Report of the Directors on pages 29 to 32 is consistent with the accounts.

In our opinion, the balance sheet of the Bank on pages 38 to 39 does not show a financial situation which, under the provisions of the Companies (Amendment) Act, 1983, requires the convening of an Extraordinary General Court.

Price Waterhouse
Chartered Accountants and Registered Auditors
Dublin

13 May 1998

Group Profit & Loss Account

for the year ended 31 March 1998

	Notes	1998 Continuing Operations IR£m	1998 Acquisitions (1) IR£m	1998 Group Total IR£m	1997 Group Total IR£m
INTEREST RECEIVABLE					
Interest receivable and similar income arising from debt securities		184.5	23.2	207.7	181.9
Other interest receivable and similar income	4	1,306.6	513.1	1,819.7	1,078.6
Interest payable	5	(861.2)	(413.3)	(1,274.5)	(645.7)
NET INTEREST INCOME		629.9	123.0	752.9	614.8
Dividend income from equity shares		0.1	-	0.1	0.2
Fees and commissions receivable		335.7	33.6	369.3	280.7
Fees and commissions payable		(24.5)	(3.0)	(27.5)	(20.1)
Dealing profits		32.7	-	32.7	21.4
Contribution from life assurance companies		37.1	15.8	52.9	19.1
Other operating income	6	27.7	5.2	32.9	16.6
TOTAL OPERATING INCOME		1,038.7	174.6	1,213.3	932.7
Administrative expenses	7	570.8	75.9	646.7	503.4
Depreciation and amortisation	7,19	50.4	5.3	55.7	45.4
OPERATING PROFIT BEFORE PROVISIONS		417.5	93.4	510.9	383.9
Provision for bad and doubtful debts	15	36.5	0.5	37.0	20.0
OPERATING PROFIT		381.0	92.9	473.9	363.9
Income from associated undertakings	8	56.5	-	56.5	31.7
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		437.5	92.9	530.4	395.6
Taxation on profit on ordinary activities	9	123.5	32.2	155.7	128.5
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		314.0	60.7	374.7	267.1

Group Profit & Loss Account (continued)

for the year ended 31 March 1998

	Notes	1998 Continuing Operations IR£m	1998 Acquisitions (1) IR£m	1998 Group Total IR£m	1997 Group Total IR£m
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		314.0	60.7	374.7	267.1
Minority interests : equity				1.0	0.5
: non equity				3.9	-
Non-cumulative preference stock dividends	10			16.0	14.7
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS				353.8	251.9
Transfer to capital reserve	32			32.4	6.7
Ordinary dividends	10			118.3	86.4
PROFIT RETAINED FOR THE YEAR				203.1	158.8
Earnings per unit of IR£1 Ordinary Stock	11			70.9p	52.0p

The movement in the reserves is shown in Note 32.

(1) Acquisitions include Bristol & West, New Ireland and Active Business Services.

The profit attributable to the Ordinary Stockholders of the Bank dealt with in the accounts of the Bank amounted to IR£95.4m (1997: IR£99.0m). The Bank has taken advantage of Regulation 5, paragraph 2 of the European Communities (Credit Institutions: Accounts) Regulations, 1992, and accordingly the profit and loss account of the Bank has not been presented separately.

The notes on pages 42 to 115 form part of the accounts.

Howard E Kilroy *Governor*
Anthony D Barry *Deputy Governor*
Maurice A Keane *Group Chief Executive*
Terence H Forsyth *Secretary*

Balance Sheets

at 31 March 1998

	Notes	THE GROUP 1998 IR£m	THE GROUP 1997 IR£m	THE BANK 1998 IR£m	THE BANK 1997 IR£m
ASSETS					
Cash and balances at central banks		117.6	95.0	111.5	94.7
Items in the course of collection		383.3	327.3	383.3	327.3
Central government and other eligible bills	12	79.7	66.3	7.7	19.0
Loans and advances to banks	13	4,858.1	2,157.2	5,731.3	3,137.9
Loans and advances to customers	14	25,170.2	11,801.1	12,350.3	10,757.9
Securitisation and loan transfers		909.2	460.2	-	-
Less: non returnable amounts		812.5	400.3	-	-
	14	96.7	59.9	-	-
Debt securities	16	3,827.7	2,837.0	2,122.6	1,713.9
Equity shares		54.9	3.5	0.2	0.2
Interests in associated undertakings	17	213.5	169.0	319.5	279.5
Shares in group undertakings	18	-	-	1,163.4	232.8
Tangible fixed assets	19	649.0	382.3	337.8	312.6
Own shares	20	10.6	-	-	-
Other assets	21	1,338.6	747.1	694.5	369.0
Deferred taxation	22	-	-	29.5	23.3
Prepayments and accrued income		423.3	289.3	327.5	228.6
		37,223.2	18,935.0	23,579.1	17,496.7
Life assurance assets attributable to policyholders	23	2,408.6	734.6	-	-
		39,631.8	19,669.6	23,579.1	17,496.7
LIABILITIES					
Deposits by banks	24	4,261.1	1,624.1	6,001.3	3,738.8
Customer accounts	25	25,956.7	12,896.7	13,061.2	10,589.7
Debt securities in issue	26	882.5	411.4	581.2	226.5
Items in the course of transmission		196.7	94.4	196.7	94.4
Other liabilities	27	2,377.6	1,417.4	1,318.2	916.0
Accruals and deferred income		560.0	269.2	246.2	216.1
Provisions for liabilities and charges					
- deferred taxation	22	73.2	33.4	-	-
- other	28	122.1	56.5	64.3	50.8
Subordinated liabilities	29	1,145.6	718.3	826.6	718.3
Minority interests - equity		2.6	2.3	-	-
Minority interests - non equity	30	64.5	-	-	-
Called up capital stock	31	530.8	502.2	530.8	502.2
Stock premium account	32	462.2	259.6	462.2	259.6
Capital reserve	32	98.0	53.1	14.5	12.4
Profit and loss account	32	1,111.2	804.5	280.7	177.1
Goodwill reserve	32	(631.1)	(216.7)	(11.9)	(11.9)
Revaluation reserve	32	9.5	8.6	7.1	6.7
Stockholders' funds including non equity interests		1,580.6	1,411.3	1,283.4	946.1
Life assurance liabilities attributable to policyholders	23	2,408.6	734.6	-	-
		39,631.8	19,669.6	23,579.1	17,496.7

at 31 March 1998

	Notes	THE GROUP 1998 IR£m	THE GROUP 1997 IR£m	THE BANK 1998 IR£m	THE BANK 1997 IR£m
MEMORANDUM ITEMS					
Contingent liabilities					
Acceptances and endorsements		87.6	60.5	87.6	60.5
Guarantees and assets pledged as collateral security					
- assets pledged		-	-	-	-
- guarantees and irrevocable letters of credit		477.2	443.5	1,393.8	1,134.2
Other contingent liabilities		268.4	239.0	268.4	239.0
	35	833.2	743.0	1,749.8	1,433.7
Commitments					
Sale and option to resell transactions		-	-	-	-
Other commitments		6,128.2	5,440.7	4,882.7	4,424.7
	35	6,128.2	5,440.7	4,882.7	4,424.7

The notes on pages 42 to 115 form part of the accounts.

Howard E Kilroy *Governor*
Anthony D Barry *Deputy Governor*
Maurice A Keane *Group Chief Executive*
Terence H Forsyth *Secretary*

for the year ended 31 March 1998

	Notes	THE GROUP 1998 IR£m	THE GROUP 1997 IR£m	THE BANK 1998 IR£m	THE BANK 1997 IR£m
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES					
Profit attributable to the ordinary stockholders		353.8	251.9	95.4	99.0
Exchange adjustments	31,32	124.4	25.5	138.8	12.4
Revaluation of property		2.4	-	-	-
Total recognised gains since last year		480.6	277.4	234.2	111.4

	Notes	THE GROUP 1998 IR£m	THE GROUP 1997 IR£m	THE BANK 1998 IR£m	THE BANK 1997 IR£m
RECONCILIATION OF MOVEMENT IN STOCKHOLDERS' FUNDS					
Profit attributable to the ordinary stockholders		353.8	251.9	95.4	99.0
Dividends	10	(118.3)	(86.4)	(118.3)	(86.4)
		235.5	165.5	(22.9)	12.6
Other recognised gains		126.8	25.5	138.8	12.4
New capital stock subscribed	31,32	221.4	19.3	221.4	19.3
Goodwill arising on acquisitions	32	(414.4)	(159.3)	-	-
Goodwill written back on disposal	32	-	133.8	-	-
		169.3	184.8	337.3	44.3
At 1 April		1,411.3	1,226.5	946.1	901.8
At 31 March		1,580.6	1,411.3	1,283.4	946.1
Stockholders' funds:					
Equity		1,415.3	1,255.8	1,118.1	790.6
Non equity		165.3	155.5	165.3	155.5
		1,580.6	1,411.3	1,283.4	946.1

NOTE OF HISTORICAL COST PROFIT AND LOSS

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.

The notes on pages 42 to 115 form part of the accounts.

Howard E Kilroy *Governor*
Anthony D Barry *Deputy Governor*
Maurice A Keane *Group Chief Executive*
Terence H Forsyth *Secretary*

Group Cash Flow Statement

for the year ended 31 March 1998

	Notes	1998 IR£m	1997 IR£m
RECONCILIATION OF OPERATING PROFIT TO NET OPERATING CASH FLOWS			
Operating profit		473.9	363.9
Increase in accrued income and prepayments		(89.4)	(37.6)
Increase in accruals and deferred income		165.3	68.1
Provisions for bad and doubtful debts		37.0	20.0
Loans and advances written off net of recoveries		(22.7)	(10.6)
Depreciation and amortisation		55.7	45.4
Interest charged on subordinated liabilities		71.4	36.8
Dividend received from associated undertaking		1.5	0.2
Other non-cash movements		16.0	(18.9)
Net cash flow from trading activities		708.7	467.3
Net decrease / (increase) in collections / transmissions		60.5	(54.4)
Net (increase) / decrease in loans and advances to banks		(691.4)	677.3
Net (increase) in loans and advances to customers		(1,434.2)	(1,450.2)
Net increase / (decrease) in deposits by banks		2,101.3	(755.2)
Net increase in customer accounts		1,056.6	1,293.4
Net (decrease) in debt securities in issue		(25.4)	(256.2)
Net (increase) / decrease in non-investment debt and equity securities		(294.5)	320.3
Net (increase) / decrease in other assets		(485.5)	192.4
Net increase / (decrease) in other liabilities		613.5	(90.4)
Exchange movements		144.9	9.0
Net cash flow from operating activities		1,754.5	353.3
Returns on investment and servicing of finance	37	(81.1)	(50.7)
Taxation		(114.5)	(81.0)
Capital expenditure and financial investment	37	125.3	(388.2)
Acquisitions and disposals	37	(810.0)	22.8
Equity dividends paid		(73.2)	(68.4)
Financing	37	162.2	188.4
Increase / (decrease) in cash		963.2	(23.8)

The notes on pages 42 to 115 form part of the accounts.

Howard E Kilroy *Governor*
Anthony D Barry *Deputy Governor*
Maurice A Keane *Group Chief Executive*
Terence H Forsyth *Secretary*

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

Introduction

The accounts on pages 36 to 115 have been prepared under the historical cost convention as modified by the revaluation of certain properties and investments, in accordance with the Companies Acts, 1963 to 1990 and the European Communities (Credit Institutions: Accounts) Regulations, 1992 and with applicable accounting standards. The accounts are drawn up in Irish Pounds (IR£) and except where otherwise indicated are expressed in millions. Costs, assets and liabilities are inclusive of irrecoverable value added taxes where appropriate.

The significant accounting policies are as follows:-

(a) Basis of Consolidation

Assets, liabilities and results of all group undertakings have been included in the Group's accounts on the basis of accounts made up to the end of the financial year.

In order to reflect the different nature of the policyholders' interests in the long-term assurance business, the assets and liabilities attributable to policyholders are classified separately in the Group balance sheet.

Assets held by the Bank and certain group undertakings in their capacity as trustee and manager for investment trusts, pension schemes and unit trusts are not consolidated in the Group accounts as the Group does not have beneficial ownership.

(b) Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into Irish Pounds at rates of exchange ruling at the balance sheet date or at hedge rates where appropriate. Exchange differences, arising from the application of closing rates of exchange to the opening net assets held in foreign currencies and to related foreign currency borrowings are taken directly to reserves. Profits and losses in foreign currencies are translated into Irish Pounds at the average rates of exchange for the year or at hedge rates where appropriate and the differences between these rates and closing rates are recorded as a movement in reserves. All other exchange profits and losses, which arise from normal trading activities, are included in operating profits.

(c) Income Recognition

Interest income is recognised as it accrues, except in the case of doubtful debts where interest is recognised on a cash receipts basis. Fees receivable which represent a return for services provided, risk borne or which are in the nature of interest are credited to income when the service is performed or over the period of the product as appropriate.

(d) Mortgage Interest Discounts and Cashbacks

Mortgage interest discounts below the cost of funds and cashbacks are capitalised when there is a right and intention to recover the incentive in the event of early redemption. The amount capitalised is charged against interest received in the profit and loss account on a straight line basis over the early redemption penalty period.

(e) Leasing and Instalment Finance

Leasing income is recognised in proportion to the funds invested in the lease so as to give a constant rate of return over each period after taking account of taxation cash flows. Income from instalment finance transactions, including hire purchase finance, is recognised in proportion to the balances outstanding.

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES (continued)

(f) Debt Securities and Equity Shares

Investment Securities

Debt securities and equity shares held for use on a continuing basis in the Group's activities are classified as investment securities. Such securities and shares are stated at cost less provision for any permanent diminution in value. The cost of dated securities is adjusted for the amortisation of premiums or discounts over the period to maturity. The amortisation of premiums or discounts is included in interest income. In those rare instances where an investment security is sold prior to maturity, profits and losses are recognised when realised.

Other Securities

Other securities are stated at fair value, except for those securities maintained for the purpose of hedging, which are accounted for on the same basis as the item hedged. Changes in the fair value of securities marked to market are recognised in the profit and loss account as they arise. Profits and losses on disposal are recognised when realised and included in dealing profits, except for those securities maintained for hedging purposes, which are amortised over the lives of the underlying transactions and included in net interest income.

(g) Derivatives

Derivative instruments used for trading purposes or used to manage risk in the trading portfolios include swaps, futures, forwards, forward rate agreements and options contracts in the interest rate, foreign exchange and equity markets. These derivatives, which include all customer and proprietary transactions together with any associated hedges are measured at fair value and the resultant profits and losses are included in dealing profits. In the event of a market price not being readily available internally generated prices will be used. These prices are calculated using recognised formulae for the type of transaction. Where market prices may not be achievable because of the size of positions or the illiquidity of markets, adjustments are made in determining fair value. Unrealised gains and losses are reported in Other assets or Other liabilities on a gross basis.

Derivatives used for hedging purposes include swaps, forwards, futures, forward rate agreements and options in interest rate, foreign exchange and equity markets. Gains and losses on these derivatives which are entered into for specifically designated hedging purposes against assets, liabilities, other positions and cash flows accounted for on an accruals basis, are taken to the profit and loss account in accordance with the accounting treatment of the underlying transaction. Accrued income or expense is reported in prepayments and accrued income or accruals and deferred income on a gross basis. Profits and losses related to qualifying hedges of firm commitments and anticipated transactions are deferred and taken to the profit and loss account when the hedged transactions occur.

The criteria required for a derivative instrument to be classified as a designated hedge are:

(i) Adequate evidence of the intention to hedge must be established at the outset of the transaction.

(ii) The transaction must match or eliminate a proportion of the risk inherent in the assets, liabilities, positions or cash flows being hedged and which results from potential movements in interest rates, exchange rates or market prices. Changes in the derivatives fair value must be highly correlated with changes in the fair value of the underlying hedged item for the entire life of the contract.

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES (continued)

Where these criteria are not met, transactions are measured at fair value.

Hedge transactions which are superseded, cease to be effective or are terminated early are measured at fair value. Any profit or loss arising is deferred and reported in Other assets or Other liabilities. This profit or loss is amortised over the remaining life of the asset, liability, position or cash flow previously being hedged.

When the underlying asset, liability or position is terminated, or an anticipated transaction is no longer likely to occur, the hedging transaction is measured at fair value and any profit or loss arising is recognised in full in dealing profits. The unrealised profit or loss is reported in Other assets or Other liabilities.

(h) Capital Instruments

Issue expenses incurred in connection with the issue of capital instruments other than equity shares are deducted from the proceeds of the issue and amortised to the profit and loss account as appropriate.

(i) Pensions

Contributions to the Group's defined benefit schemes are charged to the profit and loss so as to spread the expected cost of pensions, calculated in accordance with the advice of qualified actuaries, on a systematic basis over employees' working lives. Variations from the regular cost are spread over the average remaining service life of relevant employees. The costs of the Group's defined contribution schemes are charged to the profit and loss for the period in which they are incurred.

(j) Depreciation and Amortisation

Leasehold property with unexpired terms of 50 years or less is depreciated by equal annual instalments over the remaining period of the lease. Freehold and long leasehold property is maintained in a state of good repair and the Directors consider that residual values based on prices prevailing at the time of acquisition or subsequent valuation are such that depreciation is not significant, accordingly this property is not depreciated. Computer and other equipment is depreciated by equal annual instalments over its estimated useful life subject to a maximum period of 10 years. Depreciation on adaptation works on freehold property is based on an estimated useful life subject to a maximum period of 15 years.

(k) Provision for Bad and Doubtful Debts

Specific provisions are made on a case by case basis for loans and advances which are recognised to be bad or doubtful as a result of the continuous appraisal of the loans and advances portfolio. A general provision is also made against loans and advances to cover latent loan losses which are known from experience to be present in any portfolio of loans and advances but have yet to be specifically identified.

(l) Deferred Taxation

Deferred taxation is recognised at the appropriate rates of tax using the liability method on timing differences between profits stated in the accounts and profits computed for taxation purposes where it is expected that a liability or asset is likely to arise in the foreseeable future. The future tax benefit relating to tax losses is not recognised unless the benefit assured is beyond reasonable doubt.

(m) Scrip Dividend

Stock issued in lieu of cash dividends, under the Stock Alternative Scheme, is issued at a value equivalent to the cash dividend foregone.

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES (continued)

(n) Investments in Associated Undertakings

Investments in associated undertakings are stated at acquisition cost, less amounts written off in respect of goodwill arising on acquisition, together with the appropriate share of post-acquisition reserves.

(o) Securitisation and Loan Transfers

Assets sold under securitisation and loan transfers, where there is no significant change in the Group's rights or benefits to those assets or in the Group's exposure to the risks inherent in those assets, continue to be consolidated on a gross basis. In cases where there is no significant change in the rights and benefits and the financing is limited to a fixed monetary ceiling, only the net amount is consolidated using the linked presentation and the related gross amounts are shown on the face of the balance sheet.

(p) Goodwill

Goodwill arising on acquisition of shares in group and associated undertakings, being the excess of cost over the fair value of the Group's share of net tangible and financial assets acquired (and in the case of life operations, the interest in policies in force at the acquisition date), is charged against reserves in the year of acquisition. In the event of a subsequent disposal, any goodwill previously charged directly against reserves is written back and is reflected in the profit and loss account on disposal. Similarly, where an imminent disposal indicates a permanent diminution in the value of goodwill, a goodwill write down through the profit and loss account is recognised.

(q) Life Assurance Business

The assets attributable to the Group from the life assurance business are consolidated in the Group balance sheet and consist of the Group's share of the net tangible and financial assets of the business and the Group's interest in policies in force. The Group's interest in polices in force is computed annually in consultation with independent actuaries and represent the discounted present value of the surpluses attributable to the Group which will be generated in the future from existing policies. The bases adopted in the valuation use prudent best estimates of future lapse rates, mortality rates, renewal expenses and investment returns. The value has been computed in accordance with bases accepted in the life assurance market. The statutory life companies surplus attributable to the Group, together with the annual movement in the Group's interest in policies in force is included in the Group profit and loss account, grossed up for taxation at the effective rate.

2 BRISTOL & WEST

The transfer of the businesses of Bristol & West Building Society to a subsidiary of the Bank, Bristol & West plc (formerly Reading Mortgages plc) was completed on 28 July 1997.

The terms of the transfer valued the consideration at Stg£600m. In satisfaction of this consideration Stg£522m was paid in cash and preference shares in Bristol & West plc were issued for a nominal value of Stg£78m. Subsequently Stg£26.4m of the preference shares were purchased by Bank of Ireland at a premium. The remaining preference shares are reported as minority interest on the Group balance sheet. As analysed below the acquisition gave rise to goodwill on consolidation of IR£294.7m which, in accordance with the Group's policy for goodwill, has been charged against goodwill reserves.

The fair value of net assets acquired was as follows:

	Book Values IR£m	Revaluation IR£m	Other Adjustments IR£m	Fair Values IR£m
Cash and balances at central banks	9.2			9.2
Loans and advances to banks	967.2			967.2
Loans and advances to customers	9,259.4		(34.6)	9,224.8
Debt securities	697.8			697.8
Tangible fixed assets	110.3	(5.5)		104.8
Other assets	87.1		8.7	95.8
Deposits by banks	(402.7)			(402.7)
Customer accounts	(9,374.8)			(9,374.8)
Debt securities in issue	(386.1)			(386.1)
Other liabilities	(264.4)	(22.9)	(2.9)	(290.2)
Subordinated liabilities	(235.2)	(55.0)		(290.2)
Net assets	467.8	(83.4)	(28.8)	355.6
Costs incurred by Bank of Ireland				6.9
Consideration				643.4
Goodwill arising on the acquisition of the businesses of Bristol & West Building Society				294.7

The rate of exchange at the date of acquisition was IR£/Stg£0.8891. The consideration of IR£643.4m reflects the benefit of hedged instruments which were put in place following the announcement of the acquisition.

The fair value adjustments made on the acquisition of the businesses of Bristol & West Building Society arose as follows:

Revaluation

Property was reduced by IR£5.5m to reflect the property acquired at open market value on an existing use basis. Other liabilities were increased by IR£22.9m reflecting provisions for future rentals on leaseholds in excess of current market value of IR£17.3m, and pensions were revalued upwards by IR£5.6m in accordance with FRS7. The subordinated liabilities were revalued upwards by IR£55.0m in accordance with the valuation rules for long term monetary liabilities in FRS7.

2 BRISTOL & WEST (continued)

Other Adjustments

Loans and advances to customers were reduced by IR£34.6m in order to align the loan loss provisioning policy of Bristol & West Building Society with that of the Group.

Other assets increased by IR£8.7m in order to align the accounting policy for loan loss recoveries with that of the Group and due to the deferred tax asset for those adjustments expected to reverse in the short term.

The increase of IR£2.9m to other liabilities is attributable to sundry provisions.

The Bristol & West Building Society profit and loss account for the year to 31 December 1996 and the preaquisition period from 1 January 1997 to 27 July 1997 is shown below:

	1 Jan 97 to 27 Jul 97 Stg£m	12 months to 31 Dec 96 Stg£m
Net interest income	91.6	149.6
Other income	29.8	55.4
	121.4	205.0
Expenses	(71.8)	(97.9)
Transaction costs	(20.3)	(8.1)
Provisions for bad and doubtful debts	(5.2)	(20.5)
Profit on ordinary activities before taxation	24.1	78.5
Taxation	(13.0)	(33.4)
Profit on ordinary activities after taxation	11.1	45.1

The profit before tax of Bristol & West from 28 July 1997 to 31 March 1998 amounted to IR£76.6m. All gains and losses in the periods shown were recognised in the profit and loss accounts for those periods and as such a statement of total recognised gains and losses is not shown.

3 NEW IRELAND HOLDINGS

The acquisition of New Ireland Holdings p.l.c. was completed on 24 December 1997.

The terms of the acquisition valued New Ireland at IR£273.6m, or IR£23.82 per fully diluted New Ireland share, which was fully paid for in cash.

As analysed below the acquisition gave rise to goodwill on consolidation of IR£93.4m which, in accordance with the Group's policy for goodwill, has been charged against goodwill reserves.

The fair value of the net assets acquired was as follows:

	Book Values IR£m	Revaluation IR£m	Other Adjustments IR£m	Fair Values IR£m
Loans and advances to banks	66.2			66.2
Equities	21.6	26.5		48.1
Investment properties	16.0	4.1		20.1
Owner occupied properties	9.0	2.1		11.1
Fixed assets	5.9	(2.3)		3.6
Shareholders' value of in force business	-		78.0	78.0
Life assurance assets attributable to policyholders	1,426.2	36.4		1,462.6
Life assurance liabilities attributable to policyholders	(1,462.6)			(1,462.6)
Other assets	52.9	(1.2)	(12.3)	39.4
Other liabilities	(96.4)	(21.0)	36.1	(81.3)
Net assets	38.8	44.6	101.8	185.2
Costs incurred				5.0
Consideration				273.6
Goodwill				93.4

The fair value adjustments made on acquisition of New Ireland arose as follows:

Revaluation

Equities, Investment properties, Owner occupied properties and non unit linked life assurance assets attributable to policyholders, were recorded at cost in the books of New Ireland. These assets have been revalued to market value at the date of acquisition in order to align the accounting policies with that of the Group.

Fixed assets and Other assets were written down by IR£2.3m and IR£1.2m respectively.

The deferred tax liability included in Other liabilities arising from the revaluation adjustment amounted to IR£21.0m.

3 NEW IRELAND HOLDINGS (continued)

Other Adjustments

The other adjustments relate to:

(i) The recognition of the shareholders' value of in force business. This is shown in accordance with industry practice, gross of deferred acquisition costs.

(ii) Other Assets

Reclassification of deferred acquisition costs to shareholders' value of in force business	(12.3)

(iii) Other Liabilities

Release of shareholders' interest in the life fund	47.3
Deferred tax liability relating to adjustments described in paragraphs (i) and (ii) above	(11.2)
	36.1

The profit before tax of New Ireland Holdings from 24 December 1997 to 31 March 1998, computed in accordance with the Bank's accounting policies, amounted to IR£15.8m. This is stated after charging reorganisation costs relating to the investment management activity of IR£2.2m, of which IR£1.5m were paid by 31 March 1998.

The summarised results of New Ireland Holdings for the period from 1 January 1997 to 23 December 1997 prepared in accordance with the accounting policies of New Ireland Holdings prior to the acquisition, are as follows:

	1 Jan to 23 Dec 97 IR£m
Turnover	
Gross premiums	192.1
Summarised consolidated profit and loss account	
Profit from life assurance business	8.1
Profit from other activities	3.1
	11.2
Interest on subordinated loan	(1.0)
	10.2
Profit on sale of Irish National	2.0
Cost of relinquishing obligations under warranty agreements (1)	(6.1)
Profit on ordinary activities before taxation	6.1
Tax on profit on ordinary activities	(4.1)
Profit on ordinary activities after taxation	2.0

3 NEW IRELAND HOLDINGS (continued)

(1) The cost of relinquishing obligations under warranty agreements arose from a payment to New Ireland's former parent company, Sun Life and Provincial Holdings plc to release all its obligations under warranty agreements outstanding at the date of acquisition.

There were no other recognised gains or losses in the period.

The profit attributable to New Ireland Holdings plc for the year ended 31 December 1996 amounted to IR£3.4m after charging minority interest of IR£0.2m.

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	1998 IR£m	1997 IR£m
The Group		
Loans and advances to banks	231.1	148.9
Loans and advances to customers	1,515.6	885.9
Finance leasing	46.9	25.3
Instalment credit	26.1	18.5
	1,819.7	1,078.6

5 INTEREST PAYABLE

	1998 IR£m	1997 IR£m
The Group		
Interest on subordinated liabilities	71.4	36.8
Other interest payable	1,203.1	608.9
	1,274.5	645.7

6 OTHER OPERATING INCOME

	1998 IR£m	1997 IR£m
The Group		
Profits less losses on disposal of investment securities	0.5	1.1
Loss on disposal of tangible fixed assets	(0.3)	(1.0)
Securitisation servicing fees	6.6	5.0
Other income	26.1	11.5
	32.9	16.6

7 OPERATING EXPENSES

	1998 IR£m	1997 IR£m
The Group		
Staff Costs:		
- wages and salaries	335.3	275.7
- social security costs	26.7	23.4
- pension costs	22.7	21.9
- staff stock issue	7.7	4.2
- severance packages	2.5	3.6
	394.9	328.8
Operating lease rentals:		
- property	7.7	5.3
- equipment	0.2	0.1
Other administrative expenses	243.9	169.2
Total administrative expenses	646.7	503.4
Depreciation and amortisation:		
- freehold and leasehold property	8.0	5.5
- computer and other equipment	47.7	39.9
Total depreciation	55.7	45.4
Total operating expenses	702.4	548.8

The charge for staff stock issue represents an amount payable to Trustees on behalf of employees to acquire an issue of Ordinary Stock as provided pursuant to the Stock Issue Schemes approved by the stockholders in 1984 and 1997. In 1998 the charge represents 3% of eligible employees' basic salary (1997: 2%).

	1998 IR£m	1997 IR£m
Auditors' remuneration (including VAT)		
- Audit work	1.1	0.7
- Non audit work	3.4	3.6

8 INCOME FROM ASSOCIATED UNDERTAKINGS

The Group	1998 IR£m	1997 IR£m
Citizens Financial Group, Inc.	55.5	32.3
Other associates	1.0	(0.6)
	56.5	31.7

The Group's share of Citizens' profits for the period is based on the audited accounts for the year to 30 September 1997 and the unaudited management results for the six months to 31 March 1998 and includes an exceptional credit in the current year of IR£3.8m.

9 TAXATION

The Group	1998 IR£m	1997 IR£m
Corporation tax	98.5	91.2
Tax credits applicable to distributions received	4.4	1.5
Duty on certain tax-based lending	1.1	0.9
Deferred taxation	34.8	24.3
Associated undertakings	16.9	10.6
	155.7	128.5

The tax charge for the year, at an effective rate of 29.4% is lower than the standard Irish corporation tax rate because of relief arising from tax based lending, the International Financial Services Centre 10% tax rate and lower rates of tax in subsidiaries overseas.

Included in the charge for corporation tax is IR£50.7m (1997: IR£24.4m) in respect of taxation on non Republic of Ireland business units.

The deferred taxation charge arises from:	1998 IR£m	1997 IR£m
Leased assets	27.8	25.4
Own assets	0.3	0.9
Short term timing differences	6.7	(2.0)
	34.8	24.3

10 DIVIDENDS

The Bank	1998 IR£m	1997 IR£m
Equity Stock:		
1998		
On units of IR£1 Ordinary Stock in issue		
Interim dividend IR7.1p (Tax credit IR0.8775p)	36.5	
Proposed final dividend IR15.9p (Tax credit IR1.9652p)	81.8	
1997		
On units of IR£1 Ordinary Stock in issue		
Interim dividend IR6.1p (Tax credit IR1.6395p)		29.7
Final dividend IR11.65p (Tax credit IR2.7869p)		56.7
	118.3	86.4

	1998 IR£m	1997 IR£m
Non Equity Stock:		
1998		
On 10.5m units of IR£1 of Non-Cumulative Preference Stock, Dividend IR1.008001p (Tax credit IR0.191999p)	10.6	
On 5.0m units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg1.0605015p (Tax credit Stg0.2019985p)	5.4	
1997		
On 10.5m units of IR£1 of Non-Cumulative Preference Stock, Dividend IR0.940092p (Tax credit IR0.259908p)		9.9
On 5.0m units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg0.989054p (Tax credit Stg0.273446p)		4.8
	16.0	14.7

Dividend payments on Non-Cumulative Preference Stock are accrued.

11 EARNINGS PER UNIT OF IR£1 ORDINARY STOCK

The calculation of earnings per unit of IR£1 Ordinary Stock is based on the profit attributable to Ordinary Stockholders of IR£353.8m (1997: IR£251.9m) and the weighted average Ordinary Stock in issue of 499.1m units of IR£1 (1997: 484.5m units of IR£1).

12 CENTRAL GOVERNMENT BILLS AND OTHER ELIGIBLE BILLS

	The Group		The Bank	
	1998	1997	1998	1997
	IR£m	IR£m	IR£m	IR£m
Other securities				
- government bills and similar securities	79.7	66.3	7.7	19.0
	79.7	66.3	7.7	19.0

13 LOANS AND ADVANCES TO BANKS

	The Group		The Bank	
	1998	1997	1998	1997
	IR£m	IR£m	IR£m	IR£m
Funds placed with Central Bank of Ireland	67.1	170.0	19.8	137.5
Funds placed with other central banks	45.6	230.8	12.9	230.5
Funds placed with other banks	4,745.4	1,756.4	5,698.6	2,769.9
	4,858.1	2,157.2	5,731.3	3,137.9
Repayable on demand	1,045.1	80.5	1,235.1	125.9
Other loans and advances to banks by remaining maturity				
- 3 months or less	3,070.6	1,473.7	3,161.8	1,957.2
- 1 year or less but over 3 months	663.6	474.0	1,079.4	593.9
- 5 years or less but over 1 year	49.1	18.8	214.1	285.3
- over 5 years	29.7	110.2	40.9	175.6
	4,858.1	2,157.2	5,731.3	3,137.9

The Group is required to maintain balances with the Central Bank of Ireland and other Central Banks.

Amounts include:

	The Group 1998	The Group 1997	The Bank 1998	The Bank 1997
Due from group undertakings				
- unsubordinated			1,405.8	1,020.2

14 LOANS AND ADVANCES TO CUSTOMERS

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
(a) Loans and advances to customers				
Loans and advances to customers	24,031.1	11,276.4	12,373.0	10,849.9
Finance lease receivables and instalment credit	1,419.6	701.0	154.3	47.1
	25,450.7	11,977.4	12,527.3	10,897.0
General and specific bad and doubtful debt provisions	(280.5)	(176.3)	(177.0)	(139.1)
	25,170.2	11,801.1	12,350.3	10,757.9
Repayable on demand	1,162.8	976.0	1,561.7	1,300.4
Other loans and advances to customers by remaining maturity				
- 3 months or less	1,163.8	1,044.3	3,572.8	1,797.9
- 1 year or less but over 3 months	1,431.8	968.1	1,430.3	907.3
- 5 years or less but over 1 year	4,616.2	3,052.6	2,485.4	4,105.4
- over 5 years	17,076.1	5,936.4	3,477.1	2,786.0
	25,450.7	11,977.4	12,527.3	10,897.0
Amounts include:				
Due from group undertakings				
- unsubordinated			4,061.8	4,003.8

Due from associated undertakings and joint ventures IR£0.4m as at 31 March 1998 at non commercial rates.

The loans accounted for on a non-accrual basis at 31 March amounted to IR£401.0m (1997: IR£220.3m).

14 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Securitisation and loan transfers

At the year end, the Group had advances secured on residential property subject to non-recourse funding. In accordance with Financial Reporting Standard No.5, "Reporting the Substance of Transactions", securitised mortgages have been included in the balance sheet using a linked presentation, whereby the non-recourse element of the funding is shown as a deduction from the mortgage balances.

The Group sold pools of mortgages of Stg£250m to Residential Property Securities No.3 plc ("RPS3") during 1993, Stg£500m to Residential Property Securities No. 4 plc ("RPS4") in July 1994 and Stg£300m to residential Property Securities No.5 plc ("RPS5") during 1997. These companies issued Mortgage Backed Floating Rate Notes ("Notes") to finance the purchase of the mortgage pools.

Loan facilities have been made available to RPS3, RPS4 and RPS5 to finance certain issue related expenses and loan losses arising on the pools of mortgages sold. The principal of these loan facilities will fall as loan losses crystallise. Interest is calculated in accordance with the loan agreements based on the profits of RPS3, RPS4 and RPS5 respectively. The loans are repayable when all Notes have been redeemed subject to the issuer having sufficient funds available.

RPS3 and RPS4 have hedged their interest rate exposure to fixed rate mortgages by entering into interest exchange agreements involving Bank of Ireland, Bank of Ireland Home Mortgages Ltd and National Westminster Bank Plc.

RPS5 has hedged its interest rate exposure to fixed rate mortgages by entering into interest rate exchange agreements involving Bank of Ireland, Bank of Ireland Home Mortgages Ltd, Coöperative Centrale Raiffeisen-Boerenleenbank BA (trading as Rabobank International) and ING Bank NV.

In December 1994 Bristol & West sold a portfolio of Stg£149.7m commercial loans to Commercial Loans on Investment Property Securitisation (No.1) plc ("CLIPS"). CLIPS funded this purchase by the issue of floating rate mortgage backed securities. Under the terms of this issue Bristol & West is not obliged to repurchase any of the assets sold to CLIPS, or to transfer any additional assets to CLIPS. The issue terms of the notes include provisions that neither CLIPS nor the noteholders have recourse to Bristol & West. Bristol & West is not obliged or does not intend to support any losses of CLIPS. The proceeds generated by the mortgage assets will be used to pay the interest and capital on the notes and any other administrative expenses and taxation. Any residue is payable to Bristol & West as deferred consideration.

The entire share capital of CLIPS is held by a discretionary trust established for a number of charitable and discretionary purposes. CLIPS is incorporated under the Irish Companies Acts 1963 to 1990 and is registered and operating in the Republic of Ireland.

The Group sold by private placement a pool of mortgages of Stg£145m during the year ended 1992 and Stg£100m during the year ended 1993 to major UK financial institutions.

Under the terms of separate agreements, the Group continues to administer the mortgages on behalf of the companies above. Specific provisions are maintained by the Group on a case by case basis for all loans where there is a likelihood of a loss arising and general provisions are maintained as a percentage of all remaining loans.

14 LOANS AND ADVANCES TO CUSTOMERS (continued)

Under the terms of the mortgage sale agreements, the Group has an option to repurchase the mortgages at par when the aggregate balances of the mortgages fall below 10% in the case of RPS3, and 5% in the case of RPS4 and RPS5, of the original sale proceeds. The amount of such options is included in net securitisation assets and other creditors.

The assets and liabilities relating to the private placement of Stg£100m continue to be recognised in the balance sheet and the associated income and expenditure is aggregated with that of the Group in the profit and loss account.

The assets and liabilities relating to the sale of mortgages to RPS3, RPS4, RPS5, CLIPS and the private placement of Stg£145m together with any associated income and expenditure are included in the financial accounts under separate headings using linked presentation.

The Group as servicer, receives fees and income from these companies. These are expected to continue up to a period of ten years from the commencement of each transaction.

In addition loans and advances to customers at 31 March 1998 includes IR£46.4m (1997: IR£104.0m) of securitised mortgage loans where linked presentation has not been used.

The Securitisations involved are as follows:

Company	Type of Loan	Date of Securitisation	Outstanding at 31 March 1998 Gross loans IR£m	Outstanding at 31 March 1998 Non-returnable finance IR£m	Outstanding at 31 March 1997 Gross loans IR£m	Outstanding at 31 March 1997 Non-returnable finance IR£m
RPS3	Residential Mortgages	31 August 1993	128.9	94.6	132.4	103.6
RPS4	Residential Mortgages	20 July 1994	322.4	285.6	327.8	296.7
RPS5	Residential Mortgages	24 September 1997	351.0	328.7	-	-
CLIPS	Commercial loans	22 December 1994	106.9	103.6	-	-
			909.2	812.5	460.2	400.3
				96.7		59.9

All the issued shares in the above companies are held by Trusts. Bank of Ireland Group does not own directly or indirectly any of the share capital of these securitisation companies or their parent companies.

14 LOANS AND ADVANCES TO CUSTOMERS (continued)

A summarised profit and loss account for the period to 31 March 1998 for RPS3, RPS4, RPS5, the private placement of Stg£145m and CLIPS is set out below:

	1998 Stg£m
Interest receivable	56.4
Interest payable	(51.4)
Fee income	0.9
Deposit income	2.3
Operating expenses	(1.7)
Profit for the financial period	6.5

(c) Concentration of exposure to risk

The Group's exposure to risk from its lending activities does not exceed 10% of loans and advances to customers after provisions in any individual sector or industry with the exception of residential mortgages.

The Group's residential mortgage portfolio is widely diversified by individual borrower and amounts to 59% of the total loans and advances to customers, 27% of the loans and advances in Ireland and 85% in the UK.

(d) Leasing and hire purchase

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Loans and advances to customers				
- finance leases	1,073.2	488.8	83.7	-
Hire Purchase receivables	346.4	212.2	70.6	47.1
	1,419.6	701.0	154.3	47.1
Amount receivable by remaining maturity				
- within 1 year	275.7	149.1	26.7	18.5
- 5 years or less but over 1 year	475.1	227.8	43.4	28.3
- over 5 years	668.8	324.1	84.2	0.3
	1,419.6	701.0	154.3	47.1

The cost of assets acquired for finance leases and hire purchase contracts, net of grants received or receivable, amounted to IR£855.6m (1997: IR£289.3m).

Aggregate amounts receivable including capital repayments during the year in respect of finance leases and hire purchase contracts amounted to IR£495.8m (1997: IR£303.2m).

15 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
At 1 April	176.3	184.0	139.1	122.8
Exchange adjustments	14.2	3.8	10.0	2.2
Charge against profits	37.0	20.0	32.7	19.8
Amounts written off	(32.7)	(17.9)	(11.1)	(13.0)
Recoveries	10.0	7.3	6.3	7.3
Disposal of group undertaking	-	(20.9)	-	-
Acquisition of group undertaking	75.7	-	-	-
At 31 March	280.5	176.3	177.0	139.1

All of which relates to loans and advances to customers.

Provisions at 31 March				
- specific	113.0	88.9	60.4	58.7
- general	167.5	87.4	116.6	80.4
	280.5	176.3	177.0	139.1

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 IR£98.1m (1997: IR£45.4m) and a non designated element, for prudential purposes of IR£69.4m (1997: IR£42.0m). The non designated element, against which a deferred tax asset has been recognised, will be offset, in certain pre-defined circumstances, against specific loan losses as they crystallise in future years.

16 DEBT SECURITIES

	At 31 March 1998			
	Book Value IR£m	Gross Unrealised Gains IR£m	Gross Unrealised Losses IR£m	Fair Value IR£m
The Group				
Issued by Public Bodies				
Investment securities				
- government securities	828.1	10.8	(0.5)	838.4
Other securities				
- government securities	1,022.1			1,022.1
- other public sector securities	6.8			6.8
	1,028.9			1,028.9
Issued by Other Issuers				
Investment securities				
- bank and building society certificates of deposit	222.5	0.1	(0.1)	222.5
- other debt securities	1,462.3	38.2	(25.0)	1,475.5
	1,684.8	38.3	(25.1)	1,698.0
Other securities				
- bank and building society certificates of deposit	20.0			20.0
- other debt securities	265.9			265.9
	285.9			285.9
	3,827.7	49.1	(25.6)	3,851.2

16 DEBT SECURITIES (continued)

	At 31 March 1997			
	Book Value IR£m	Gross Unrealised Gains IR£m	Gross Unrealised Losses IR£m	Fair Value IR£m
The Group				
Issued by Public Bodies				
Investment securities				
- government securities	568.9	2.6	(1.3)	570.2
Other securities				
- government securities	896.2			896.2
- other public sector securities	13.8			13.8
	910.0			910.0
Issued by Other Issuers				
Investment securities				
- bank and building society certificates of deposit	40.4	0.1	(0.6)	39.9
- other debt securities	1,196.6	37.0	(7.0)	1,226.6
	1,237.0	37.1	(7.6)	1,266.5
Other securities				
- bank and building society certificates of deposit	-			-
- other debt securities	121.1			121.1
	121.1			121.1
	2,837.0	39.7	(8.9)	2,867.8

16 DEBT SECURITIES (continued)

	At 31 March 1998			
	Book Value IR£m	Gross Unrealised Gains IR£m	Gross Unrealised Losses IR£m	Fair Value IR£m
The Bank				
Issued by Public Bodies				
Investment securities				
- government securities	447.9	4.6	(0.5)	452.0
Other securities				
- government securities	670.1			670.1
Issued by Other Issuers				
Investment securities				
- bank and building society certificates of deposits	208.4	-	(0.1)	208.3
- other debt securities	512.0	1.9	(2.9)	511.0
	720.4	1.9	(3.0)	719.3
Other securities				
- bank and building society certificates of deposits	20.0			20.0
- other debt securities	264.2			264.2
	284.2			284.2
	2,122.6	6.5	(3.5)	2,125.6

16 DEBT SECURITIES (continued)

	At 31 March 1997			
	Book Value IR£m	Gross Unrealised Gains IR£m	Gross Unrealised Losses IR£m	Fair Value IR£m
The Bank				
Issued by Public Bodies				
Investment securities				
- government securities	551.9	2.3	(1.3)	552.9
Other securities				
- government securities	745.8			745.8
Issued by Other Issuers				
Investment securities				
- bank and building society certificates of deposits	15.9	-	(0.6)	15.3
- other debt securities	281.6	1.7	(4.1)	279.2
	297.5	1.7	(4.7)	294.5
Other securities				
- bank and building society certificates of deposits	-			-
- other debt securities	118.7			118.7
	118.7			118.7
	1,713.9	4.0	(6.0)	1,711.9

16 DEBT SECURITIES (continued)

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Investment securities				
- listed	1,909.3	1,466.9	948.5	724.4
- unlisted	603.6	339.0	219.8	125.0
	2,512.9	1,805.9	1,168.3	849.4
Other securities				
- listed	1,085.1	912.0	730.6	752.2
- unlisted	229.7	119.1	223.7	112.3
	1,314.8	1,031.1	954.3	864.5
Unamortised premiums and discounts on investment securities	63.7	10.2	18.5	10.2

Income from listed and unlisted investments amounted to IR£206.8m (1997: IR£182.2m).

Investment securities' movements	Cost IR£m	Discount/ (Premium) IR£m	Provisions/ Write offs IR£m	Carrying Value IR£m
The Group				
At 1 April 1997	1,817.9	(12.0)	-	1,805.9
Exchange adjustments	247.6	(2.9)	-	244.7
Acquisitions	2,073.9	-	-	2,073.9
Disposals and redemptions	(2,299.3)	5.3	-	(2,294.0)
Amortisation of premiums and discounts	-	(15.4)	-	(15.4)
Acquisition of group undertaking	700.4	(2.6)	-	697.8
At 31 March 1998	2,540.5	(27.6)	-	2,512.9

16 DEBT SECURITIES (continued)

Investment securities' movements (continued)	Cost IR£m	Discount/ (Premium) IR£m	Provisions/ Write offs IR£m	Carrying Value IR£m
The Bank				
At 1 April 1997	861.2	(11.8)	-	849.4
Exchange adjustments	57.0	(1.2)	-	55.8
Acquisitions	1,108.4	-	-	1,108.4
Disposals and redemptions	(834.8)	-	-	(834.8)
Amortisation of premiums and discounts	-	(10.5)	-	(10.5)
At 31 March 1998	1,191.8	(23.5)	-	1,168.3

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Analysed by remaining maturity:				
Due within one year	932.9	517.7	638.5	307.5
Due one year and over	2,894.8	2,319.3	1,484.1	1,406.4
	3,827.7	2,837.0	2,122.6	1,713.9

The valuation of unlisted securities is based on the Directors' estimate. The cost of other securities is not disclosed as its determination is not practicable. Debt securities includes securities which are subject to sale and repurchase agreements of IR£443.6m.

Debt securities with a market value of IR£1,347.4m were pledged as collateral to cover settlement risk for securities' transactions.

17 INTERESTS IN ASSOCIATED UNDERTAKINGS

	The Group IR£m	The Bank IR£m
At 1 April 1997	169.0	279.5
Exchange adjustments	23.5	40.0
Acquisitions	0.5	-
Goodwill written off	(21.3)	-
Increase in investments	1.6	-
Retained profits	40.2	-
At 31 March 1998	213.5	319.5

Bank of Ireland owns 23.5% of Citizens Financial Group, a retail bank operating primarily in the New England area, 76.5% being owned by The Royal Bank of Scotland Group plc.

In presenting details of the associated undertakings of Bank of Ireland Group the exemption permitted by Regulation 10 of the European Communities (Credit Institutions: Accounts) Regulations, 1992 has been availed of and Bank of Ireland will annex to its annual return to the Companies Office a full listing of associated undertakings.

18 SHARES IN GROUP UNDERTAKINGS

The Bank	IR£m
At 1 April 1997	232.8
Exchange adjustments	4.8
Acquisition of New Ireland	278.6
Net increase in investments	647.2
At 31 March 1998	1,163.4
Group undertakings:	
- Credit Institutions	109.7
- Others	1,053.7
	1,163.4

Shares in group undertakings are stated at acquisition cost increased by the nominal value of scrip issues.

Net increase in investments includes an increase in the investment in a UK subsidiary to fund the acquisition of Bristol & West.

18 SHARES IN GROUP UNDERTAKINGS (continued)

The principal group undertakings at 31 March 1998 were:

Name	Principal Activity	Country of Incorporation	Statutory Year End
Bank of Ireland Finance Limited*	Instalment Finance	Ireland	31 March
Bristol & West plc	Mortgages, Savings and Investments	England	31 March
ICS Building Society*	Building Society	Ireland	31 December
Investment Bank of Ireland Limited*	Merchant Banking and Funds Management	Ireland	31 March
J & E Davy Holdings Limited	Stockbroking	Ireland	31 December
Lifetime Assurance Company Limited	Life Assurance and pensions	Ireland	31 December
New Ireland Assurance*	Life Assurance and pensions	Ireland	31 December

* Direct subsidiary of The Governor and Company of the Bank of Ireland.

All the Group undertakings are included in the consolidated accounts. The Group owns 90.44% of the equity of J & E Davy Holdings Limited and holds 49% of its voting shares . The Group owns 100% of the equity share capital of the other principal group undertakings and 100% of the voting shares of all these undertakings and in the case of ICS Building Society, 100% of the investment shares.

The registered offices of the above undertakings are given on pages 123 to 127.

In presenting details of the principal subsidiary undertakings, the exemption permitted by Regulation 10 of the European Communities (Credit Institutions: Accounts) Regulations, 1992 has been availed of and Bank of Ireland will annex to its annual return to the Companies Office a full listing of group undertakings.

Advantage is being taken of Regulation 8.(1) of the European Communities (Credit Institutions: Accounts) Regulations, 1992 in respect of Bank of Ireland Finance Limited which will not file group accounts for the year ended 31 March 1998.

19 TANGIBLE FIXED ASSETS

The Group

Cost or valuation	Freehold land and buildings IR£m	Leases of 50 years or more unexpired IR£m	Leases of less than 50 years unexpired IR£m	Computer and other equipment IR£m	Finance lease assets IR£m	Total IR£m
At 1 April 1997	166.9	36.9	20.1	399.6	5.1	628.6
Exchange adjustments	4.6	-	1.1	10.4	-	16.1
Additions	12.1	0.7	2.5	76.1	-	91.4
Acquisitions	188.1	15.8	11.8	28.9	-	244.6
Disposals	(13.1)	-	(2.0)	(26.4)	-	(41.5)
Revaluation	0.9	1.5	-	-	-	2.4
At 31 March 1998	359.5	54.9	33.5	488.6	5.1	941.6
Accumulated depreciation and amortisation						
At 1 April 1997	3.4	0.3	1.4	238.4	2.8	246.3
Exchange adjustments	0.4	0.1	0.3	7.7	-	8.5
Disposals	-	-	(0.3)	(17.6)	-	(17.9)
Charge for year	4.6	0.5	2.3	47.7	0.6	55.7
At 31 March 1998	8.4	0.9	3.7	276.2	3.4	292.6
Net book value						
At 31 March 1998	351.1	54.0	29.8	212.4	1.7	649.0
At 31 March 1997	163.5	36.6	18.7	161.2	2.3	382.3

19 TANGIBLE FIXED ASSETS (continued)

The Bank

Cost or valuation	Freehold land and buildings IR£m	Leases of 50 years or more unexpired IR£m	Leases of less than 50 years unexpired IR£m	Computer and other equipment IR£m	Finance lease assets IR£m	Total IR£m
At 1 April 1997	153.2	13.8	17.0	321.1	4.7	509.8
Exchange adjustments	4.4	-	1.0	6.8	-	12.2
Additions	9.2	-	1.5	51.7	-	62.4
Disposals	(1.4)	-	-	(10.4)	-	(11.8)
At 31 March 1998	165.4	13.8	19.5	369.2	4.7	572.6
Accumulated depreciation and amortisation						
At 1 April 1997	3.3	0.2	0.9	190.1	2.7	197.2
Exchange adjustments	0.2	-	0.2	4.8	-	5.2
Disposals	-	-	-	(7.3)	-	(7.3)
Charge for year	3.6	0.2	1.3	34.1	0.5	39.7
At 31 March 1998	7.1	0.4	2.4	221.7	3.2	234.8
Net book value						
At 31 March 1998	158.3	13.4	17.1	147.5	1.5	337.8
At 31 March 1997	149.9	13.6	16.1	131.0	2.0	312.6

19 TANGIBLE FIXED ASSETS (continued)

Property and Equipment

A revaluation of all Group property, was carried out as at 31 March 1996. All freehold and long leasehold (50 years or more unexpired) commercial properties were valued by Jones Lang Wootton as external valuers, with the Bank's professionally qualified staff valuing all other property. The valuation was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of existing use value or open market value together with the depreciated replacement cost of adaptation works where these are not adequately reflected in the existing use value.

As at 31 March 1998 on a historical cost basis the net book value of group property would have been included at IR£397.7m (1997: IR£138.1m) less accumulated depreciation IR£11.3m (1997: IR£2.2m). The Group occupies properties with a net book value of IR£280.2m (1997: IR£195.2m) in the course of carrying out its own activities.

In the year to 31 March 1998 salary and overhead costs of IR£4.5m (1997: IR£6.2m) incurred on computer software development and other projects have been capitalised and included in computer and other equipment. This expenditure is depreciated in equal annual instalments over its estimated useful life subject generally to a maximum period of five years.

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Tangible fixed assets leased	151.7	22.8	5.0	5.4
Future capital expenditure				
- contracted but not provided in the accounts	10.6	12.1	2.3	12.0
- authorised by the Directors but not contracted	7.9	9.6	5.0	9.3

Rentals payable in 1998 under non-cancellable operating leases amounted to IR£23.2m (1997: IR£14.0m). Of this amount IR£1.6m (1997: IR£1.2m) relates to leases expiring within one year, IR£3.7m (1997: IR£2.0m) relates to leases expiring in two to five years and IR£17.9m (1997: IR£10.8m) relates to leases expiring after five years, split between property IR£23.1m and equipment IR£0.1m.

19 TANGIBLE FIXED ASSETS (continued)

Minimum future rentals under non-cancellable operating leases are as follows:

Year ended 31 March	Payable IR£m	Receivable IR£m
1999	23.2	3.2
2000	22.5	3.0
2001	20.6	2.7
2002	20.5	2.3
2003	20.0	2.2
thereafter	250.9	2.8

The obligations under finance leases amount to IR£0.8m (1997: IR£1.9m) of which IR£0.4m (1997: IR£0.8m) is due within one year, IR£0.4m (1997: IR£1.1m) is due after more than one year but within five years and IR£nil (1997: IR£nil) is due after five years.

20 OWN SHARES

New Ireland Holdings plc held 780,122 units of Bank of Ireland Ordinary Stock as part of its shareholders' funds as at 24 December 1997, (the date on which control passed to Bank of Ireland Group). As at 31 March 1998 this holding had been reduced to 730,122 units of Ordinary Stock.

21 OTHER ASSETS

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Sundry debtors	543.1	409.6	90.6	83.5
Foreign exchange and interest rate contracts	594.0	277.4	594.0	275.9
Value of shareholders' interest in life policies	134.8	39.3	-	-
Other	66.7	20.8	9.9	9.6
	1,338.6	747.1	694.5	369.0

22 DEFERRED TAXATION

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Taxation treatment of capital allowances:				
- finance leases	84.1	57.2	4.4	(0.5)
- equipment used by group	13.3	11.7	12.4	11.3
Other short term timing differences	(24.2)	(35.5)	(46.3)	(34.1)
	73.2	33.4	(29.5)	(23.3)
At 1 April	33.4	15.0	(23.3)	(18.5)
Exchange adjustments	2.7	0.1	-	-
Provision made/ (utilised)	34.8	24.3	(6.0)	(2.6)
Acquisitions	14.0	-	-	-
Disposal of group undertaking	-	15.6	-	-
Other movements	(11.7)	(21.6)	(0.2)	(2.2)
At 31 March	73.2	33.4	(29.5)	(23.3)

No account is taken of the liability to taxation which could arise if property was disposed of at its book value, as it is expected that substantially all the property will be retained by the Group.

23 LIFE ASSURANCE BUSINESS

The net assets attributable to stockholders from the life assurance business amount to IR£300.3m (1997: IR£78.3m).

The life assurance assets attributable to policyholders consist of:

	1998 IR£m	1997 IR£m
Investments		
Property	121.3	33.4
Fixed interest securities	810.1	223.9
Other securities	1,267.8	447.8
Bank balances and cash	178.7	26.5
Income receivable	18.8	3.0
Other assets	22.5	-
Other liabilities	(10.6)	-
	2,408.6	734.6

24 DEPOSITS BY BANKS

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Deposits by Banks	4,261.1	1,624.1	6,001.3	3,738.8
Repayable on demand	1,357.8	310.2	1,670.3	427.0
Other deposits by remaining maturity				
- 3 months or less	2,389.2	787.7	3,076.5	2,288.0
- 1 year or less but over 3 months	164.7	375.5	1,093.2	769.8
- 5 years or less but over 1 year	328.4	126.7	140.3	209.7
- over 5 years	21.0	24.0	21.0	44.3
	4,261.1	1,624.1	6,001.3	3,738.8
Amounts include:				
Due to group undertakings			2,865.8	2,221.2

25 CUSTOMER ACCOUNTS

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Current accounts	2,927.7	2,353.1	3,626.8	2,746.6
Demand deposits	9,338.6	4,630.1	5,030.4	4,234.3
Term deposits and other products	13,422.5	5,602.5	4,343.3	3,571.4
Other short-term borrowings	267.9	311.0	60.7	37.4
	25,956.7	12,896.7	13,061.2	10,589.7
Repayable on demand	13,437.7	6,768.4	7,866.8	6,381.2
Other deposits with agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less	8,165.7	4,232.0	3,484.8	2,619.5
- 1 year or less but over 3 months	2,167.7	947.0	801.2	670.9
- 5 years or less but over 1 year	1,852.8	771.7	836.5	790.7
- over 5 years	332.8	177.6	71.9	127.4
	25,956.7	12,896.7	13,061.2	10,589.7
Amounts include:				
Due to group undertakings			725.0	465.7

26 DEBT SECURITIES IN ISSUE

	The Group		The Bank	
	1998	1997	1998	1997
	IR£m	IR£m	IR£m	IR£m
Bonds and medium term notes by remaining maturity				
- 3 months or less	31.2	-	25.0	-
- 1 year or less but over 3 months	72.3	-	59.3	-
- 5 years or less but over 1 year	216.5	54.7	30.2	54.7
Other debt securities in issue by remaining maturity				
- 3 months or less	426.8	295.9	368.7	111.0
- 1 year or less but over 3 months	135.7	60.8	98.0	60.8
	882.5	411.4	581.2	226.5

27 OTHER LIABILITIES

	The Group		The Bank	
	1998	1997	1998	1997
	IR£m	IR£m	IR£m	IR£m
Current taxation	131.2	92.5	58.6	69.0
Notes in circulation	273.7	216.9	273.7	216.9
Foreign exchange and interest rate contracts	650.9	310.0	655.1	311.8
Sundry creditors	770.7	334.5	178.4	186.4
Other	469.3	406.8	70.6	75.2
Dividends	81.8	56.7	81.8	56.7
	2,377.6	1,417.4	1,318.2	916.0

The Bank is authorised to issue bank notes in Northern Ireland under the Bankers (Ireland) Act 1845 and the Bankers (Northern Ireland) Act, 1928 as amended by Section 11 of Bankers (NI) Act 1928.

28 OTHER PROVISIONS FOR LIABILITIES AND CHARGES

The Group	Pension obligations IR£m	Provisions for contingent liabilities and commitments IR£m	Other IR£m	Total IR£m
At 1 April 1997	39.7	0.4	16.4	56.5
Exchange adjustments	2.1	0.1	1.2	3.4
Provisions made	24.3	-	15.9	40.2
Provisions utilised	(19.5)	(0.3)	(9.7)	(29.5)
Provisions released	-	(0.1)	(0.2)	(0.3)
Acquisition of group undertakings	11.2	-	40.6	51.8
At 31 March 1998	57.8	0.1	64.2	122.1

The Bank	Pension obligations IR£m	Provisions for contingent liabilities and commitments IR£m	Other IR£m	Total IR£m
At 1 April 1997	37.8	-	13.0	50.8
Exchange adjustments	1.7	-	0.3	2.0
Provisions made	18.6	-	6.8	25.4
Provisions utilised	(8.6)	-	(5.1)	(13.7)
Provisions released	-	-	(0.2)	(0.2)
At 31 March 1998	49.5	-	14.8	64.3

29 SUBORDINATED LIABILITIES

	The Group 1998 IR£m	The Group 1997 IR£m	The Bank 1998 IR£m	The Bank 1997 IR£m
Undated Loan Capital				
Bank of Ireland				
US$150m Undated Floating Rate Primary Capital Notes	108.7	94.2	108.8	94.2
US$300m Undated Variable Rate Notes	220.2	190.2	220.2	190.2
US$100m Undated Variable Rate Notes	-	63.4	-	63.4
Bristol & West				
Stg£75.0m 13 3/8% Perpetual Subordinated Bonds	153.2	-	-	-
	482.1	347.8	329.0	347.8
Dated Loan Capital				
Bank of Ireland				
US$95m Floating Rate Capital Notes 2002	-	60.3	-	60.3
Stg£100m 9.75% Subordinated Bonds 2005	123.6	103.7	123.6	103.7
US$175m Subordinated Floating Rate Notes 2007	127.9	-	127.9	-
Stg£200m Subordinated Floating Rate Notes 2009	246.1	206.5	246.1	206.5
Bristol & West				
Stg£60m 10 7/8% Subordinated Bonds 2000	74.0	-	-	-
Stg£75m 10 3/4% Subordinated Bonds 2018	91.9	-	-	-
	663.5	370.5	497.6	370.5
	1,145.6	718.3	826.6	718.3

The US$95m Floating Rate Capital Notes 2002 were redeemed in December 1997. In January 1998 the US$100m Undated Variable Rate Notes were redeemed.

The US$150m Undated Floating Rate Primary Capital Notes which were issued at par on 5 December 1985 are subordinated in right of payment to the claims of depositors and other creditors of the Bank.

On 5 September 1989 the Bank issued US$300m Undated Variable Rate Notes. These Notes constitute unsecured subordinated and conditional obligations of the Bank ranking pari passu with the US$150m Undated Floating Rate Primary Capital Notes.

On 21 March 1995 the Bank issued Stg£100m Subordinated Bonds 2005. The Bonds constitute unsecured obligations of the Bank subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Bank and rank pari passu without any preference among themselves.

On 11 February 1997 the Bank issued Stg£200m Subordinated Floating Rate Notes 2009. The Notes constitute unsecured obligations of the Bank subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Bank and rank pari passu without any preference among themselves.

29 SUBORDINATED LIABILITIES (continued)

On 4 September 1997 the Bank issued US$175m Subordinated Floating Rate Notes 2007. The notes constitute unsecured obligations of the Bank subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Bank and rank pari passu without any preference among themselves.

Interest rates on the floating rate and fixed rate (accommodated through swaps) subordinated liabilities are determined by reference to the London Inter-Bank Offered Rate (LIBOR).

The subordinated liabilities in Bristol & West are redeemable in whole, at the option of Bristol & West plc, in the event of certain tax changes affecting the treatment of payments of interest on capital securities in the United Kingdom, and provided prior relevant supervisory consent has been obtained and adequate notice has been given, at their principal amount plus accrued interest to the date of redemption.

The Bristol & West 13 3/8% Perpetual Subordinated Bonds have a nominal value of Stg£75m and were revalued as part of the fair value adjustments on acquisition (see Note 2).

30 MINORITY INTERESTS - NON EQUITY

	1998 IR£m	1997 IR£m
Bristol & West		
Stg£52.2m 8 1/8% Non Cumulative Preference Shares of Stg£1each	64.5	-
	64.5	-

These 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 Bristol & West plc. Further details are included in Note 2.

Holders of the Preference Shares are entitled to receive, in priority to the holders of any other class of shares in Bristol & West plc, a non-cumulative preference dividend at a fixed rate per annum payable in equal half yearly instalments in arrears on 15 May and 15 November each year. Bank of Ireland holds 33.6% of these shares.

The preference dividend on the Preference Shares will only be payable to the extent that payment can be made out of profits available for distribution as at each dividend payment date in accordance with the provisions of the UK Companies Acts.

31 CALLED UP CAPITAL STOCK

The Group	1998 IR£m	1997 IR£m
Authorised		
750m units of IR£1 of Ordinary Stock	750.0	750.0
8m units of Non-Cumulative Preference Stock of US$25 each	146.8	127.5
100m units of Non-Cumulative Preference Stock of Stg£1 each	123.6	103.8
100m units of Non-Cumulative Preference Stock of IR£1 each	100.0	100.0
	1,120.4	1,081.3
Allotted and fully paid		
Equity		
514.1m units of IR£1 of Ordinary Stock	514.1	486.5
Non equity		
5m units of Non-Cumulative Preference Stock of Stg£1 each	6.2	5.2
10.5m units of Non-Cumulative Preference Stock of IR£1 each	10.5	10.5
	530.8	502.2

During the year the total Ordinary Stock issued was increased from 486,512,754 units of IR£1 to 514,083,378 units of IR£1 as follows:

In July 1997, 1,048,540 units of Ordinary Stock were issued to those holders of Ordinary Stock who elected, under the Stock Alternative Scheme, to receive additional units of Ordinary Stock at a price of IR731.1p per unit, instead of all or part of the cash element of their 1996/97 Final Dividend. Additionally in that month, 523,554 units of Ordinary Stock were allotted to the Trustees of the Employee Ordinary Stock Issue Scheme (Irish) and the Trustees of the Employee Ordinary Stock Issue Scheme (UK), at the price of IR710p per unit and Stg648p per unit.

In October 1997, 23,500,000 units of Ordinary Stock were placed on a non-pre-emptive basis at a price of IR846.5p per IR£1 unit.

In January 1998, 1,371,110 units of Ordinary Stock were issued to those holders of Ordinary Stock who elected, under the Stock Alternative Scheme, to receive additional units of Ordinary Stock at a price of IR900.2p per unit, instead of all or part of the cash element of their 1997/98 Interim Dividend.

During the year 1,127,420 units of Ordinary Stock were issued to option holders on the exercise of options under the terms of the Senior Executive Stock Option Scheme at prices ranging between IR135.8p and IR332.5p.

All units of Ordinary Stock in issue carry the same voting rights.

Stock Alternative Scheme

At the 1997 Annual General Court the stockholders renewed the Directors' authority to offer stockholders the right to elect to receive new units of Ordinary Stock in lieu of part or all of the cash element of their dividends. The price at which such new units are offered is the average of the closing quotation of Bank of Ireland Ordinary Stock derived from the Daily Official List of the Irish Stock Exchange for the five dealing days starting on the date on which the stock is first quoted 'ex-dividend'.

31 CALLED UP CAPITAL STOCK (continued)

Employee Stock Issue Scheme

At the 1997 Annual General Court the stockholders approved the establishment of a new Employee Stock Issue Scheme to replace the Scheme originally approved by the Stockholders in 1984. Under the new Scheme, which has an Irish and a UK version in order to conform with the relevant revenue legislation in both jurisdictions, all employees of the Bank and certain subsidiaries, are eligible to participate, provided they had an existing contract of employment with a participating company on the last day of the Group's financial year; and their employment contract existed for a period of at least 12 months as at that date and is still in existence on the date on which a stock issue announcement is made. Each year the Court of Directors may set aside an element of Group profit before taxation for allocation to the Trustees of the Schemes. The amount set aside is related to the overall Group performance assessed both in terms of profit before tax and growth in earnings per share. In addition, as is permitted by Irish taxation rules, Irish participants may, subject to certain constraints, forego up to an equivalent amount of their salary towards the acquisition by the Trustees on their behalf of up to an amount equal to their free scheme stock. To date, annual distributions under the Schemes have ranged between nil and 3% of each participant's salary.

Employees may elect to take their share of the allocation to the Trustees either in cash, which is fully taxable, or in units of Ordinary Stock. The total market value of the free stock which may be allocated to an employee may not exceed IR£10,000 under the Irish Scheme (Stg£8,500 under the UK Scheme) in any year. Units of stock allocated must be held by the Trustees for a minimum period of two years and are required to be held for a total of three years for the employee to obtain the maximum tax benefit. At 31 March 1998, the Trustees of the Staff Scheme held 3.1m units of stock (0.6% of the Issued Ordinary Stock).

Senior Executive Stock Option Scheme

Options to subscribe for units of Ordinary Stock are granted under the terms of the Senior Executive Stock Option Scheme. The original scheme was approved by the stockholders at the Annual General Court in July 1986 and a replacement scheme, "Bank of Ireland Group Stock Option Scheme - 1996", was approved by the stockholders at the Annual General Court held in July 1996. Key executives may participate in the current Scheme at the discretion of the Remuneration Committee. The total value of options granted may not exceed four times an Executive's remuneration. The subscription price per unit of stock shall not be less than the market value of the stock at the date of grant. The exercise of options granted since 1996 are conditional upon earnings per share, ("EPS") achieving a cumulative growth of at least 2% per annum compound above the increase in the Consumer Price Index over either the three year period, or if not achieved, the six year period, commencing with the period in which the options are granted. Options may not be transferred or assigned and may be exercised only between the third and tenth anniversaries of their grant. At 31 March 1998, options were outstanding over 7,713,024 units of stock (1.5% of the Issued Ordinary Stock) at prices ranging from IR152.9p to IR906.1p per unit of stock. These options may be exercised at various dates up to 27 November 2007.

Limitations on Employee Stock Issue and Stock Option Schemes

The maximum number of units of Ordinary Stock over which options may be granted under the Bank of Ireland Group Stock Option Scheme - 1996 is limited to a total of 5 per cent of the issued Ordinary Stock of Bank of Ireland over any 10 year period. Over any 10 year period, the total number of units of Ordinary Stock over which options may be granted under any stock option scheme together with the total number of units of Ordinary Stock that may be issued under any stock issue scheme may not exceed 10 per cent of the total issued Ordinary Stock. The maximum number of units of Ordinary Stock over which options may be granted or that may be issued under any stock option scheme and any stock issue scheme may not exceed 3 per cent of the total issued Ordinary Stock over any 3 year period or 5 per cent over any 5 year period.

31 CALLED UP CAPITAL STOCK (continued)

Preference Stock

The Preference Stock is non-redeemable. The holders of Preference Stock are entitled to receive a non-cumulative preferential dividend which in the case of the Sterling Preference Stock will be payable in Sterling in a gross amount of Stg£1.2625 per unit and in the case of Irish Pound Preference Stock will be payable in Irish Pounds in a gross amount of IR£1.20 per unit per annum, in equal semi-annual instalments in arrears on February 20 and August 20 in each year.

On a winding up of, or other return of capital by the Bank (other than on a redemption), the Preference Stockholders will be entitled to receive an amount equal to the amount paid up on each unit of the Preference Stock held (including the premium) out of the surplus assets available for distribution to the Ordinary Stockholders.

The Preference Stockholders are not entitled to vote at any General Court except in certain exceptional circumstances when a restricted vote may apply.

The Bank has an obligation to increase or, as the case may be, decrease the cash dividend payable on each unit of Preference Stock so that the sum of the cash dividend paid or payable together with the associated dividend tax credit shall equal the appropriate gross amounts.

32 RESERVES

	The Group IR£m	The Bank IR£m
Stock premium account	462.2	462.2
Capital reserve	98.0	14.5
Profit and loss account	1,111.2	280.7
Goodwill reserve	(631.1)	(11.9)
Revaluation reserve	9.5	7.1
At 31 March 1998	1,049.8	752.6
Stock premium account		
At 1 April 1997	259.6	259.6
Premium on issue of capital stock	178.4	178.4
Premium on stock alternative scheme issue	17.6	17.6
Stock issue expenses	(2.2)	(2.2)
Exchange adjustments	8.8	8.8
At 31 March 1998	462.2	462.2
Capital reserve		
At 1 April 1997	53.1	12.4
Share of unrealised profits of group undertakings	32.4	-
Exchange adjustments	12.5	2.1
At 31 March 1998	98.0	14.5
Profit and loss account		
At 1 April 1997	804.5	177.1
Profit retained	203.1	(22.9)
Exchange adjustments	101.5	126.5
Transfer from revaluation reserve	2.1	-
At 31 March 1998	1,111.2	280.7
Goodwill reserve		
At 1 April 1997	(216.7)	(11.9)
Goodwill written off on the acquisition of Bristol & West	(294.7)	-
Goodwill written off on the acquisition of New Ireland	(93.4)	-
Goodwill on acquisitions undertaken by Citizens Financial Group	(21.3)	-
Other goodwill	(5.0)	-
At 31 March 1998	(631.1)	(11.9)
Revaluation reserve		
At 1 April 1997	8.6	6.7
Exchange adjustments	0.6	0.4
Revaluation of property	2.4	-
Transfer to profit and loss	(2.1)	-
At 31 March 1998	9.5	7.1

33 PENSION COSTS

The Group operates a number of defined benefit pension schemes in Ireland and overseas. The schemes are funded and the assets of the schemes are held in separate Trustee administered funds.

An independent actuarial valuation of the Bank of Ireland Staff Pensions Fund (the main scheme) was carried out by R Watson & Sons, consulting actuaries as at 31 March 1995 using the projected unit credit method of funding. The principal assumption in the review was that the annual rate of return on new investments would be 4.0 per cent higher than the annual rate of increase in pensionable remuneration and pensions in course of payment.

The market value of the assets of the main scheme at 31 March 1995 was IR£899.0 m and the actuarial value of the net assets, after allowing for expected future increases in earnings and pensions, represented 108 per cent of the benefits that had accrued to members. On actuarial advice, the pension charge has been reduced for the effects of the surplus and this variation from the regular cost has been calculated by amortising the surplus over the employees' expected working lives. The surplus is being corrected by a reduction in the Bank's contribution rate to the average rate of normal contributions paid by the members to the scheme. A provision of IR£45.7m (1997: IR£33.6m) in regard to the main scheme is included in the accounts being the excess of the accumulated pension charge over the amount funded.

The total pension charge for the Group in respect of the year ended 31 March 1998 was IR£22.7m (1997: IR£21.9m), of which IR£17.8m (1997: IR£16.9m) related to the main scheme.

34 DERIVATIVE TRANSACTIONS

The Group is party to various types of financial instruments in the normal course of business to generate incremental income, to meet the financing need of its customers and to reduce its own exposure to fluctuations in interest and exchange rates. These financial instruments involve to varying degrees, exposure to loss in the event of a default by a counterparty ("credit risk") and exposure to future changes in interest and exchange rates ("market risk").

Market risk is the potential adverse change in the value of the Group's net worth arising from movements in interest rates, exchange rates or market prices. Market risk arises from the structure of the balance sheet, the execution of customer and interbank business and proprietary trading. The Group recognises that the effective management of market risk is essential to the maintenance of stable margins, the preservation of stockholder value and the achievement of the Group's corporate objectives.

The Court of Directors approves the policy and limits with respect to credit risk, market risk and liquidity risk and has delegated its monitoring and control responsibilities to the Group Credit Committee for credit matters and the Group Asset and Liability Committee for market risk and liquidity.

In respect of interest rate and exchange rate contracts, underlying principal amounts are used to express the volume of these transactions, but the amounts potentially subject to credit risk are much smaller. Replacement cost provides a better indication of the credit risk exposures facing a bank. Replacement cost is the gross cost of replacing all contracts that have a positive fair value, without giving effect to offsetting positions with the same counterparty.

34 DERIVATIVE TRANSACTIONS (continued)

The underlying principal amounts and replacement cost, by residual maturity of the Group's over the counter and other non-exchange traded derivatives were as follows at 31 March 1998:

	Within one year IR£m	One to five years IR£m	Over five years IR£m	Total IR£m
Underlying Principal Amount:				
Exchange Rate Contracts	13,183.4	1,185.8	100.2	14,469.4
Interest Rate Contracts	21,420.8	12,195.1	1,416.1	35,032.0
Equity Contracts	73.7	1,167.5	72.3	1,313.5
Replacement Cost:				
Exchange Rate Contracts	264.7	32.9	6.4	304.0
Interest Rate Contracts	39.0	132.6	44.9	216.5
Equity Contracts	56.9	484.3	5.7	546.9

The replacement cost of the Group's over the counter and other non-exchange traded derivatives as at 31 March 1998 analysed into financial and non-financial counterparties for exchange rate, interest rate and equity contracts were as follows:

	Financial IR£m	Non-Financial IR£m
Exchange Rate Contracts	228.2	75.8
Interest Rate Contracts	207.0	9.5
Equity Contracts	546.9	-
	982.1	85.3

The risk weighted amounts of the Group's total derivatives were as follows:

	1998 IR£m	1997 IR£m
Exchange Rate Contracts	142.6	128.7
Interest Rate Contracts	68.3	29.8
Equity Contracts	134.3	-

The risk weightings which are in line with Basle Committee and the Central Bank of Ireland Capital Adequacy requirements entail two steps:

(a) The positive replacement cost for all derivatives is calculated and a factor added for future credit risk.

(b) The amount resulting from (a) above is then weighted by an appropriate counterparty rating.

34 DERIVATIVE TRANSACTIONS (continued)

Nature and Terms of Trading Instruments

Bank of Ireland Group maintains trading positions in a variety of financial instruments including derivatives. Most of these positions are a result of activity generated by corporate customers while others represent trading decisions of the Group's derivative and foreign exchange traders with a view to generating incremental income. The following table represents the underlying principal amounts, fair values and average fair values by class of derivative trading instrument for the Group at 31 March 1998 and 1997:-

	1998			1997		
Interest rate contracts:	Underlying Principal Amount (1) IR£m	Fair Value IR£m	Average Fair Value IR£m	Underlying Principal Amount (1) IR£m	Fair Value IR£m	Average Fair Value IR£m
Interest rate swaps	13,470.5			8,337.5		
in a favourable position		194.0	172.9		104.4	107.6
in an unfavourable position		(117.1)	(105.8)		(70.2)	(71.1)
Interest rate caps, floors & options Held	1,011.0			634.1		
in a favourable position		1.1	1.0		1.2	0.7
in an unfavourable position		(0.5)	(0.1)		-	-
Interest rate caps, floors & options Written	684.5			497.9		
in a favourable position		0.5	0.1		-	-
in an unfavourable position		(0.3)	(0.2)		(0.4)	(0.2)
Forward rate agreements	15,001.9			4,843.3		
in a favourable position		20.0	10.8		3.4	5.1
in an unfavourable position		(19.0)	(10.3)		(3.4)	(5.2)
Financial futures	1,727.3			570.3		
in a favourable position		-	-		-	0.1
in an unfavourable position		-	-		(0.1)	(0.2)
	31,895.2			14,883.1		
Foreign exchange contracts:						
Forward foreign exchange	12,763.1			12,558.9		
in a favourable position		252.6	211.7		203.8	162.8
in an unfavourable position		(280.2)	(236.3)		(180.0)	(148.7)
Currency futures	-			43.3		
in a favourable position		-	-		0.3	0.1
in an unfavourable position		-	-		-	(0.1)
	12,763.1			12,602.2		
	44,658.3			27,485.3		

34 DERIVATIVE TRANSACTIONS (continued)

(1) The underlying principal amount represents the notional amount upon which the instruments are based and does not generally represent the amounts exchanged by the parties to the instruments.

Risk Management Activities

The Group has significant business activities in a range of currencies. Foreign exchange risk arises as the value of these transactions can fluctuate with exchange rate movements.

The operations of the Group are exposed to risk of interest rate fluctuations to the extent that assets and liabilities mature or reprice at different times or in differing amounts. Derivatives allow the Group to modify the repricing or maturity characteristics of assets and liabilities in a cost efficient manner. This flexibility helps the Group to achieve liquidity and risk management objectives.

Derivatives fluctuate in value as interest or exchange rates rise or fall just as on-balance sheet assets and liabilities fluctuate in value. If the derivatives are purchased or sold as hedges of balance sheet items, the appreciation or depreciation of the derivatives, as interest or exchange rates change, will generally be offset by the unrealised appreciation or depreciation of the hedged items.

To achieve its risk management objectives, the Group uses a combination of derivative financial instruments, particularly interest rate and currency swaps, futures and options, as well as other contracts.

34 DERIVATIVE TRANSACTIONS (continued)

The following tables represent the underlying principal amounts, average maturities and fair values by class of instrument utilised for risk management activities for the Group at 31 March 1998 and 1997.

	1998				
Interest Rate Contracts:	Underlying Principal Amount IR£m	Weighted Average Maturity in Years	Weighted Average Receive Rate %	Weighted Average Pay Rate %	Fair Value IR£m
Interest Rate Swaps					
- receive fixed					
1 year or less	1,276.8	0.3	6.6	6.7	35.9
1-5 years	824.4	2.4	8.1	7.1	42.9
5 -10 years	30.4	6.3	1.3	1.3	(2.6)
over 10 years	-	-	-	-	-
Interest Rate Swaps					
- pay fixed					
1 year or less	1,127.1	0.4	7.1	6.7	(3.0)
1-5 years	1,930.3	2.5	7.2	7.3	(27.6)
5-10 years	119.4	6.4	5.7	6.2	(6.6)
Over 10 years	63.0	12.3	5.3	7.0	(10.5)
Interest Rate Swaps					
- pay and receive floating					
1 year or less	25.6	0.2	5.6	5.9	(0.2)
1 - 5 years	18.1	3.1	5.6	8.1	0.1
5 - 10 years	9.9	5.3	5.0	6.6	-
over 10 years	-	-	-	-	-
Forward Rate Agreements					
- loans					
1 year or less	44.7	0.3	5.1	-	-
1-5 years	-	-	-	-	-
5 - 10 years	-	-	-	-	-
over 10 years	-	-	-	-	-
Forward Rate Agreements					
- deposits					
1 year or less	412.1	0.1	-	6.7	-
1-5 years	-	-	-	-	-
5 - 10 years	-	-	-	-	-
over 10 years	-	-	-	-	-
Interest Rate Caps					
1 year or less	7.1	0.2	24.0	24.0	-
1-5 years	1.2	4.2	8.0	8.0	-
5 - 10 years	-	-	-	-	-
over 10 years	-	-	-	-	-

34 DERIVATIVE TRANSACTIONS (continued)

	1998 Underlying Principal Amount IR£m	Weighted Average Maturity in Years	Weighted Average Receive Rate %	Weighted Average Pay Rate %	Fair Value IR£m
Interest Rate Floors					
1 year or less	7.1	0.2	-	-	-
1-5 years	5.0	2.6	4.4	4.4	-
5 - 10 years	-	-	-	-	-
over 10 years	-	-	-	-	-
Other Interest Rate Contracts					
1 year or less	-	-	-	-	-
1 - 5 years	422.0	3.8	1.7	0.7	(0.1)
5 - 10 years	46.7	5.5	0.6	-	-
over 10 years	-	-	-	-	-
	6,370.9				

	1998 Underlying Principal Amount IR£m	Weighted Average Maturity in Years	Fair Value IR£m
Exchange Rate Contracts:			
Forward Foreign Exchange			
1 year or less	317.2	0.2	(12.1)
1-5 years	37.5	1.6	(3.2)
5-10 years	-	-	-
over 10 years	-	-	-
Currency Swaps			
1 year or less	422.6	0.5	(5.0)
1-5 years	797.1	2.7	(58.9)
5-10 years	54.8	5.9	4.3
over 10 years	45.4	16.0	(1.6)
Currency Options			
1 year or less	31.5	0.2	0.1
1-5 years	-	-	-
5-10 years	-	-	-
over 10 years	-	-	-
	1,706.1		
Equity and Commodity Contracts:			
Equity Index Linked Contracts Held			
1 year or less	73.7	0.1	62.9
1-5 years	1,167.5	4.1	478.3
5-10 years	72.3	5.5	5.7
over 10 years	-	-	-
	1,313.5		
	9,390.5		

34 DERIVATIVE TRANSACTIONS (continued)

	1997				
	Underlying Principal Amount IR£m	Weighted Average Maturity in Years	Weighted Average Receive Rate %	Weighted Average Pay Rate %	Fair Value IR£m
Interest Rate Contracts:					
Interest Rate Swaps					
- receive fixed					
1 year or less	605.9	0.3	5.8	5.8	17.1
1-5 years	215.6	2.8	6.9	4.7	11.5
5 -10 years	10.7	5.3	7.4	6.7	0.2
over 10 years	2.9	10.3	6.8	-	-
Interest Rate Swaps					
- pay fixed					
1 year or less	365.9	0.3	5.8	7.0	(10.3)
1-5 years	444.3	2.5	5.5	7.0	(18.2)
5-10 years	84.7	6.0	4.8	7.8	(7.0)
Over 10 years	9.0	11.3	4.1	5.5	1.4
Interest Rate Swaps					
- pay and receive floating					
1 year or less	30.4	0.1	4.7	4.7	(2.0)
1 - 5 years	69.3	2.4	7.1	7.2	(0.1)
Forward Rate Agreements					
1 year or less	271.5	0.2	6.7	5.4	0.1
Other Interest Rate Contracts					
1 - 5 years	71.2	4.1	3.3	3.0	(4.4)
5 - 10 years	23.1	6.1	1.1	-	(1.0)
	2,204.5				

34 DERIVATIVE TRANSACTIONS (continued)

	1997		
Exchange Rate Contracts:	Underlying Principal Amount IR£m	Weighted Average Maturity in years	Fair Value IR£m
Forward Foreign Exchange			
1 year or less	152.5	0.4	(0.4)
1-5 years	96.9	1.3	(0.9)
Currency Swaps			
1 year or less	218.2	0.4	(11.1)
1-5 years	777.4	3.0	3.6
5-10 years	198.8	3.8	11.0
	1,443.8		
Equity Contracts:			
Equity Options Held			
1 year or less	3.1	0.1	1.1
1-5 years	85.5	3.8	17.0
5-10 years	32.1	5.5	1.3
Equity Options Written			
1-5 years	42.0	3.5	(9.2)
5-10 years	22.0	5.6	(0.3)
	184.7		
	3,833.0		

Non Trading Derivative Deferred Balances

Deferred balances relating to settled derivative transactions will be released to the profit and loss account in the same periods as the income and expense flows from the underlying transactions.

At the year end the Group had deferred income of IR£9.9m (1997: IR£7.3m) and deferred expense of IR£6.9m (1997: IR£9.4m). IR£3.9m of deferred income and IR£3.2m of deferred expense is expected to be released to the profit and loss account during the year.

Anticipatory Hedges

The Group has entered into forward foreign exchange contracts to hedge partly the exchange risk on the translation of the net profit from certain non-IR£ operations. The fair value of these amounted to an unrealised loss of IR£3.1m at 31 March 1998 and IR£9.2m in 1997.

35 CONTINGENT LIABILITIES AND COMMITMENTS

The tables below give, for the Group and Bank, the contract amounts and risk weighted amounts of contingent liabilities and commitments. The maximum exposure to credit loss under contingent liabilities and commitments is the contract amount of the instrument in the event of non-performance by the other party where all counter claims, collateral or security proved worthless. The risk weighted amounts have been calculated in accordance with the Central Bank of Ireland's guidelines implementing the Basle agreement on capital adequacy (i).

	1998		1997	
	Contract Amount IR£m	Risk Weighted Amount IR£m	Contract Amount IR£m	Risk Weighted Amount IR£m
The Group - Contingent Liabilities				
Acceptances and endorsements	87.6	85.6	60.5	59.3
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	477.2	406.4	443.5	380.4
Other contingent liabilities	268.4	131.8	239.0	115.7
	833.2	623.8	743.0	555.4
The Group - Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	30.2	9.7	26.9	8.8
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	703.2	-
- Undrawn note issuance and revolving underwriting facilities	182.2	8.7	186.5	8.7
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- irrevocable with original maturity of over 1 year	879.6	434.2	813.7	388.4
- revocable or irrevocable with original maturity of 1 year or less (ii)	5,036.2	-	3,710.4	-
	6,128.2	452.6	5,440.7	405.9

35 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

	1998		1997	
	Contract Amount IR£m	Risk Weighted Amount IR£m	Contract Amount IR£m	Risk Weighted Amount IR£m
The Bank - Contingent Liabilities				
Acceptances and endorsements	87.6	85.6	60.5	59.3
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	1,393.8	355.2	1,134.2	334.7
Other contingent liabilities	268.4	131.8	239.0	115.7
	1,749.8	572.6	1,433.7	509.7
The Bank - Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	30.2	9.7	26.9	8.8
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	182.2	8.7	186.5	8.7
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- irrevocable with original maturity of over 1 year	569.4	279.1	659.8	311.4
- revocable or irrevocable with original maturity of 1 year or less (ii)	4,100.9	-	3,551.5	-
	4,882.7	297.5	4,424.7	328.9

35 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

	1998 Contract Amount IR£m	1997 Contract Amount IR£m
Incurred on behalf of group undertakings		
- contingent liabilities	94.6	40.4
- commitments	66.4	31.9
	161.0	72.3

Notes:

(i) Under the Basle agreement, a credit conversion factor is applied to the contract amount to obtain the credit equivalent amount, which is then risk weighted according to counterparty.

(ii) Undrawn loan commitments which are unconditionally cancellable at any time or which have a maturity of less than one year have a risk weighting of zero.

36 GENERAL

(a) The Bank has given guarantees in respect of liabilities of certain of its subsidiaries and has also given guarantees for the satisfaction of the relevant regulatory authorities for the protection of the depositors of certain of its banking subsidiaries in the various jurisdictions in which such subsidiaries operate.

(b) The Bank has provided a guarantee under Section 17 of the Companies (Amendment) Act 1986 for the following companies; Addano Limited, Bank of Ireland Asset Management (US) Limited, Bank of Ireland Asset Management Limited, Bank of Ireland Car Loans Limited, Bank of Ireland Commercial Finance Limited, Bank of Ireland Unit Trust Managers Limited, Davy Corporate Finance Limited, Davy Holdings (International) Limited, Davy International, First Rate Enterprises Limited, IBI Corporate Finance Limited, IBI Interfunding Company, Ibidem Limited, Illios Limited, J & E Davy, J & E Davy Holdings Limited, Lansdowne Leasing Limited, Laverhill Limited, Liscuil Limited and Merrion Leasing Limited.

(c) There exists a contingent liability to repay in whole or in part grants received on finance leases if certain events set out in the relevant agreements occur.

37 NOTES TO THE CASH FLOW STATEMENT

	The Group 1998 IR£m	The Group 1997 IR£m
(i) Gross Cashflows		
Returns on investment and servicing of finance		
Interest paid on subordinated liabilities	(63.4)	(34.8)
Preference dividends paid	(16.0)	(14.7)
Issue expenses on subordinated liabilities	(0.5)	(1.0)
Dividends paid to minority shareholders in subsidiary undertakings	(1.2)	(0.2)
	(81.1)	(50.7)
Capital expenditure and financial investment		
Net sales / (purchases) of investment debt and equity securities	193.4	(328.0)
Purchase of tangible fixed assets	(91.4)	(64.9)
Sale of tangible fixed assets	23.3	4.7
	125.3	(388.2)
Acquisitions and disposals		
Investments in associated undertakings	(2.1)	(25.9)
US restructuring	-	138.2
Cash balances in BOIFH	-	(89.5)
Purchase of Bristol & West	(561.9)	-
Cash balances in Bristol & West	33.5	-
Purchase of New Ireland	(278.6)	-
Cash balances in New Ireland	3.5	-
Other acquisitions	(4.4)	-
	(810.0)	22.8
Financing		
Issue of capital stock (net of issue expenses)	201.4	8.6
Repayment of subordinated liabilities	(122.2)	(16.5)
Issue of subordinated liabilities	109.7	196.3
Redemption of Bristol & West preference stock	(26.7)	-
	162.2	188.4

37 NOTES TO THE CASH FLOW STATEMENT (continued)

(ii) Analysis of the balances of cash as shown in the Balance Sheet

	Cash and Balances at Central Banks IR£m	Loans and advances to Banks Repayable on Demand IR£m	Total Cash IR£m
1998			
At 1 April 1997	95.0	80.5	175.5
Cash flow	18.6	944.6	963.2
Foreign exchange movement	4.0	20.0	24.0
At 31 March 1998	117.6	1,045.1	1,162.7
1997			
At 1 April 1996	135.5	64.8	200.3
Cash flow	(38.4)	14.6	(23.8)
Foreign exchange movement	(2.1)	1.1	(1.0)
At 31 March 1997	95.0	80.5	175.5

(iii) Analysis of changes in financing

	Capital Stock (including stock premium)	Subordinated Liabilities	Minority Interest - Non Equity
1998			
At 1 April 1997	761.8	718.3	-
Acquisition of Bristol & West	-	290.2	88.4
Foreign exchange movement	9.8	148.5	2.8
Cash flow	201.4	(13.0)	(26.7)
Stock alternative scheme issue	20.0	-	-
Other non cash movements	-	1.6	-
At 31 March 1998	993.0	1,145.6	64.5
1997			
At 1 April 1996	739.1	517.7	
Foreign exchange movement	3.4	21.8	
Cash flow	8.6	178.8	
Stock alternative scheme issue	10.7	-	
At 31 March 1997	761.8	718.3	

37 NOTES TO THE CASH FLOW STATEMENT (continued)

(iv) Bristol & West Acquisition

	IR£m
Net assets acquired:	355.6
Goodwill	294.7
	650.3
Satisfied by:	
Cash	561.9
Preference shares	88.4
	650.3

An analysis of net assets acquired is set out in Note 2.

Bristol & West utilised IR£257.7m of the Group's net operating cash flows, paid IR£13.2m in respect of net returns on investments and servicing of finance, paid IR£28.8m in respect of taxation and received IR£305.6m from investing activities for the period from the date of acquisition to 31 March 1998.

(v) New Ireland Holdings Acquisition

	IR£m
Net assets acquired:	185.2
Goodwill	93.4
	278.6
Satisfied by:	
Cash	278.6
	278.6

An analysis of net assets acquired is set out in Note 3.

New Ireland contributed IR£1.1m to the Group's net operating cash flows and utilised IR£0.4m for investing activities for the period from the date of acquisition to 31 March 1998.

38 SEGMENTAL ANALYSIS

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 Directors believe that it is more meaningful to analyse total assets and the result of this analysis is therefore also included in the tables. The analysis shown is based on management accounts information. Ireland includes Northern Ireland. Turnover is defined as interest income and non interest income. Turnover by business class is not shown.

(a) Geographical Segments

	1998 IR£m	1997 IR£m
Turnover		
Ireland	1,514.9	1,187.8
Britain	887.2	282.1
New Hampshire (2)	-	13.9
Rest of World	113.2	114.7
	2,515.3	1,598.5
Interest receivable		
Ireland	1,106.5	884.1
Britain	814.4	255.3
New Hampshire (2)	-	11.8
Rest of World	106.5	109.3
	2,027.4	1,260.5
Dividend income		
Ireland	0.1	0.2
Britain	-	-
New Hampshire (2)	-	-
Rest of World	-	-
	0.1	0.2
Fees and commissions receivable		
Ireland	308.9	254.9
Britain	58.9	22.2
New Hampshire (2)	-	1.9
Rest of World	1.5	1.7
	369.3	280.7

38 SEGMENTAL ANALYSIS (continued)

	1998 IR£m	1997 IR£m
Dealing profits		
Ireland	29.0	19.8
Britain	2.4	0.6
New Hampshire (2)	-	0.1
Rest of World	1.3	0.9
	32.7	21.4
Other operating income and life assurance		
Ireland	70.4	28.8
Britain	11.5	4.0
New Hampshire (2)	-	0.1
Rest of World	3.9	2.8
	85.8	35.7
Profit on ordinary activities before taxation		
Ireland	365.4	328.0
Britain	105.6	26.8
Citizens	55.5	32.3
New Hampshire (2)	-	3.0
Rest of World	19.4	13.8
	545.9	403.9
Grossing up (4)	(15.5)	(8.3)
	530.4	395.6
Total assets		
Ireland	20,490.2	13,481.1
Britain	17,037.6	4,086.3
Citizens	181.7	142.2
Rest of World	1,922.3	1,960.0
	39,631.8	19,669.6

38 SEGMENTAL ANALYSIS (continued)

	1998 IR£m	1997 IR£m
Net Assets		
Ireland	794.1	1,075.3
Britain	532.3	134.6
Citizens	181.7	142.2
Rest of World	72.5	59.2
	1,580.6	1,411.3

(b) Business Class

	1998 IR£m	1997 IR£m
Profit on ordinary activities before taxation		
Retail	207.6	204.4
Life Assurance (3)	42.9	12.8
Bristol & West Group (1)	92.3	13.6
Corporate & Treasury	84.1	73.9
Other Group Activities	63.5	63.9
Citizens/FNH	55.5	35.3
	545.9	403.9
Grossing up (4)	(15.5)	(8.3)
	530.4	395.6
Total assets		
Retail	13,103.3	10,930.4
Life Assurance (3)	2,827.8	834.1
Bristol & West Group (1)	14,227.8	2,424.4
Corporate & Treasury	6,998.3	4,405.1
Other Group Activities	2,292.9	933.4
Citizens	181.7	142.2
	39,631.8	19,669.6
Net assets		
Retail	313.4	258.0
Life Assurance (3)	300.3	78.3
Bristol & West Group (1)	483.0	100.7
Corporate & Treasury	179.9	146.2
Other Group Activities	122.3	685.9
Citizens	181.7	142.2
	1,580.6	1,411.3

38 SEGMENTAL ANALYSIS (continued)

(1) Bristol & West Group includes the results of Bristol & West for the period from the date of acquisition 28 July 1997, and also the profits of the Group's mortgage business in Britain for the year. Bristol & West Group for the year to 31 March 1997 includes the profits of the Group's mortgage business in Britain which were previously reported in Other Group Activities.

(2) New Hampshire represents the profits of BOIFH for 25 days up to the date of the merger 25 April 1996.

(3) Life assurance includes the results of New Ireland for the period from the date of acquisition 24 December 1997, and also the profits of Lifetime Assurance for the year. Life assurance for the year to 31 March 1997 includes the profits of Lifetime Assurance which was previously reported in Other Group Activities. The life assurance profits reported in the segmental analysis are based on the management accounts.

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

39 DIRECTORS' INFORMATION

Remuneration Committee

The remuneration of the Executive Directors of the Bank is determined by the Court of Directors on the recommendation of the Remuneration Committee. The membership of the Remuneration Committee is as follows:- Mr Howard E Kilroy (Chairman), Mr Anthony D Barry, Mr Niall W A FitzGerald, Dr E Patrick Galvin and Mr Ray Mac Sharry, all of whom are Non-Executive Directors of the Court.

The Terms of Reference of the Remuneration Committee include the formulation of the Group's policy on remuneration in relation to all Executive Directors and other members of the Group Policy Committee (see page 9). In its mode of operation and in framing remuneration policy the Remuneration Committee has complied throughout the year with the Best Practice Provisions set out in Sections A and B of the Irish Stock Exchange's requirements annexed to the Listing Rules. The recommendations of the Remuneration Committee are considered by the Court, however Directors do not participate in any decisions relating to their own remuneration.

Remuneration Policy

The remuneration policy adopted by the Bank is to reward its Executive Directors competitively having regard to comparable public companies and the need to ensure they are properly rewarded and motivated to perform in the best interests of the Stockholders. The Group Chief Executive is fully consulted about remuneration proposals and from time to time the Remuneration Committee commissions job-matched salary surveys from comparator organisations. The key elements of the remuneration package for Executive Directors are basic salary, a performance related cash bonus, the ability to participate in a Senior Executive Stock Option Scheme and participation in a defined benefit pension scheme in which pension is based only on basic salary.

39 DIRECTORS' INFORMATION (continued)

Group Performance Bonus Scheme - The level of cash bonus earned under the Group performance bonus scheme would normally range for each individual, in any year, between nil and 40% of basic salary. The level earned in any year depends on the Remuneration Committee's assessment of each Executive Director's performance against his pre-determined goals for that year and also an assessment of the overall performance of the Group.

Stock Options - It is also policy to grant stock options under the terms of the Senior Executive Stock Option Scheme to Senior Executives across the Group to encourage identification with Stockholders' interests in general. Non-Executive Directors do not participate in the Stock Option Scheme. The exercise of all options granted since 1996 is conditional upon earnings per share achieving a cumulative growth of at least 2% per annum compound above the increase in the Consumer Price Index over either the three year period, or if not achieved, the six year period, commencing with the period in which the options are granted. (See also Note 31 on page 79).

Employee Stock Issues - Additionally the Bank operates an Employee Stock Issue Scheme under which Group employees may be granted free allocations of Ordinary Stock depending on Group performance. Executive Directors may participate in any such allocations on the same basis as staff generally (See also Note 31 on page 79).

Service contracts - Mr John Burke, Chief Executive and Managing Director of Bristol & West plc has a service agreement with that company which is terminable by either party on not less than two years written notice. No service contracts exist between the Bank and any other Director which require disclosure under the Companies Acts or under Irish Stock Exchange Listing Rules.

External Directorships - It is policy to permit Executive Directors to accept one external directorship.

39 DIRECTORS' INFORMATION (continued)

Directors' Remuneration

The remuneration of the Directors of the Bank for 1997/98, analysed in accordance with the Best Practice Provisions proposed by the Irish Stock Exchange is as set out below.

	Executive Directors IR£'000s		Non Executive Officers IR£'000s		Non Executive Directors IR£'000s		Total IR£'000s	
	March 1998	March 1997	March 1998	March 1997	March 1998	March 1997	March 1998	March 1997
Salaries (1)	785	704	185	167	-	-	970	871
Court Fees (2)	-	-	-	-	192	151	192	151
Other Board Fees (3)	-	-	4	7	25	-	29	7
Group performance - bonuses (4)	302	301	-	-	-	-	302	301
UK Profit Related Pay (5)	17	-	-	-	-	-	17	-
Other remuneration (6)	35	24	-	-	-	-	35	24
Benefits (7)	32	33	-	-	-	-	32	33
Pension contributions (8)	83	72	6	8	11	5	100	85
Total Remuneration	1,254	1,134	195	182	228	156	1,677	1,472
Retired Directors:								
Payments to former Directors (9)	139	146	136	132	96	94	371	372
	1,393	1,280	331	314	324	250	2,048	1,844

39 DIRECTORS' INFORMATION (continued)

Changes in Directorate during the period

	Executive Directors	Non-Executive Directors and Non-Executive Officers
Number at 31 March 1997	3	9
Changes during year	+ Mr J J Burke (28.7.97)	+ Lord Armstrong of Ilminster (28.7.97)
	- Mr P J Molloy (retired as Group Chief Executive 31.1.98)	+ Mr P J Molloy (1.2.98)
Number at 31 March 1998	3	11
Average Number during 1997/98 (1996/97)	3.5 (3.42)	9.83 (9)

Notes

(1) The Governor and Deputy Governor, as Non-Executive Officers of the Bank, are not paid fees but remunerated by way of salary.

(2) Court Fees are paid only to Non-Executive Directors and are subject to review annually at June each year.

(3) Fees paid by Boards of subsidiary companies within the Group.

(4) Payments under the Group Performance Bonus Scheme.

(5) Profit Related Payment to UK Director.

(6) Includes the cash value of Ordinary Stock receivable under the Employee Stock Issue Scheme.

(7) Benefits include the use of company car and interest on any loans at staff rates.

(8) Contributions to defined benefit pension schemes. The fees paid to Non-Executive Directors appointed post April 1991 are not pensionable.

(9) Represents ex-gratia payments paid to former directors or their dependants.

39 DIRECTORS' INFORMATION (continued)

Directors' Pension Entitlements

Note (8) above represents the employer's contributions to defined benefit pension schemes to provide post retirement pensions to the Executive Directors and to those Non-Executive Directors whose fees are pensionable. The aggregate additional pension entitlements earned by the Executive Directors during the year to 31 March 1998 is IR£83,559 per annum; the equivalent figure in respect of Non-Executive Officers is IR£nil and in respect of Non-Executive Directors is IR£2,619 per annum. The transfer values (which are not sums paid or due to the Directors concerned but the amount that the pension scheme would transfer to another pension scheme in the event of the member leaving service), of the aggregate additional pensions earned during the year, calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11(ROI) and excluding Directors' contributions for the same three groupings, are IR£1,373,528, IR£nil and IR£27,379. The aggregate pensions entitlements at 31 March 1998 for the Executive Directors is IR£452,756 per annum, IR£nil for the Non-Executive Officers and IR£18,862 per annum for the Non-Executive Directors.

Stock Options granted to Directors

Options to subscribe for units of Ordinary Stock in the Bank granted to and exercised by Directors during the year to 31 March 1998 are included in the table below.

Name	Options at 1.4.97	Options Granted Since 1 April 1997		Options Exercised Since 1 April 1997		Market Price at Exercise Date	Options at 31.3.98	Weighted Average Exercise Price
		No.	*Price*	*No.*	*Price*			
J J Burke	n/a	150,000	906.1p	-	-	-	150,000	906p
M A Keane	307,473	55,000	906.1p	40,000	152.9p	710p	322,473	370p
P McDowell	328,536	-	-	-	-	-	328,536	201p
P J Molloy	527,490	-	-	40,000	135.8p	710p	288,556	226p
				130,000	226.3p	888p		
				68,934	135.8p	887p		

During the year no options lapsed. The market price of the Bank's Ordinary Stock at 31 March 1998 was 1,455p (1997 : 630p) and the range during the year to 31 March 1998 was 610p to 1,555p. Outstanding options under the Senior Executive Stock Options Scheme are exercisable between now and November 2007. At 31 March 1998, options were outstanding in respect of 7,713,024 units, 1.5% of the stock in issue (1997: 6,835,444 units).

39 DIRECTORS' INFORMATION (continued)

Directors' Interests in Stock

The interests of the Directors and Secretary in office at 31 March 1998, and of their spouses and minor children, in the stocks issued by the Bank are set out below:

	Units of IR£1 of Ordinary Stock			
	As at 31 March 1998		As at 1 April 1997 +	
	Beneficial	Options	Beneficial	Options
Directors				
Lord Armstrong of Ilminster	1,000	-	1,000	-
Anthony D Barry	9,058	-	9,046	-
John J Burke	1,008	150,000	1,000	-
Laurence G Crowley	13,654	-	13,335	-
Margaret Downes	37,031	-	36,165	-
Niall W A FitzGerald	14,313	-	13,979	-
E Patrick Galvin	5,098	-	5,073	-
Maurice A Keane	349,472	322,473	308,891	307,473
Howard E Kilroy	242,765	-	238,958	-
Raymond Mac Sharry	579	-	565	-
Patrick W McDowell	40,376	328,536	39,299	328,536
Patrick J Molloy	395,820	288,556	252,999	527,490
Mary Redmond	518	-	506	-
R Brian Williamson	13,503	-	13,187	-
Secretary				
Terence H Forsyth	18,495	50,977	18,214	35,977

+ Or date of appointment if later

There have been no changes in the Directors' and Secretary's stockholdings between 31 March 1998 and 13 May 1998. The Directors and Secretary and their spouses and minor children have no other interests in the stocks of the Bank or its group undertakings at 31 March 1998.

39 DIRECTORS' INFORMATION (continued)

Transactions with Directors

The aggregate amounts outstanding and the number of persons concerned, as at 31 March 1998 in respect of all loans, quasi-loans and credit transactions made by the Bank to its Directors, together with loans, other than in the ordinary course of business, to four connected persons, all staff members are shown below:

	Aggregate Amount Outstanding		Number of Persons	
	1998	1997	1998	1997
Directors	IR£	IR£		
Loans to Executives Directors on terms similar to staff loans	32,202	106,118	2	3
Other loans on normal commercial terms	473,772	355,515	9	10
Quasi-loans and credit transactions	-	-	None	None
	505,974	461,633		
Connected Persons				
Loans to staff members	113,403	112,338	4	3
Quasi-loans and credit transactions	-	-	None	None
	113,403	112,338		

40 RELATED PARTY TRANSACTIONS

(a) Subsidiary and Associated Undertakings

Details of the principal subsidiary undertakings are shown in Note 18 on page 67. In accordance with FRS8, transactions or balances between Group entities that have been eliminated on consolidation are not reported.

One of the Group's subsidiaries Cashback Limited is 49% owned by Fexco who received during the year IR£0.3m for processing transactions on behalf of Cashback Limited.

The Group provides and receives from its associated undertakings certain banking and financial services. Further details on associated undertakings and joint ventures are set out in Note 17.

40 RELATED PARTY TRANSACTIONS (continued)

(b) Pension Funds

The Group provides a number of normal banking and financial services for various pension funds operated by the Group for the benefits of its employees (principally for the Bank Staff Pension Fund), which are conducted on similar terms to third party transactions and are not material to the Group.

Further details on pensions are set out in Note 33.

(c) Directors

Directors' emoluments and details of transactions between Directors and the Group are set out in Note 39. Additionally, Dr M Redmond, Director, in her professional capacity as a solicitor, earned fees from the Group totalling IR£52,000 in the year to 31 March 1998, (1997: IR£56,000).

(d) Securitisation

RPS3, RPS4, RPS5 and CLIPS are considered to be related parties of the Group and the Group has entered into both an interest exchange agreement and a subordinated loan agreement with RPS3, RPS4, RPS5 and CLIPS. The Group has purchased the lowest ranking floating rate mortgage backed securities issued by CLIPS. In addition, the Group administers the loans on behalf of RPS3, RPS4, RPS5 and CLIPS. As at 31 March 1998 the net amount owed from RPS3 was Stg£0.1m and RPS5 was Stg£0.6m. The net amount owed to RPS4 was Stg£0.1m. Further details on Securitisation are set out in Note 14.

41 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	The Group		The Bank	
	1998 IR£m	1997 IR£m	1998 IR£m	1997 IR£m
Denominated in Irish Pounds	15,595.1	10,824.3	11,138.9	9,036.2
Denominated in currencies other than Irish Pounds	24,036.7	8,845.3	12,440.2	8,460.5
Total Assets	39,631.8	19,669.6	23,579.1	17,496.7
Denominated in Irish Pounds	15,922.6	11,254.0	11,368.2	9,386.8
Denominated in currencies other than Irish Pounds	23,709.2	8,415.6	12,210.9	8,109.9
Total Liabilities	39,631.8	19,669.6	23,579.1	17,496.7

The difference between aggregate foreign currency assets and aggregate foreign currency liabilities does not necessarily provide any indication of the exposure to exchange risks.

42 EMPLOYEE INFORMATION

In the year ended 31 March 1998 the average full time equivalents was 12,994 (1997: 10,755) and categorised as follows:-

	1998	1997
Retail	9,290	9,040
Life Assurance	434	275
Bristol & West Group	1,960	203
Corporate & Treasury	424	455
Other Group Activities	886	782
	12,994	10,755

Bristol & West at 31 March 1998 includes the average full time equivalents for Bristol & West and also for the Group's mortgage business in Britain, Bank of Ireland Home Mortgages. Bristol & West at 31 March 1997 include the average full time equivalents for Bank of Ireland Home Mortgages which were previously reported in Other Group Activities.

43 GROUP FINANCIAL INFORMATION FOR US INVESTORS

Summary of Significant Differences between Irish and US Accounting Principles

The financial statements presented in this report have been prepared in accordance with generally accepted accounting principles in Ireland (Irish GAAP). Such principles vary in certain significant respects from those generally accepted accounting principles in the US (US GAAP). The significant differences applicable to Bank of Ireland Group's accounts are summarised below:

Irish GAAP	US GAAP
Property Depreciation	
Since 1991 depreciation has not been charged by the Group on freehold and long leasehold properties. These properties are maintained in a state of good repair and it is considered that residual values are such that depreciation is not significant.	Freehold and long leasehold property is depreciated over 50 years.
Revaluation of Property	
Property is carried either at original cost or at subsequent valuation less depreciation calculated on the revalued amount where applicable. Revaluation surpluses and deficits are taken directly to stockholders' equity.	Revaluation of property is not permitted in financial statements.
Software Development Costs	
The Group capitalises costs incurred internally in developing computer software for internal use. This expenditure is amortised over a period of 5 years.	Costs incurred internally in developing computer software for internal use must be charged to the profit and loss account when incurred.

43 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Goodwill	
Goodwill arising on acquisition of shares in group and associated undertakings, being the excess of cost over fair value of the Group's share of net tangible assets acquired, is charged against reserves in the year of acquisition. In the event of a subsequent disposal, any goodwill previously charged directly against reserves is written back and is reflected in the profit and loss account on disposal. Similarly, where an imminent disposal indicated a permanent diminution in the value of goodwill, a goodwill write down through the profit and loss account is recognised.	Goodwill is capitalised and amortised through income over the period estimated to benefit. In the Group's case a period of 20 years has been used. Goodwill is written off when judged to be irrecoverable. On a disposal, the unamortised cost of goodwill and core deposits are included in determining the overall gain or loss on the transaction.
Deferred Taxation	
Deferred taxation is provided at the estimated rates at which future tax will become payable on timing differences where it is expected that a tax liability will crystallise.	Provision for deferred tax under the liability method is required in full for all temporary differences. A valuation allowance is raised against a deferred tax asset where it is more likely than not that some portion of the deferred tax asset will not be realised.

43 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Investments	
Profits and losses on disposal are recognised when realised and included in dealing profits, except for those securities maintained for hedging purposes, which are amortised over the lives of the underlying transaction and included in net interest income. Securities may be classified as (i) investment carried at cost, adjusted for the amortisation of premiums or discounts over the period to maturity, less provision for any diminution in value and (ii) other securities, which are stated at market value, except for those securities maintained for the purpose of hedging which are accounted for on the same basis as the item hedged. Changes in the market value of securities marked to market are recognised in the profit and loss account as they arise.	Profits and losses on the sale of investments are included in operating income in the year in which they arise. Securities may be classified as (i) trading, which are carried at fair value with unrealised gains and losses included in earnings, (ii) held for sale, which are carried at fair value with unrealised gains and losses reported in a separate component of shareholders' equity or (iii) held for investment, which are carried at amortised cost. Trading securities are those securities held to earn a profit by trading or selling such securities. Securities held for sale are those securities which are intended for use as part of an asset / liability strategy, or that may be sold in response to changes in interest rates, changes in prepayment risks, the need to increase regulatory capital or other similar factors. Securities held for investment are only those securities for which management has both the intent and ability to hold until maturity.
Pensions	
Pension fund assets are assessed actuarially at the present value of the expected future investment income, which is consistent with Statement of Standard Accounting Practice No. 24. Liabilities are discounted at a long term interest cost. Variations from regular cost are expressed as a percentage of payroll and spread over the average remaining service lives of current employees.	Under SFAS No.87 the same basic actuarial method is used as under Irish GAAP, but certain assumptions differ, assets are assessed at fair value and liabilities are assessed at current settlement rates. Certain variations from regular cost are allocated in equal amounts over the average remaining service lives of current employees. SFAS No.87 also requires recognition of a liability when the accumulated benefit obligation exceeds the fair value of assets. An intangible asset equal to this liability can be recognised in certain circumstances.

43 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Long-term Assurance Policies	
Income from long term assurance business consists of surpluses transferred to shareholders from the long term fund which arise in the year plus increases in the present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis.	Unearned revenues and acquisition costs related to unit linked products are deferred and amortised in proportion to total estimated gross profits over the expected life of policyholders' contracts. Unearned revenues are amounts assessed from policyholders' that represent compensation for services to be provided in future periods. Acquisition costs consist of commissions and other costs which vary with and are primarily related to the production of revenues.
Acceptances	
Acceptances are not recorded on the balance sheet.	Acceptances and related customer liabilities are recorded on the balance sheet.
Dividends Payable	
Dividends declared after the period end are recorded in the period to which they relate.	Dividends are recorded in the period in which they are declared.
Securitised Transactions	
Depending on specified qualifying criteria there are three methods of accounting for securitised and loan transfer transactions: continued recognition, linked presentation and derecognition. The linked presentation method is adopted where there is no significant change in the Group's rights to benefits and the Group's exposure is limited to a fixed monetary ceiling. Under this method, only the net amount is consolidated, however on the face of the Group balance sheet, the related gross amounts are disclosed.	Securitised transactions, prior to the introduction of SFAS No.125, not qualifying for derecognition are presented as gross amounts on the balance sheet. Under SFAS No.125, transfers and servicing of financial assets are required to be recognised using a financial components approach that focuses on control. Under that approach after a transfer of financial assets, an entity recognises the financial and servicing assets it controls and the liabilities it has incurred and derecognises financial assets when control has been surrendered.

43 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Hedges	
Gains or losses arising on hedges of anticipated transactions are deferred until the underlying transaction is recorded.	Gains or losses arising from hedges of anticipated transactions, unless firmly committed are reflected in the income statement.
US Restructuring	
The gain / loss arising is determined having regard to the carrying value and goodwill previously written off directly to reserves.	The gain / loss is determined having regard to the carrying value which includes unamortised goodwill.
Loan Origination Fees	
Certain loan fees are recognised when received.	All loan fees are deferred and recognised as an adjustment to the yield on the related loan or facility.
Earnings Per Share (EPS)	
Stated on a net basis and also a nil basis if materially different. Fully diluted EPS must be stated if dilution amounts to 5% or more.	Basic and diluted EPS are both required to be disclosed.

43 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Net Income

	1998 IR£m	1997 IR£m
Profit under Irish GAAP	353.8	251.9
US restructuring	-	39.6
Depreciation	(1.2)	0.7
Software development costs	1.3	(1.3)
Goodwill	(20.5)	(9.2)
BOIFH core deposits	-	(0.3)
Deferred taxation	2.5	1.3
Pension costs	7.9	(6.1)
Hedges of anticipated transactions	1.1	5.5
Long-term assurance policies	(17.4)	9.0
Associated undertaking	(6.1)	(2.6)
Other	5.3	4.5
Deferred tax effect on these adjustments	7.4	(2.3)
Profit under US GAAP	334.1	290.7
Earnings per unit of IR£1 Ordinary Stock under US GAAP		
- basic	66.9p	60.0p
- diluted	66.4p	59.6p

43 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Total Stockholders' Funds

	1998 IR£m	1997 IR£m
Total stockholders' funds including non equity interests under Irish GAAP	1,580.6	1,411.3
Property less related depreciation	(84.0)	(82.8)
Software development costs	(16.7)	(17.6)
Goodwill	552.7	102.0
Deferred taxation	23.3	20.7
Debt securities - available for sale	10.1	1.8
Pension costs	45.8	40.6
Income from associated undertaking	(11.1)	(2.6)
Long-term assurance policies	(68.2)	(48.5)
Dividends	81.8	56.7
Other	2.7	1.4
Deferred taxation on these adjustments	9.5	7.3
Consolidated stockholders' funds including non equity interests under US GAAP	2,126.5	1,490.3

Consolidated Total Assets

	1998 IR£m	1997 IR£m
Total assets under Irish GAAP	39,631.8	19,669.6
Property less related depreciation	(84.0)	(82.8)
Goodwill	503.0	22.7
Software development costs	(16.7)	(17.6)
Debt securities - available for sale	10.1	1.8
Pension costs	49.8	40.6
Investment in associated undertaking	68.2	76.7
Lease receivables / non-recourse debt	16.2	38.8
Acceptances	87.6	60.5
Long-term assurance policies	(68.2)	(48.5)
Other	(3.0)	2.2
Securitised assets	483.8	400.3
Deferred taxation on these adjustments	13.2	7.0
Total assets under US GAAP	40,691.8	20,171.3

43 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Total Liabilities and Stockholders' Funds

	1998 IR£m	1997 IR£m
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	39,631.8	19,669.6
Stockholders' funds (US GAAP adjustment)	545.9	79.0
Dividends	(81.8)	(56.7)
Deferred taxation	(33.2)	(20.7)
Lease receivables / non-recourse debt	16.2	38.8
Borrowings related to securitised assets	483.8	400.3
Acceptances	87.6	60.5
Other	55.6	0.8
Deferred taxation on these adjustments	(14.1)	(0.3)
Total liabilities and stockholders' funds including non equity interests under US GAAP	40,691.8	20,171.3

The presentation of the prior year information has been revised to conform to the current year's presentation.

44 RATES OF EXCHANGE

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

	31 March 1998 Closing	31 March 1998 Average	31 March 1997 Closing	31 March 1997 Average
IR£/US$	1.3622	1.4533	1.5684	1.6089
IR£/Stg£	0.8091	0.8819	0.9638	1.0092

Certain Sterling and US Dollar profits were hedged during the year and translated at the following rates IR£ / US$ 1.5955 and IR£ / Stg£0.9879.

45 THE ACCOUNTS WERE APPROVED BY THE COURT OF DIRECTORS ON 13 MAY 1998

SUMMARY FINANCIAL STATEMENTS

The following table summarises the published profit and loss account and balance sheet of Citizens Financial Group Inc. to provide additional information for stockholders. The accounts from which the information below is derived were prepared in accordance with generally accepted accounting principles in the US (US GAAP).

	6 months to 31 March 1998 (unaudited) US$m	12 months to 30 September 1997 (audited) US$m
Net interest income	305.7	571.6
Other income	103.3	214.1
Total income	409.0	785.7
Provision for credit losses	12.8	22.5
Total non interest expense	245.1	457.4
Profit before taxation	151.1	305.8
Taxation	50.6	121.2
Profit after taxation	100.5	184.6

Assets	31 March 1998 (unaudited) US$m	30 September 1997 (audited) US$m
Cash and balances from banks	468.0	505.3
Securities	5,528.5	4,953.6
Loans and advances to customers	9,165.7	9,361.0
Tangible fixed assets	193.2	209.5
Other assets	1,408.7	1,191.3
	16,764.1	16,220.7
Liabilities and stockholder's equity		
Deposits	13,519.2	13,366.9
Other liabilities	1,582.1	1,288.4
Total liabilities	15,101.3	14,655.3
Stockholders' equity:		
Stock	996.4	996.4
Retained earnings	666.4	569.0
Total stockholders' equity	1,662.8	1,565.4
	16,764.1	16,220.7

Group Profit & Loss Account

for the year ended 31 March 1998

(IR£, US$, STG£, YEN & ECU)

	IR£m	US$m(1)	Stg£m(1)	YenBn(1)	ECUm(1)
Interest receivable					
Interest receivable and similar income arising from debt securities	208	283	168	38	263
Other interest receivable and similar income	1,820	2,479	1,472	329	2,301
Interest payable	(1,275)	(1,736)	(1,031)	(231)	(1,612)
Net interest income	753	1,026	609	136	952
Dividend income from equity shares	-	-	-	-	-
Fees and commissions receivable	369	502	298	67	467
Fees and commissions payable	(28)	(38)	(23)	(6)	(35)
Dealing profits	33	45	27	6	41
Contribution from life assurance companies	53	72	43	10	67
Other operating income	33	45	27	6	42
Total operating income	1,213	1,652	981	219	1,534
Administrative expenses	646	880	523	117	818
Depreciation and amortisation	56	76	45	10	70
Operating profit before provisions	511	696	413	92	646
Provision for bad and doubtful debts	37	50	30	6	47
Operating profit	474	646	383	86	599
Income from associated undertakings	56	76	46	10	71
Profit on ordinary activities before taxation	530	722	429	96	670
Taxation on profit on ordinary activities	155	211	126	28	196
Profit on ordinary activities after taxation	375	511	303	68	474

(IR£, US$, STG£, YEN & ECU) (continued)

		IR£m	US$m(1)	Stg£m(1)	YenBn(1)	ECUm(1)
Profit on ordinary activities after taxation		375	511	303	68	474
Minority interests:	equity	1	1	1	-	1
	: non equity	4	6	3	1	5
Non-cumulative preference stock dividends		16	22	13	3	20
Profit attributable to the ordinary stockholders		354	482	286	64	448
Transfer to capital reserve		33	44	26	6	42
Ordinary dividends		118	161	96	21	149
Profit retained for the year		203	277	164	37	257
Earnings per unit of IR£1 Ordinary Stock		71p	97¢	57p	128¥	€0.90

(1) Converted at closing exchange rates

Group Balance Sheet

at 31 March 1998

(IR£, US$, STG£,YEN & ECU)

	IR£m	US$m(1)	Stg£m(1)	YenBn(1)	ECUm(1)
Assets					
Cash and balances at central banks	118	160	95	21	149
Items in the course of collection	383	522	310	69	485
Central government and other eligible bills	80	109	65	15	101
Loans and advances to banks	4,858	6,618	3,931	879	6,142
Loans and advances to customers	25,266	34,419	20,443	4,572	31,945
Debt securities	3,828	5,214	3,097	692	4,840
Equity shares	55	75	44	10	69
Interests in associated undertakings	213	290	173	39	270
Tangible fixed assets	649	884	525	117	820
Own shares	11	14	9	2	13
Other assets	1,339	1,823	1,083	242	1,692
Prepayments and accrued income	423	577	342	77	535
	37,223	50,705	30,117	6,735	47,061
Life assurance assets attributable to policyholders	2,409	3,281	1,949	436	3,045
	39,632	53,986	32,066	7,171	50,106
Liabilities					
Deposits by banks	4,261	5,804	3,448	771	5,387
Customer accounts	25,957	35,358	21,001	4,697	32,818
Debt securities in issue	882	1,202	714	160	1,116
Items in the course of transmission	197	268	159	36	249
Other liabilities	2,377	3,239	1,924	430	3,006
Accruals and deferred income	560	763	453	101	708
Provisions for liabilities and charges					
- deferred taxation	73	100	59	13	92
- other	122	166	99	22	154
Subordinated liabilities	1,146	1,561	927	207	1,448
Minority interests - equity	3	3	2	-	3
Minority interests - non equity	64	88	52	12	82
Called up capital stock	531	723	430	96	671
Stock premium account	462	630	374	83	584
Capital reserve	98	133	79	18	124
Profit and loss account	1,111	1,514	899	201	1,405
Goodwill reserve	(631)	(860)	(511)	(114)	(798)
Revaluation reserve	10	13	8	2	12
Stockholders' funds including non equity interests	1,581	2,153	1,279	286	1,998
Life assurance liabilities attributable to policyholders	2,409	3,281	1,949	436	3,045
	39,632	53,986	32,066	7,171	50,106

(1) Converted at closing exchange rates

Stockholder Information

Geographical Spread of Stockholdings

	Number	%
Republic of Ireland	28,579	82.8
Northern Ireland	1,305	3.8
Great Britain	4,086	11.8
Others	527	1.6
	34,497	100.0

Analysis of Stockholdings

Stockholding Range - Units of Stock	Number of Stockholdings	% of Total Holders	Stock Held IR£m	% of Total Stock
Up to 500	11,339	32.9	2.1	0.4
500 to 1,000	5,039	14.6	3.7	0.7
1,000 to 5,000	12,528	36.3	29.1	5.7
5,000 to 10,000	2,889	8.4	20.3	3.9
10,000 to 50,000	2,273	6.6	44.3	8.6
50,000 to 100,000	192	0.6	13.2	2.6
100,000 to 500,000	159	0.4	33.4	6.5
over 500,000	78	0.2	367.9	71.6
	34,497	100.0	514.0	100.0

Financial Calendar

Results	Year to 31 March 1998 - announced 14 May 1998
	Half year to 30 September 1998 - to be announced November 1998
Annual General Court of Proprietors	1 July 1998
Dividends - Ordinary Stock	1997/98 Final dividend - announced 14 May 1998 - payable 10 July 1998
	1998/99 Interim dividend - to be announced November 1998 - payable January 1999
Dividends - Preference Stocks	Paid in equal semi-annual instalments - 20 August 1998 - 20 February 1999

Stockholder Information

Listings

The Governor and Company of the Bank of Ireland ("Bank of Ireland") is a corporation established in Ireland in 1783 under Royal Charter. Its Ordinary Stock, of nominal value IR£1 per unit, has a primary listing on both the Dublin and London Stock Exchanges. In the United States of America the Bank's Ordinary Stock (symbol IRE) is traded on the New York Stock Exchange in the form of American Depository Shares (ADSs), each ADS representing the right to receive four units of Ordinary Stock and evidenced by American Depository Receipts (ADRs).

Dividend Payments 1997/98

An interim dividend of IR7.1 pence, (tax credit IR0.8775p) with a stock alternative, was paid in respect of each unit of Ordinary Stock on 12 January 1998.

A final dividend of IR15.9 pence (tax credit IR1.9652 pence) will be paid in respect of each unit of Ordinary Stock on 10 July 1998. A stock alternative will be offered to stockholders.

Stockholders who wish to have their dividends paid direct to a bank account, by electronic funds transfer, should contact the Bank's Registration Department to obtain the appropriate mandate form. Tax vouchers will be sent to the stockholder's registered address under this arrangement.

In order to avoid costs to stockholders, arrangements have been made for stockholders resident in the United Kingdom to receive payment of their dividend in the equivalent amounts of Sterling if they so require. Please contact the Bank of Ireland Registration Department if you wish to avail of this service.

Dividends in respect of the Bank of Ireland Non-Cumulative Irish Pound and Sterling Preference Stocks are paid half-yearly on 20 February and 20 August. Dividends in respect of Bristol & West Preference Shares are paid half yearly on 15 May and 15 November.

Stock Alternative

Information on this Stock Alternative Scheme is issued to all holders of Ordinary Stock in advance of each dividend payment. Copies of the booklet describing the Scheme may be obtained from the Bank's Registration Department; (Phone 00-353-1-660-5666).

Stockholder Information

Holders of American Depository Shares

American Depository Shares provide US residents wishing to invest in overseas securities with a share certificate and dividend payment in a form familiar and convenient to them. The Bank's ADR programme is administered by the Bank of New York and enquiries regarding ADRs should be addressed to: Mr Mahmoud Salem, Administrator, The Bank of New York, American Depository Receipts, 101 Barclay Street, New York, NY 10286, USA. (Phone 00-1-212-815-2248)

The current Double Taxation Convention between Ireland and the USA (the "Tax Treaty") provides that, subject to certain limitations, the recipient of a dividend paid by a corporation which is a resident of Ireland, shall be deemed to have paid the Irish income tax appropriate to such dividend, if such recipient elects to claim the benefit of the Tax Treaty, elects to credit all foreign income taxes as a foreign tax credit and includes an amount equal to the tax credit in its gross income for US Federal income tax purposes. Such recipients will then be entitled to claim the tax credit as a foreign tax credit against US Federal income tax liability. ADS holders who are unsure of their tax position should consult their tax advisors.

Form 20-F

The Form 20-F for year ended 31 March 1998 will be filed with the Securities and Exchange Commission, Washington DC and when filed, copies will be available on application to the Group Secretary.

CREST

Transfer of the Bank's Ordinary Stock through the CREST settlement system commenced on 21 October 1996. Stockholders now have the choice of holding their units of Ordinary Stock in electronic form or continuing to hold their stock certificates.

Stockholder Enquiries

All enquiries concerning stockholdings should be addressed to

Bank of Ireland
Registration Department
PO Box 4044
4th Floor, Hume House
Ballsbridge
Dublin 4
(Phone 00-353-1-660-5666)

Internet Address

Further information about the Bank of Ireland Group can be obtained from the Internet at
www.bankofireland.ie

Principal Business Units & Addresses

REPUBLIC OF IRELAND

Group Head Office

Lower Baggot Street,
Dublin 2
Tel: 01 661 5933, Fax: 01 661 5671

Group Senior Management

Group Chief Executive: Maurice A Keane
Deputy Group Chief Executive: Patrick W McDowell
Chief Executive Retail: Patrick W McDowell
Chief Executive Corporate & Treasury: Brian J Goggin
Group Chief Financial Officer: Paul M D'Alton
Head of Group Corporate Development: Denis Hanrahan
Managing Director & Chief Executive, Bristol & West plc: John Burke
Group Secretary: Terence H Forsyth
Head of Investor Relations: Mary King
Head of Group Public Affairs: David Holden
Group Legal Adviser: Finbarr Murphy

RETAIL DIVISION

Lower Baggot Street, Dublin 2
Tel: 01 661 5933 Fax: 01 661 5671
Chief Executive: Patrick W McDowell

Branch Banking

Dublin & The East
2 College Green, Dublin 2
Tel: 01 677 7155 Fax: 01 677 0249
General Manager: D Patrick Murphy

Area South
32 South Mall, Cork
Tel: 021 277 644 Fax: 021 272 463
General Manager: Tim O'Neill

Area West
Eyre Street, Galway
Tel: 091 563 037 Fax: 091 562 685
General Manager: John P MacNamara

Building Society

ICS BUILDING SOCIETY
25 Westmoreland Street, Dublin 2.
Tel: 01 677 0983 Fax: 01 679 5941
Managing Director: Ted McGovern

Business & International Banking

Merrion House, Merrion Road, Dublin 4
Tel: 01 205 3100 Fax: 01 260 4771
General Manager: Michael Connolly

International Banking
Lower Baggot Street, Dublin 2
Tel: 01 661 5933 Fax: 01 661 5101
Director of International Banking: Paddy McGinley

Current Asset Financing
BANK OF IRELAND COMMERCIAL FINANCE LTD
Colm House, 91 Pembroke Road, Dublin 4
Tel: 01 668 0775 Fax: 01 614 0301
Managing Director: Ann Horan

Bureau De Change
FIRST RATE ENTERPRISES
4 Customs House Plaza, Harbourmaster Place
International Financial Services Centre, Dublin 1
Tel: 01 829 0333 Fax: 829 0368
Managing Director: Francis J Smyth

International Consultancy
BANK OF IRELAND INTERNATIONAL SERVICES LTD
4 Customs House Plaza, Harbourmaster Place,
International Financial Services Centre, Dublin 1
Tel: 01 829 0066 Fax: 01 670 0662
E-mail: info@biis.boi.ie
Chief Executive: Patrick MA Ryan
Executive Director: Desmond Smyth

Insurance & Retail Businesses

Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: 01 604 4920 Fax: 01 604 4924
General Manager: John Collins

Life Assurance
LIFETIME ASSURANCE CO LIMITED
Lifetime House, Bank of Ireland Head Office,
Lower Baggot Street, Dublin 2
Tel: 01 703 9500 Fax: 01 662 0811
Managing Director: Roy Keenan

Principal Business Units & Addresses

NEW IRELAND ASSURANCE CO Pl.c.

11/12 Dawson Street, Dublin 2
Tel: 01 617 2000 Fax: 01 617 2800
Managing Director: John F Casey

Instalment Credit / Leasing

BANK OF IRELAND FINANCE LTD
Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: 01 668 7222 Fax: 01 668 7713
Managing Director: Tom Comerford

Credit Card Services

BANK OF IRELAND CREDIT CARD SERVICES
P.O. Box 1102, 33/35 Nassau Street, Dublin 2
Tel: 01 679 8433 and 1850 251 251
Fax: 01 679 5351
Head of Credit Card Services: Billy Saunderson

Direct Banking

BANKING 365
Premier House, The Square, Tallaght, Dublin 24.
Tel: 01 462 0222 Fax: 01 4622467
Head of Direct Banking & Insurance: Cathal Muckian

Consumer Lending

CONSUMER LENDING BUSINESS
34 College Green
Tel: 01 671 5177 Fax: 01 671 5545
Head of Consumer Lending: Liam Hand

General Insurance

BANK OF IRELAND INSURANCE SERVICES LTD
Lifetime House, Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: 01 703 9800 Fax: 01 703 9840
Managing Director: Kevin O'Brien

Internet Businesses

Arthur Cox Building, Earlsfort Centre
Earlsfort Terrace, Dublin 2
Tel: 01 614 7500 Fax: 01 614 7544
Head of Internet Businesses: Conor O'Toole

Payments & Electronic Banking

Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: 01 661 5933 Fax: 01 604 3101
Head of Payments & Electronic Banking Services: Paddy Byrne

CORPORATE & TREASURY DIVISION

Lower Baggot Street, Dublin 2
Tel: 01 661 5933 Fax: 01 661 5671
Chief Executive: Brian J Goggin

Corporate Banking

BANK OF IRELAND CORPORATE BANKING
Lower Baggot Street, Dublin 2
Tel: 01 604 4000 Fax: 01 604 4025
Managing Director: James J Ruane

International Asset Financing

BANK OF IRELAND INTERNATIONAL FINANCE LTD
La Touche House
International Financial Services Centre
Custom House Docks, Dublin 1
Tel: 01 670 1400 Fax: 01 829 0129
Managing Director: Ronan M Murphy

Group Treasury

P.O. Box 2386, La Touche House
International Financial Services Centre
Dublin 1
Tel: 01 670 0600 Fax: 01 670 0555
Head of Group Treasury: Tony O'Shea

Private Banking

35 Fitzwilliam Square, Dublin 2
Tel: 01 676 5566 Fax: 01 676 5462
Head of Private Banking: Michael Moriarty

Principal Business Units & Addresses

OTHER GROUP ACTIVITIES

Asset Management

BANK OF IRELAND ASSET MANAGEMENT LIMITED
26 Fitzwilliam Place, Dublin 2
Tel: 01 661 6433 Fax: 01 661 6688
Chief Executive: William R Cotter

Securities Services

BANK OF IRELAND SECURITIES SERVICES LTD
Andersen House, 1 Harbourmaster Place,
International Financial Services Centre, Dublin 1
Tel: 01 670 0300 Fax: 01 829 0144
Telex: 90739
Managing Director: Brian P Collins

Trust Services

BANK OF IRELAND TRUST SERVICES
P.O. Box 843, Head Office,
Lower Baggot Street, Dublin 2
Tel: 01 604 3600 Fax: 01 661 5992
Chief Manager: Enda Murphy

Corporate Finance

IBI CORPORATE FINANCE LTD
26 Fitzwilliam Place, Dublin 2
Tel: 01 661 6633 Fax: 01 661 6821
Managing Director: Richard Keatinge

Stockbroking

J & E DAVY HOLDINGS LTD
Davy House,
49 Dawson Street, Dublin 2
Tel: 01 679 7788 Fax: 01 671 2704
Chairman: J Brian Davy

NORTHERN IRELAND

Group Head Office

54 Donegall Place, Belfast BT1 5BX
Tel: 01232 234334, Fax: 01232 238705
General Manager: Gerard McGinn

Retail Banking

BRANCH BANKING
54 Donegall Place, Belfast,TBT1 5BX
Tel: 01232 234334 Fax: 01232 236673
Head of Retail Banking: Eoin Sinclair

Business Banking

CORPORATE & COMMERCIAL BANKING
TREASURY & INTERNATIONAL SERVICES
DEBTOR FINANCING
7 Donegall Square North, Belfast BT1 5LU
Tel: 01232 246241 Fax: 01232 238111
Head of Business Banking: David McGowan

Instalment Credit/Leasing
NIIB GROUP LIMITED
32 Central Avenue, Bangor
Co. Down
Tel: 01247 469 415 Fax: 01247 461 434
General Manager: Michael Andrews

Principal Business Units & Addresses

GREAT BRITAIN

Banking

36 Queen Street, London EC4R 1BN
Tel: 0171 2362000 Fax: 0171 6343110
Director: John B Clifford

Building Society

BRISTOL & WEST PLC
PO Box 27, Broad Quay
Bristol, BS99 7AX
Tel: 0117 9792222 Fax: 0117 9293787
Managing Director & Chief Executive: John Burke

Mortgage Financing

BANK OF IRELAND HOME MORTGAGES LIMITED
Plaza West, Bridge Street
Reading, Berks RG1 2LZ
Tel: 0118 9393393 Fax: 0118 9587040
Managing Director: Dick Jenkins

Trade/Current Asset Financing

BANK OF IRELAND TRADE FINANCE
Alhambra House, 9 St. Michael's Road,
Croydon, Surrey CR0 2RA
Tel: 0181 686 0900 Fax: 0181 681 0232
Head of Trade Finance: Greg Begley

Asset Management

BANK OF IRELAND ASSET MANAGEMENT (U.K.) LIMITED
36 Queen Street, London EC4R 1BN
Tel: 0171 489 8673 Fax: 0171 489 9676
Managing Director: Francis Ellison
Regulated by IMRO

Business Banking

36 Queen Street, London EC4R 1BN
Tel: 0171 236 2000 Fax: 0171 634 3103
Head of Business Banking: Peter Morris

Treasury

PO Box 27, Broad Quay
Bristol, BS99 7AX
Tel: 0117 929 1504 Fax: 0117 921 1607
Treasurer: Brendan Spicer

UNITED STATES

Connecticut

BANK OF IRELAND ASSET MANAGEMENT (U.S.) LIMITED
20 Horseneck Lane,
Greenwich,
CT 06830
Tel: 203 869 0111 Fax: 203 869 0268
President: Denis Curran

California

BANK OF IRELAND ASSET MANAGEMENT (U.S.) LIMITED
MGM Plaza, 2425 Colorado Avenue, Suite 212,
Santa Monica CA 90404
Tel: 310 829 3848 Fax: 310 829 4840
Vice-President Client Services: Lelia Long

Principal Business Units & Addresses

OTHER LOCATIONS

AUSTRALIA

BIAM AUSTRALIA PTY LIMITED

(ACN 071 705 630)
Level 11, 580 St. Kilda Road
Melbourne, VIC 3004
Tel: 613 9526 3691 Fax: 613 9526 3692
Managing Director: Brendan Donohoe

CANADA

BANK OF IRELAND ASSET MANAGEMENT (CANADA)

1250 René Lévesque Boulevard West, Suite 2200, Montreal,
Quebec, Canada, H3B 4W8
Tel: 514 989 3142 Fax: 514 989 3143
Vice-President Institutional-Sales: Geoffrey Moore

ISLE OF MAN

BANK OF IRELAND (I.O.M.) LIMITED

P.O. Box 246,
Christian Road, Douglas, Isle of Man, IM99 1XF
Tel: 01624 644200 Fax: 01624 644298
Managing Director: Ian Montgomery

JERSEY

BANK OF IRELAND (JERSEY) LIMITED

Bank of Ireland House, PO Box 416,
Francis Street, St Helier, Jersey, JE2 4QE,
Channel Islands
Tel: 01534 638630 Fax: 01534 37916
Managing Director: Joseph F O'Leary

BANK OF IRELAND ASSET MANAGEMENT
(JERSEY) LIMITED

Bank of Ireland House, PO Box 416,
Francis Street, St Helier, Jersey, JE2 4QE,
Channel Islands
Tel: 01534 638680 Fax: 01534 630 999
Director: Tim Phelan

BANK OF IRELAND SECURITIES SERVICES (JERSEY) LTD

Bank of Ireland House, PO Box 416,
Francis Street, St Helier, Jersey, JE2 4QE,
Channel Islands
Tel: 01534 638690 Fax: 01534 617815
Director: Stephen Baker

TRUST COMPANY (JERSEY) LTD

Bank of Ireland House, PO Box 416
Francis Street, St Helier, Jersey, JE2 4QE
Channel Islands
Tel: 01534 36231 Fax: 01534 33442
Managing Director: Brian Clarke

GERMANY

Bank of Ireland
Hochstrasse 29, 60313 Frankfurt
AM Main, Germany
Tel: 069 913 023 0 Fax: 069 913 023 20
European Representative: Joe Dunphy

BANK OF IRELAND ASSET MANAGEMENT LIMITED

Hochstrasse 29, 60313 Frankfurt
AM Main, Germany
Tel: 069 913 023 33 Fax: 069 913 023 20
Head of Business Development - Continental Europe: Kevin Duffy

JAPAN

Bank of Ireland
Tokyo Representative Office
IEO Building
4-6 10 Yotsuya
Shinjuku-Ku, Tokyo 160, Japan
Tel: 03 5379 1354 Fax: 03 3341 5329
Senior Representative: Dermot E Killoran

Index