

**BANK OF IRELAND  
INTERIM RESULTS  
FOR THE SIX MONTHS TO 30 September 1999**

*Principal Features*

- **Pre Tax Profits up 20%**
- **Earnings per unit of ordinary stock (EPS) up 28%**
- **Return on Average Equity 27%**
- **Profits ahead in all Divisions**
- **Increased deposit and lending volumes in Ireland**
- **Major advances in Life and Pensions business**

The Governor of Bank of Ireland, Mr. Howard Kilroy, said:

*“These results are very satisfactory and demonstrate the Group’s continued success in growing its business profitably. All trading divisions within the Group delivered substantial increases in earnings.”*

11 November 1999

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**BANK OF IRELAND GROUP**  
**INTERIM STATEMENT**  
**For the half year ended 30 September 1999**

**FINANCIAL HIGHLIGHTS**

	<b>Half Year</b> <b>30-9-1999</b> <b>€m</b>	<b>Half Year</b> <b>30-9-1998</b> <b>€m</b>	<b>+/-%</b>
<b>RESULTS</b>			
Profit on ordinary activities before exceptional item	508	425	+ 20%
Profit on ordinary activities after exceptional item	508	643	- 21%
<b>BALANCE SHEET</b>			
Total assets	59,819	53,868	+ 11%
Total stockholders' funds	2,821	2,635	+ 7%
<b>PER UNIT OF €0.64 ORDINARY STOCK (EPS)</b>			
Earnings	35.7c	48.0c	- 26%
Alternative Earnings		27.8c	+ 28% *
Dividend	7.36c	5.84c	+ 26%
<b>CAPITAL RATIOS</b>			
Tier 1 capital	7.7%	8.9%	
Total capital	10.6%	12.8%	
Equity/assets	4.4%	4.5%	
<b>KEY RATIOS</b>			
Net interest margin	2.77%	2.64%	
Costs/total income	52%	56%	
Return on average stockholders' funds	27%	29%	

\* Increase in earnings per unit of Ordinary Stock over alternative earnings for half year ended 30 September 1998.

## GOVERNOR'S STATEMENT

Bank of Ireland Group reports profit before tax on ordinary activities of €508m for the six months to September 30, 1999 - an increase of 20% compared to the same period last year. EPS for the period was 35.7 cents, 28% ahead of the corresponding alternative EPS last year of 27.8 cents, as adjusted for the two for one stock split in July 1999. (The results for the half year ended 30 September 1998 included a once off exceptional pre tax gain of €218m on the sale of the Group's shareholding in Citizens Financial Group.)

These results are very satisfactory and demonstrate the Group's continued success in growing its business profitably. All trading divisions delivered substantial increases in earnings. The continuing strong economic performance of the Republic of Ireland has underpinned the strong volume growth in both the personal and corporate sectors. While the scale and duration of the Republic's economic growth has been unprecedented in the OECD countries, recent reports from respected domestic and international commentators have concluded that the Irish economy can sustain relatively strong growth rates going forward.

Businesses focused on overseas markets have also performed strongly, with Bank of Ireland Asset Management and Bristol & West both well ahead of last year.

In September, the Group repurchased 52m units of Ordinary Stock for an aggregate consideration of €442m. This capital was surplus to requirements at that time and the buy-back will result in enhanced earnings per share and return on Stockholders' equity. Following the transaction, the Group's capital ratios remain strong, supporting the capacity to explore substantial value enhancing investments.

The Group actively seeks to maintain a low risk profile in all aspects of its business and this objective has been achieved in the period under review. In this context, the return on average equity for the half year of 27% is most satisfactory.

## DIVISIONAL PERFORMANCE

	<b>Half Year 30-9-1999 €m</b>	<b>Half Year 30-9-1998 €m</b>
Retail	188	173
Life Assurance	56	29
Bristol & West	114	97
Corporate and Treasury	72	59
Other Group Activities	97	46
Citizens Financial Group	-	32
Grossing Up	(19)	(11)
	<hr/>	<hr/>
Profit before taxation on ordinary activities	508	425
Exceptional item	-	218
	<hr/>	<hr/>
Profit before taxation	508	643
	<hr/> <hr/>	<hr/> <hr/>

## **RETAIL DIVISION**

Retail Division had a very satisfactory half-year. Profit before tax was €188m, an increase of 9% on the same period last year. The significantly lower level of interest rates further reduced margins and in that context the profit performance was a very good achievement. Recent months have seen a further intensification of competition in the mortgage market and the Division implemented significant reductions in rates on its standard variable products. Interest margins now are broadly similar to those prevailing prior to the convergence of interest rates on the introduction of the euro. The Division is confident of its ability to compete effectively in this market based on brand, distribution capability and value for money products and continues to apply prudent lending standards based on repayment capacity.

Interest income increased by 9%. The continuing strength of the domestic economy contributed to growth of 14% in resources and 21% in advances. Net interest margin reduced by 30 bps, particularly reflecting the narrowing of deposit margins. New mortgage volumes were buoyant, growing by 31% in the Republic and arrears remain at very low levels.

Other income recorded solid growth of 9%. Branch Banking, Credit Card Services and First Rate were major contributors to the increase. Investment product sales were particularly buoyant, up approximately 27%.

Loan losses remain at a very satisfactory level. The half-year charge was equivalent to 0.30% of average advances compared with 0.26% in the same period last year.

Operating costs grew by 7%. Higher staffing levels associated with business growth and the normal salary increment account for most of the increase.

## **LIFE AND PENSIONS**

Lifetime Assurance and New Ireland Assurance have continued to produce excellent results with profits of €56m, 93% higher than last year. The increase has been driven by substantial growth in new business volumes and business retention. The result includes €13m arising from a 1% reduction in the discount rate applied to future income streams.

Excellent growth was achieved in all categories of business with combined annual premium equivalent sales totalling €76m, a 38% increase.

Both businesses are well placed to take advantage of the opportunities offered by the continuing strength of the Irish economy and by their increased focus on pensions as a cost and tax effective investment medium.

## **BRISTOL & WEST**

Bristol & West has achieved a strong financial performance over the first six months against a background of highly competitive markets for mortgages, savings and investments in the UK. Profit before tax, including €1m (Stg£8m) of profit relating to a number of non-recurring items, has risen to €14m (Stg£78m). This represents an increase of 19% in constant currency over the same period last year.

There has been steady growth in mortgage volumes, with loans and advances to customers increasing by 9% since September 1998 (4% since March 1999). Customer deposits have declined by 15% over the same period (4% since March 1999), reflecting the aggressive pricing of new competitors and the availability of cheaper wholesale funding during the same period. Customer deposit pricing remains a key issue for the industry and is kept under continuous review at Bristol & West. In these market conditions, Bristol & West increased its net interest income by 3% in constant currency compared to the same period last year.

Other income is 13% ahead of last year, boosted in particular by increases in income from both Financial Services Act regulated and equity related products.

The profit growth has been aided by an 8% in constant currency reduction in administrative expenses reflecting the favourable timing of certain project expenditure and Bristol & West's ongoing commitment to controlling costs.

## **CORPORATE AND TREASURY DIVISION**

Profit before tax increased by 22% to €72m. The performance reflects continued strong growth across the Division with the exception of Treasury where the results were marginally lower than the corresponding period last year. However, the overall Treasury performance was very satisfactory in the context of the negative earnings effect from the introduction of the euro.

Corporate Banking was substantially ahead of last year. Business volumes for both domestic business and the international financing activities in the IFSC recorded very strong growth. The project, leveraged and structured finance teams were involved in a range of major transactions in Europe and the USA and continued to build a strong international profile in these niche financing areas. Fee income was very buoyant reflecting the high level of new business written. Private Banking continued to experience exceptionally strong demands for its services reflecting the reputation it has established in its target market and also the general economic environment. Business levels and profitability were well ahead of last year. Trust Services also recorded good growth.

## **OTHER GROUP ACTIVITIES**

Profits earned in Other Group Activities increased by €51m due to higher trading profits, higher earnings on capital and a once off pre tax gain of €20m on a property disposal. Earnings on capital were higher due to higher retentions and the proceeds from the sale of the Group's shareholding in Citizens Financial Group partly offset by the effect of lower interest rates.

Bank of Ireland Asset Management had assets under management of €40.3bn at the end of September, 42% higher than at the same time last year. New business volumes continued to be strong across the business. Bank of Ireland Securities Services continues to grow its business and successfully consolidated its operations into new premises in the International Financial Services Centre during the period. Davy Stockbrokers has performed well.

## **YEAR 2000**

Year 2000 operating compliance is a key priority for the Group. All necessary systems compliance activity has been completed and the major focus now is to achieve smooth and normal operations throughout the millennium transition period.

Business continuity plans have been developed for all critical business units in the event of unforeseen problems arising. The Group is confident that all relevant preparations have been made with a view to ensuring the normal supply of services to our customers.

The charge to the Profit and Loss account for the 6 months to September 1999 in respect of Year 2000 expenditure was €2m making a total to date of €46m. In addition, capital costs incurred to end September are approximately €6m. The aggregate cost is expected not to exceed €60m.

## **EMU**

The Group now delivers a wide range of banking and payments services denominated in euro in the Republic of Ireland, Northern Ireland and Britain. While the take-up of these services is low to date, the Group is well positioned to satisfy customer needs for euro services as they evolve during the EMU transition period to 31 December 2001. The Group is now preparing to cater for the final withdrawal of the Irish pound in 2002 and is examining the implications of the potential entry of sterling into EMU.

Revenue expenditure on EMU preparations has been €10m in total, of which €1m was incurred in the half year to 30 September 1999.

## FINANCIAL REVIEW

The Group profit and loss account for the half years 30 September 1999 and 30 September 1998 is set out below:

	<b>Half Year 30-9-1999</b>	<b>Half Year 30-9-1998</b>
	<b>€m</b>	<b>€m</b>
Net interest income	630	550
Other income	458	381
	-----	-----
Total income	1,088	931
Provision for bad and doubtful debts	27	24
Operating expenses	554	515
	-----	-----
	507	392
Income from associated undertakings	1	33
	-----	-----
Profit before tax and exceptional item	508	425
Profit on disposal of associated undertaking	-	218
	-----	-----
Profit before taxation	508	643
Taxation	121	133
	-----	-----
Profit after taxation	387	510
	=====	=====

In the six months to 30 September 1999 net interest income increased by €80m or 15% over the corresponding period last year. The Group net interest margin increased slightly over this period from 2.64% to 2.77% mainly due to higher earnings on capital, widening of Treasury margins due to lower euro funding costs, and a reduction in the Retail margin. The increase in net interest income was predominately driven by growth in lending and resources across the Group.

Other income increased by €7m, an increase of 20%. This increase includes a once off gain on a property disposal, which amounted to €20m. The remainder of the increase reflects the reduction in the discount rate in Life Assurance, growth in funds under management in Bank of Ireland Asset Management, and growth in the Retail Division and Bristol & West. Other income in Treasury fell due to the cost of hedges directly related to interest earning trading assets. This cost was more than offset by the related interest income.

Loan losses increased by €3m to €7m for the six months to 30 September 1999, representing 0.14% of average loans. Balances under provision stood at €369m at 30 September 1999, and total loan loss provisions as a percentage of balances under provision represent a coverage ratio of 99%.

Operating expenses grew by €9m an increase of 8% for the period, and reflects normal salary increments and some increased costs to support higher business volumes. The Group cost/income ratio for the six months fell from 56% to 52% assisted by some non-recurring income. In recent years, the Group has consistently improved the cost/income ratio which has declined from 66% for the year ended 31 March 1993 to 55% for the year ended 31 March 1999. As previously indicated, the Group intends to improve this ratio further over time.

A component of this further improvement is to achieve savings of approximately €5m, principally in Ireland, by rationalising management and support function structures, while also saving on non staff costs. The estimated timescale to achieve the full savings is three years, with savings being achieved in stages during the period. Reductions in staff numbers at all levels of the organisation is anticipated which will be achieved by a combination of natural staff turnover, voluntary parting and early retirement.

The effective tax rate on the profit before tax and exceptional item has fallen from 29.0% to 23.8% mainly as a result of the reduction in the Irish corporation tax rate.

The half year operating profits resulted in a return on average equity of 27% for the Group. Following the recent share buyback, the Tier 1 and Total Capital ratios were 7.7% and 10.6% respectively. The equity/assets ratio at 30 September 1999 was 4.4%.

## **INTERIM DIVIDEND**

In accordance with Group policy that the interim dividend, in normal course, shall be set at 40% of the total distribution per unit of stock for the prior year, the Directors have declared an interim dividend of 7.36 cents for each unit of Ordinary Stock. Having adjusted for the stock split in July 1999, this compares with 5.84 cents at the interim stage last year.

The interim dividend will be paid on Tuesday 11 January 2000 to Stockholders who are registered as holding Ordinary Stock at the close of business on Friday 26 November 1999 and who have not elected prior to the specified date to avail of the Stock Alternative Scheme. Invitations to participate in the Stock Alternative Scheme, under which new units of Ordinary Stock may be obtained in lieu of all or part of the cash dividend, will be posted on Monday 6 December 1999 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 Tuesday 4 January 2000.

## **OUTLOOK**

These half year results demonstrate the Group's continued ability to deliver very good profit growth while maintaining its low risk profile and achieving a more than satisfactory return on equity. On this basis, the outlook remains positive.

**Howard E Kilroy**  
Governor

10 November, 1999.

**GROUP PROFIT AND LOSS ACCOUNT (UNAUDITED)**

	<b>Half Year 30-9-1999 €m</b>	<b>Half Year 30-9-1998 €m</b>	<b>Year 31-3-1999 €m</b>
<b>INTEREST RECEIVABLE</b>			
Interest receivable and similar income arising from debt securities	135	164	284
Other interest receivable and similar income	1,260	1,545	2,841
<b>INTEREST PAYABLE</b>	(765)	(1,159)	(2,009)
<b>NET INTEREST INCOME</b>	630	550	1,116
Fees and commissions receivable	366	301	603
Fees and commissions payable	(26)	(24)	(50)
Dealing profits	(2)	34	71
Contribution from life assurance companies	68	37	107
Other operating income	52	33	71
<b>TOTAL OPERATING INCOME</b>	1,088	931	1,918
Administrative expenses	500	469	962
Depreciation and amortisation	54	46	98
<b>OPERATING PROFIT BEFORE PROVISIONS</b>	534	416	858
Provision for bad and doubtful debts (Note 5)	27	24	56
<b>OPERATING PROFIT</b>	507	392	802
Income from associated undertakings	1	33	34
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEM</b>	508	425	836
Profit on disposal of associated undertaking	-	218	218
<b>PROFIT BEFORE TAXATION</b>	508	643	1,054
Taxation on profit on ordinary activities (Note 2)	120	133	223
Effect of reductions in Irish corporation tax standard rate on deferred tax balances (Note 2)	1	-	30
<b>PROFIT AFTER TAXATION</b>	387	510	801



**GROUP PROFIT AND LOSS ACCOUNT (UNAUDITED) (Continued)**

	<b>Half Year 30-9-1999 €m</b>	<b>Half Year 30-9-1998 €m</b>	<b>Year 31-3-1999 €m</b>
<b>PROFIT AFTER TAXATION</b>	387	510	801
Minority interests: equity	1	1	1
Minority interests: non equity	3	3	6
Non-cumulative preference stock dividends	13	11	23
	-----	-----	-----
<b>PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS</b>	370	495	771
Transfer to capital reserve	46	14	36
Ordinary dividends	73	61	192
	-----	-----	-----
<b>PROFIT RETAINED FOR THE PERIOD</b>	251	420	543
	=====	=====	=====
Earnings per unit of €0.64 ordinary stock (Note 3)	35.7c	48.0c	74.5c
	=====	=====	=====
Alternative earnings per unit of €0.64 ordinary stock (Note 3)		27.8c	54.3c
	=====	=====	=====
Diluted earnings per unit of €0.64 ordinary stock (Note 3)	35.5c	47.6c	73.9c
	=====	=====	=====

**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	<b>30-9-1999</b>	<b>30-9-1998</b>	<b>31-3-1999</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>
<b>ASSETS</b>			
Cash and balances at central banks	878	173	1,083
Items in the course of collection	682	347	575
Central Government and other eligible bills	751	235	662
Loans and advances to banks	4,742	9,308	3,457
Loans and advances to customers (Note 4)	39,789	32,635	36,183
Securitisation and loan transfers	755	923	858
Less: non returnable amounts	635	810	741
	-----	-----	-----
	120	113	117
Debt securities	5,783	4,930	5,146
Equity shares	7	7	18
Own shares (Note 7)	33	-	-
Interest in associated undertakings	14	11	13
Tangible fixed assets	772	794	835
Other assets	1,943	1,925	2,223
Prepayments and accrued income	509	432	467
	-----	-----	-----
Life assurance assets attributable to policyholders	56,023	50,910	50,779
	3,796	2,958	3,535
	-----	-----	-----
<b>Total assets</b>	<b>59,819</b>	<b>53,868</b>	<b>54,314</b>
	=====	=====	=====

**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

	<b>30-9-1999</b>	<b>30-9-1998</b>	<b>31-3-1999</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>
<b>LIABILITIES</b>			
Deposits by banks	10,824	7,596	7,039
Customer accounts (Note 6)	35,557	34,127	34,297
Debt securities in issue	1,206	1,013	541
Items in the course of transmission	366	122	251
Other liabilities and provisions	3,274	3,145	3,591
Accruals and deferred income	653	764	670
Deferred taxation	73	105	65
Subordinated liabilities	1,164	1,324	1,389
Minority interests – equity	4	4	3
Minority interests – non equity	81	75	79
Called up capital stock (Note 7)	688	678	681
Stock premium account (Note 8)	665	620	633
Capital reserve (Note 8)	205	136	159
Profit and loss account (Note 8)	1,247	1,190	1,365
Revaluation reserve (Note 8)	16	11	16
	-----	-----	-----
Total stockholders' funds including non equity interests	2,821	2,635	2,854
Life assurance liabilities attributable to policyholders	3,796	2,958	3,535
	-----	-----	-----
Total liabilities	59,819	53,868	54,314
	=====	=====	=====
<b>MEMORANDUM ITEMS</b>			
<b>Contingent liabilities</b>			
Acceptances and endorsements	109	114	73
Guarantees and assets pledged as collateral security			
- assets pledged	-	-	-
- guarantees and irrevocable letters of credit	734	563	621
Other contingent liabilities	344	376	343
	-----	-----	-----
	1,187	1,053	1,037
	=====	=====	=====
<b>Commitments</b>			
Sale and option to resell transactions	-	-	-
Other commitments	10,343	7,982	9,075
	-----	-----	-----
	10,343	7,982	9,075
	=====	=====	=====

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (UNAUDITED)**

	<b>Half Year</b> <b>30-9-1999</b> <b>€m</b>	<b>Half Year</b> <b>30-9-1998</b> <b>€m</b>	<b>Year</b> <b>31-3-1999</b> <b>€m</b>
Profit attributable to ordinary stockholders	370	495	771
Exchange adjustments	47	(79)	(23)
Revaluation of property	-	-	4
	-----	-----	-----
Total gains recognised in period	417	416	752
	=====	=====	=====

**RECONCILIATION OF MOVEMENT IN STOCKHOLDERS' FUNDS (UNAUDITED)**

	<b>Half Year</b> <b>30-9-1999</b> <b>€m</b>	<b>Half Year</b> <b>30-9-1998</b> <b>€m</b>	<b>Year</b> <b>31-3-1999</b> <b>€m</b>
Profit attributable to ordinary stockholders	370	495	771
Dividends	(73)	(61)	(192)
	-----	-----	-----
Other recognised gains / (losses)	297	434	579
New capital stock subscribed	47	(79)	(19)
Goodwill written back on disposal of Citizens	32	43	56
Goodwill written back on other disposal	-	230	230
Stock buyback (Note 7)	-	-	1
	-----	-----	-----
Opening stockholders' funds	(33)	628	847
	2,854	2,007	2,007
	-----	-----	-----
Closing stockholders' funds	2,821	2,635	2,854
	=====	=====	=====
Stockholders' funds:			
Equity	2,612	2,431	2,647
Non equity	209	204	207
	-----	-----	-----
	2,821	2,635	2,854
	=====	=====	=====

**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.

## GROUP CASH FLOW STATEMENT (UNAUDITED)

<b>RECONCILIATION OF OPERATING PROFIT TO NET OPERATING CASH FLOWS</b>	<b>Half Year 30-9-1999 €m</b>	<b>Half Year 30-9-1998 €m</b>	<b>Year 31-3-1999 €m</b>
Operating Profit	507	392	802
(Increase) / decrease in accrued income and prepayments	(39)	96	63
(Decrease) / increase in accruals and deferred income	(26)	91	(19)
Provisions for bad and doubtful debts	27	24	56
Loans and advances written off net of recoveries	(24)	(8)	(47)
Depreciation and amortisation	54	46	98
Interest charged on subordinated liabilities	47	57	104
Other non-cash movements	6	(8)	(18)
	-----	-----	-----
<b>Net cash flow from trading activities</b>	<b>552</b>	<b>690</b>	<b>1,039</b>
Net decrease / (increase) in collections / transmissions	11	4	(93)
Net decrease / (increase) in loans and advances to banks	262	(2,855)	1,959
Net (increase) in loans and advances to customers	(2,938)	(2,297)	(5,061)
Net increase in deposits by banks	3,702	2,272	1,669
Net increase in customer accounts	707	2,706	2,164
Net increase / (decrease) in debt securities in issue	618	(46)	(538)
Net (increase) / decrease in non-investment debt and equity securities	(269)	52	124
Net decrease / (increase) in other assets	284	(242)	(524)
Net (decrease) / increase in other liabilities	(334)	53	287
Exchange movements	(11)	(143)	(216)
	-----	-----	-----
<b>Net cash flow from operating activities</b>	<b>2,584</b>	<b>194</b>	<b>810</b>
Returns on investment and servicing of finance	(63)	(75)	(140)
Taxation	(60)	(81)	(138)
Capital expenditure and financial investment	(387)	(319)	(903)
Acquisitions and disposals	(1)	712	715
Equity dividends paid	(112)	(77)	(127)
Financing (i)	(684)	5	(9)
	-----	-----	-----
<b>Increase in cash</b>	<b>1,277</b>	<b>359</b>	<b>208</b>
	=====	=====	=====

(i) includes cost of stock buyback.



## 1 ACCOUNTING POLICIES

The accounting policies as set out on pages 58 to 62 of the Report and Accounts for the year ended 31 March 1999 are unchanged.

## 2 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Half Year 30-9-1999 €m	Half Year 30-9-1998 €m	Year 31-3-1999 €m
Based on profit for the period:			
Corporation tax	102	98	174
Tax on sale of CFG shareholding	-	10	10
Tax credits applicable to distributions received	-	2	5
Duty on certain tax-based lending	-	1	1
Deferred taxation:			
Effect of reductions in Irish Corporation tax standard rate on deferred tax balances	1	-	30
Other	18	12	23
Associated undertakings	-	10	10
	-----	-----	-----
	121	133	253
	=====	=====	=====

## 3 EARNINGS PER UNIT OF €0.64 ORDINARY STOCK

The calculation of earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders of €370m (September 1998: €495m and March 1999: €771m) and the weighted average Ordinary Stock in issue of 1,035.6m units of €0.64 (September 1998: 1,032.6m units of €0.64 and March 1999: 1,034.8m units of €0.64).

The calculation of the alternative earnings per share for 30 September 1998 and 31 March 1999 is based on the profit attributable to Ordinary Stockholders before the exceptional item of €208m after tax and the weighted average Ordinary Stock of 1,032.6m units at 30 September 1998 and 1,034.8m units at 31 March 1999.

The diluted earnings per share is based on the profit attributable to Ordinary Stockholders of €370m (September 1998: €495m and March 1999: €771m) and the weighted average Ordinary Stock in issue adjusted for the effect of all dilutive potential Ordinary Stock of 6.1m units as at 30 September 1999 (September 1998: 7.8m units and March 1999: 7.6m units)

## 4 LOANS AND ADVANCES TO CUSTOMERS

	30-9-1999 €m	30-9-1998 €m	31-3-1999 €m
Loans and advances to customers	37,560	31,060	34,329
Finance lease receivables and instalment credit	2,596	1,933	2,213
	-----	-----	-----
	40,156	32,993	36,542
Less: provisions	(367)	(358)	(359)
	-----	-----	-----
	39,789	32,635	36,183
	=====	=====	=====

## 5 PROVISION FOR BAD AND DOUBTFUL DEBTS

	30-9-1999	30-9-1998	31-3-1999
	€m	€m	€m
Opening balance	359	357	357
Exchange adjustments	5	(15)	(7)
Charge against profits	27	24	56
Amounts written off	(32)	(16)	(62)
Recoveries	8	8	15
	-----	-----	-----
Closing balance	367	358	359
	=====	=====	=====
All of which relates to loans and advances to customers			
Provisions at end of period:			
- specific	113	136	123
- general	254	222	236
	-----	-----	-----
	367	358	359
	=====	=====	=====

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 €127m (Sept 1998: €121m, March 1999: €126m) and a non designated element, for prudential purposes of €127m (Sept 1998: €101m, March 1999: €110m). 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.

## 6 CUSTOMER ACCOUNTS

	30-9-1999	30-9-1998	31-3-1999
	€m	€m	€m
Current accounts	5,341	4,248	4,833
Term deposits	16,040	16,509	15,716
Demand deposits	14,012	13,227	13,575
Other short term borrowings	164	143	173
	-----	-----	-----
	35,557	34,127	34,297
	=====	=====	=====

## 7 CALLED UP CAPITAL STOCK

	30-9-1999	30-9-1998	31-3-1999
	€m	€m	€m
Allotted and fully paid			
Equity			
991m units of €0.64 of Ordinary Stock	634	658	660
52m units of €0.64 of Treasury Stock	33	-	-
Non equity			
5m units of Non-Cumulative Preference Stock of Stg£1 each	8	7	8
10.5m units of Non-Cumulative Preference Stock of IR£1 each	13	13	13
	-----	-----	-----
	688	678	681
	=====	=====	=====

In September 1999, 52m units of Ordinary Stock of nominal value of €0.64 each, were bought back by the Bank at the open market price on 15 September (€8.45) and 16 September (€8.15). This buyback was in accordance with the authority granted by the Stockholders at the July 1999, Annual General Court. These 52m units of Ordinary Stock are held by the Bank as Treasury Stock and continue to be included in the allotted and fully paid capital stock. In accordance with the European Communities (Credit Institutions: Accounts) Regulations, 1992 the nominal value of the Treasury Stock is included in Own Shares. The premium and related costs (€409m) have been deducted from Revenue Reserves.

The weighted average Ordinary Stock in issue at 30 September 1999, used in the earnings per unit of Ordinary Stock calculation, excludes the Treasury Stock from the date of buyback, (See Note 3). This Treasury Stock does not rank for dividend.



8 RESERVES

	Half Year 30-9-1999 €m	Half Year 30-9-1998 €m	Year 31-3-1999 €m
<b>Stock premium account</b>			
Opening balance	633	587	587
Premium on issue of capital stock	13	14	14
Premium on stock alternative scheme issue	17	24	35
Exchange adjustments	2	(5)	(3)
	-----	-----	-----
Closing balance	665	620	633
	=====	=====	=====
<b>Capital reserve</b>			
Opening balance	159	124	124
Share of unrealised profits of group undertakings	46	14	36
Exchange adjustments	-	(2)	(1)
	-----	-----	-----
Closing balance	205	136	159
	=====	=====	=====
<b>Profit and loss account</b>			
Opening balance	1,365	1,411	1,411
Transfer from Goodwill reserve	-	(801)	(801)
	-----	-----	-----
	1,365	610	610
Profit retained	251	420	543
Exchange adjustments	45	(70)	(19)
Goodwill written back on disposal of Citizens	-	230	230
Goodwill written back on other disposals	-	-	1
Stock buyback (Note 7)	(409)	-	-
Capitalisation of reserves (i)	(5)	-	-
	-----	-----	-----
Closing balance	1,247	1,190	1,365
	=====	=====	=====
<b>Revaluation reserve</b>			
Opening balance	16	12	12
Exchange adjustments	-	(1)	-
Revaluation of property	-	-	4
	-----	-----	-----
Closing balance	16	11	16
	=====	=====	=====
<b>Goodwill</b>			
Opening balance	-	(801)	(801)
Transfer to profit and loss account	-	801	801
	-----	-----	-----
Closing balance	-	-	-
	=====	=====	=====

- (i) Following the July 1999 Annual General Court, the capital stock of the Bank having a nominal value of IR£1 per unit was subdivided into two units of Ordinary Stock having a nominal value of IR£0.50 per unit. Each unit of Ordinary Stock was then redenominated into euro and renominalised to a nominal value of €0.64, requiring a capitalisation of Revenue Reserves.

## 9 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. The Group has five business classes which are based on the nature and type of products provided to different customers. The life assurance profits reported in the segmental analysis are based on the management accounts.

### (a) Geographical Segment

	Half Year 30-9-1999				Total €m
	Ireland €m	Britain €m	Citizens €m	Rest of World €m	
Turnover	1,044	775	-	60	1,879
Profit before taxation	398	117	-	12	527
Grossing up (i)					(19)
Profit before taxation					508
Net assets	1,769	938	-	114	2,821
Total assets	30,230	27,265	-	2,324	59,819
	Half Year 30-9-1998				
	Ireland €m	Britain €m	Citizens €m	Rest of World €m	Total €m
Turnover	1,116	920	-	78	2,114
Profit on ordinary activities before exceptional item	279	115	32	10	436
Profit on disposal of associated undertaking					218
Grossing up (i)					654
Profit before taxation					(11)
Profit before taxation					643
Net assets	1,876	685	-	74	2,635
Total assets	28,856	22,691	-	2,321	53,868

9 SEGMENTAL ANALYSIS (continued)

(a) Geographical Segment

	Year 31-3-1999				Total €m
	Ireland €m	Britain €m	Citizens €m	Rest of World €m	
Turnover	2,049	1,781	-	147	3,977
Profit on ordinary activities before exceptional item	590	233	32	18	873
Profit on disposal of associated undertaking					218
Grossing up (i)					1,091 (37)
Profit before taxation					1,054
Net assets	1,964	783	-	107	2,854
Total assets	28,459	23,608	-	2,247	54,314

(b) Business Class

	Half Year 30-9-1999						Total €m
	Retail €m	Life Assurance €m	Bristol & West €m	Corporate & Treasury €m	Other Group Activities €m	Citizens €m	
Net interest income	384	-	142	109	14	-	649
Other income	184	56	63	1	155	-	459
Total income	568	56	205	110	169	-	1,108
Administrative expenses	321	-	81	32	66	-	500
Depreciation and amortisation	37	-	9	2	6	-	54
Provisions for bad and doubtful debts	22	-	1	4	-	-	27
Profit before taxation	188	56	114	72	97	-	527
Grossing up (i)							(19)
Profit before taxation							508
Net assets	781	505	819	335	381	-	2,821
Total assets	20,183	4,440	20,242	13,623	1,331	-	59,819

9 **SEGMENTAL ANALYSIS (continued)**

**Half Year 30-9-1998**

(b) Business Class							Total €m
	Retail €m	Life Assurance €m	Bristol & West €m	Corporate & Treasury €m	Other Group Activities €m	Citizens €m	
Net interest income	353	-	147	63	(2)	-	561
Other income	169	29	48	28	108	32	414
	-----	-----	-----	-----	-----	-----	-----
Total income	522	29	195	91	106	32	975
Administrative expenses	304	-	89	26	50	-	469
Depreciation and amortisation	30	-	10	2	4	-	46
Provisions for bad and doubtful debts	15	-	(1)	4	6	-	24
	-----	-----	-----	-----	-----	-----	-----
Profit before exceptional item	173	29	97	59	46	32	436
	=====	=====	=====	=====	=====	=====	=====
Profit on disposal of associated undertaking							218
							-----
							654
Grossing up (i)							(11)
							-----
Profit before taxation							643
							=====
Net assets	457	406	625	225	922	-	2,635
	=====	=====	=====	=====	=====	=====	=====
Total assets	17,897	3,504	18,428	11,135	2,904	-	53,868
	=====	=====	=====	=====	=====	=====	=====

**Year 31-3-1999**

							Total €m
	Retail €m	Life Assurance €m	Bristol & West €m	Corporate & Treasury €m	Other Group Activities €m	Citizens €m	
Net interest income	722	-	276	150	5	-	1,153
Other income	325	91	106	57	225	32	836
	-----	-----	-----	-----	-----	-----	-----
Total income	1,047	91	382	207	230	32	1,989
Administrative expenses	625	-	169	58	110	-	962
Depreciation and amortisation	63	-	22	4	9	-	98
Provisions for bad and doubtful debts	38	-	-	6	12	-	56
	-----	-----	-----	-----	-----	-----	-----
Profit before exceptional item	321	91	191	139	99	32	873
	=====	=====	=====	=====	=====	=====	=====
Profit on disposal of associated undertaking							218
							-----
							1,091
Grossing up (i)							(37)
							-----
Profit before taxation							1,054
							=====
Net assets	462	456	721	226	989	-	2,854
	=====	=====	=====	=====	=====	=====	=====
Total assets	18,729	4,111	19,316	9,047	3,111	-	54,314
	=====	=====	=====	=====	=====	=====	=====

(i) 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.

10 **GROUP FINANCIAL INFORMATION FOR US INVESTORS**

<b>Consolidated Net Income</b>	<b>Half Year 30-9-1999 €m</b>	<b>Half Year 30-9-1998 €m</b>	<b>Year 31-3-1999 €m</b>
Profit under Irish GAAP	370	495	771
Disposal of Citizens Financial Group	-	32	32
Depreciation	(1)	(4)	(5)
Software development costs	5	(4)	(11)
Goodwill	(16)	(16)	(32)
Deferred taxation	3	(5)	(15)
Pension costs	3	31	82
Long-term assurance policies	(44)	(3)	(41)
Associated undertaking	-	(4)	(4)
Other	13	14	15
Deferred tax effect on these adjustments	15	(7)	(15)
	-----	-----	-----
Profit under US GAAP	348	529	777
	=====	=====	=====
Earnings per unit of €0.64 Ordinary Stock under US GAAP			
- basic	33.6c	51.2c	75.1c
	=====	=====	=====
- diluted	33.4c	50.8c	74.5c
	=====	=====	=====
 <b>Consolidated Total Stockholders' Funds</b>			
	<b>30-9-1999 €m</b>	<b>30-9-1998 €m</b>	<b>31-3-1999 €m</b>
Total stockholders' funds including non equity interests under Irish GAAP	2,821	2,635	2,854
Property less related depreciation	(113)	(111)	(112)
Software development costs	(28)	(26)	(33)
Goodwill	523	532	528
Deferred taxation	15	25	11
Debt securities - available for sale	(6)	24	42
Pension costs	144	90	141
Long-term assurance policies	(164)	(89)	(123)
Dividends	73	61	131
Other	37	21	23
Deferred taxation on these adjustments	7	-	(9)
	-----	-----	-----
Consolidated stockholders' funds including non equity interests under US GAAP	3,309	3,162	3,453
	=====	=====	=====

**10 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)**

**Consolidated Total Assets**

	<b>30-9-1999</b>	<b>30-9-1998</b>	<b>31-3-1999</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>
Total assets under Irish GAAP	59,819	53,868	54,314
Property less related depreciation	(113)	(111)	(112)
Goodwill	560	566	564
Software development costs	(28)	(26)	(33)
Debt securities - available for sale	(6)	24	42
Pension costs	149	94	146
Lease receivables / non-recourse debt	-	13	13
Acceptances	109	114	74
Long-term assurance policies	(164)	(89)	(123)
Other	(57)	10	(42)
Securitised assets	287	462	403
Deferred taxation on these adjustments	36	8	35
	-----	-----	-----
Total assets under US GAAP	60,592	54,933	55,281
	=====	=====	=====

**Consolidated Total Liabilities and Stockholders' Funds**

	<b>30-9-1999</b>	<b>30-9-1998</b>	<b>31-3-1999</b>
	<b>€m</b>	<b>€m</b>	<b>€m</b>
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	59,819	53,868	54,314
Stockholders' funds (US GAAP adjustment)	488	527	599
Dividends	(73)	(61)	(131)
Deferred taxation	(28)	(36)	(24)
Lease receivables / non-recourse debt	-	12	13
Borrowings related to securitised assets	287	462	403
Acceptances	109	113	74
Other	(18)	61	8
Deferred taxation on these adjustments	8	(13)	25
	-----	-----	-----
Total liabilities and stockholders' funds including non equity interests under US GAAP	60,592	54,933	55,281
	=====	=====	=====

## 11 AVERAGE BALANCE SHEET AND INTEREST RATES

The following tables show the average balances and interest rates of interest earning assets and interest bearing liabilities for each of the half years ended September 30, 1999 and 1998 and the year ended March 31, 1999. The calculations of average balances are based on daily, weekly or monthly averages, depending on the reporting unit. The average balances used are considered to be representative of the operations of the Group and would not be materially different if daily averages were consistently used throughout. Rates for the half years are annualised.

	Half Year 30-9-1999			Half Year 30-9-1998			Year 31-3-1999		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
<b>ASSETS</b>									
<b>Loans to banks</b>									
Domestic offices	2,724	51	3.7	5,457	151	5.5	5,160	264	5.1
Foreign offices	276	6	4.4	369	16	8.7	411	25	6.2
<b>Loans to customers(1)</b>									
Domestic offices	14,482	458	6.3	11,147	509	9.1	11,923	871	7.3
Foreign offices	21,122	659	6.2	19,551	802	8.2	19,976	1,534	7.7
<b>Central government and other eligible bills</b>									
Domestic offices	27	-	2.0	18	-	2.9	11	-	2.3
Foreign offices	575	15	5.1	-	-	-	342	22	6.5
<b>Debt Securities</b>									
Domestic offices	4,505	112	5.0	2,899	102	7.0	3,286	197	6.0
Foreign offices	798	23	5.8	1,321	62	9.4	1,120	87	7.8
<b>Instalment credit</b>									
Domestic offices	222	8	7.4	132	6	9.2	147	13	8.8
Foreign offices	402	18	9.1	337	18	10.8	352	37	10.6
<b>Finance lease receivables</b>									
Domestic offices	1,641	44	5.4	1,229	41	6.7	1,364	72	5.3
Foreign offices	54	1	4.8	67	2	6.1	58	3	4.4
<b>Total interest earning assets</b>									
Domestic offices	23,601	673	5.7	20,882	809	7.7	21,891	1,417	6.5
Foreign offices	23,227	722	6.2	21,645	900	8.3	22,259	1,708	7.7
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	46,828	1,395	6.0	42,527	1,709	8.0	44,150	3,125	7.1
Allowance for loan losses	(357)			(363)			(358)		
Non interest earning assets(2)	8,268			6,611			7,206		
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Total Assets</b>	<b>54,739</b>	<b>1,395</b>	<b>5.1</b>	<b>48,775</b>	<b>1,709</b>	<b>7.0</b>	<b>50,998</b>	<b>3,125</b>	<b>6.1</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

11 AVERAGE BALANCE SHEET AND INTEREST RATES (continued)

	Half Year 30-9-1999			Half Year 30-9-1998			Year 31-3-1999		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>									
<b>Deposits and Customer Accounts</b>									
Domestic offices	18,904	244	2.6	15,637	460	5.9	16,231	697	4.3
Foreign offices	18,987	460	4.9	19,346	606	6.3	19,514	1,148	5.9
<b>Debt securities in issue</b>									
Domestic offices	103	3	4.9	375	9	4.9	331	13	3.9
Foreign offices	547	15	5.5	788	30	7.6	649	47	7.3
<b>Subordinated liabilities</b>									
Domestic offices	821	27	6.6	996	37	7.4	978	70	7.2
Foreign offices	377	16	8.4	381	17	9.1	380	34	8.9
<b>Total interest bearing liabilities</b>									
Domestic offices	19,828	274	2.8	17,008	506	6.0	17,540	780	4.4
Foreign offices	19,911	491	4.9	20,515	653	6.4	20,543	1,229	6.0
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	39,739	765	3.9	37,523	1,159	6.2	38,083	2,009	5.3
<b>Non interest bearing liabilities</b>									
Current accounts	3,411			2,809			2,721		
<b>Other non interest bearing liabilities(2)</b>									
Stockholders' equity including non equity interest	2,988			2,188			2,570		
	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>Total liabilities and stockholders' equity</b>	<b>54,739</b>	<b>765</b>	<b>2.8</b>	<b>48,775</b>	<b>1,159</b>	<b>4.8</b>	<b>50,998</b>	<b>2,009</b>	<b>3.9</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

(1) Loans to customers include non accrual loans and loans classified as problem loans

(2) In accordance with Financial Reporting Standard 2, the balance sheets of the life assurance companies have been consolidated and are reflected under "Non Interest Earning Assets" and "Non Interest Bearing Liabilities".



**12 RATES OF EXCHANGE**

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

	<b>30-9-1999</b>			<b>30-9-1998</b>			<b>31-3-1999</b>		
	<b>Closing</b>	<b>Average</b>	<b>Hedge</b>	<b>Closing</b>	<b>Average</b>	<b>Hedge</b>	<b>Closing</b>	<b>Average</b>	<b>Hedge</b>
IR£/US\$	1.3542	1.3399	-	1.4918	1.4223	1.4200	1.3640	1.4326	1.3886
IR£/Stg£	0.8222	0.8320	0.9235	0.8785	0.8561	0.8600	0.8460	0.8678	0.8610

**13 THE ACCOUNTS WERE APPROVED BY THE COURT OF DIRECTORS ON 10 NOVEMBER 1999.**

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

### **Introduction**

We have been instructed by the Bank to review the financial information set out on pages 8 to 24 and we have read the other information contained in the interim statement for any apparent misstatements or material inconsistencies with the financial information.

### **Directors' responsibilities**

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

### **Review work performed**

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

### **Review conclusion**

On the basis of our review, we are not aware of any material modifications that should be made to the financial information as presented, for the six months ended 30 September 1999.

PricewaterhouseCoopers  
Chartered Accountants  
Dublin

10 November 1999