SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 20-F

(Mark One) ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2002

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 1-14452

THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND

(Exact name of registrant as specified in its charter)

IRELAND

(Jurisdiction of incorporation or organization)

LOWER BAGGOT STREET, DUBLIN 2, IRELAND

(Address of principal executive offices)

+353 1 6615933

(Telephone number of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
– Ordinary Stock (nominal value of €0.64 each)	The New York Stock Exchange*
– American Depositary Shares, each representing four units of Ordinary Stock (nominal value of €0.64 each)	The New York Stock Exchange

* Not for trading, but only in connection with the registration of American Depositary Shares representing such Ordinary Stock, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of March 31, 2002:

Ordinary Stock (nominal value of €0.64 per unit): 1,007,557,674

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [X] NO [ ]

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 [ ] Item 18 [X]

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The Governor and Company of The Bank of Ireland

ANNUAL REPORT ON FORM 20-F

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PRESENTATION OF INFORMATION

In this Annual Report on Form 20-F, the term "Ordinary Stock" refers to units of Ordinary Stock of nominal value €0.64 per unit of the Bank and the term "ADSs" refers to American Depositary Shares each representing the right to receive four units of Ordinary Stock and evidenced by American Depositary Receipts ("ADRs").

The ADSs are listed on the New York Stock Exchange and are evidenced by ADRs issued by The Bank of New York as Depositary under a Deposit Agreement.

FORWARD LOOKING INFORMATION

Certain statements contained in this Annual Report, including any targets, forecasts, projections, descriptions of anticipated cost savings, statements regarding the possible development or possible assumed future results of operations, any statement preceded by, followed by or that includes the words "believes", "expects", "aims", "intends", "will", "may", "anticipates" or similar expressions or the negatives thereof, and other restatements that are not historical facts, are or may constitute forward-looking statements (as such term is defined in the US Private Securities Litigation Reform Act of 1995). Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include but are not limited to (i) risks and uncertainties relating to profitability targets, prevailing interest rates, the performance of the Irish economy and the international capital markets, the Group's ability to expand certain of its activities, competition, the Group's ability to address information technology issues and the availability of funding sources; and (ii) other risks and uncertainties detailed in this Annual Report, including under "Key Information — Risk Factors". The Bank does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

DEFINITIONS

For the purposes of this Annual Report, the term "Bank" means The Governor and Company of the Bank of Ireland and the terms "Group" and "Bank of Ireland Group" mean the Bank and its consolidated subsidiaries and, where the context permits, its interests in associated companies and joint ventures.

Certain financial and statistical information in this Annual Report is presented separately for domestic and foreign activities. Domestic activities include transactions recorded on the books of the Group branches and offices located in Ireland. Foreign activities include transactions recorded on the books of the Group branches and offices in the United Kingdom, the United States of America ("U.S.") and elsewhere outside of Ireland.

Unless otherwise stated, for the purposes of this Annual Report, references to "Ireland" exclude Northern Ireland.

REPORTING CURRENCY

The Group publishes consolidated financial statements in Euro ("€" or "EUR"). All prior year amounts which were previously reported in Irish pounds have been converted at the fixed translation rate of Euro 1 = IR£0.787564.

Although these prior year amounts depict the same trends as would have been shown had they been presented in Irish pounds, they may not be directly comparable to the financial statements of other companies that have also been restated in euro. Prior to the adoption of the euro, the currencies of other countries fluctuated against the Irish pound, but because the euro did not exist prior to January 1, 1999, actual historic exchange rates for euro are not available. A comparison of the Group's financial statements and those of another company that had historically used a reporting currency other than the Irish pound that takes into account actual fluctuations in exchange rates could give a different impression than a comparison of the Group's financial statements and those of another company as translated to euro.

References to “dollars”, “U.S.$” or “$” or “¢” are to United States (“U.S.”) currency, and references to “STG£”, “GBP£” and “pounds sterling” are to United Kingdom currency. Amounts in dollars, unless otherwise stated, for the current financial (fiscal) year have been translated from Euro at the rate prevailing on March 31, 2002 as shown below under “Exchange Rates”. This rate should not be construed as a representation that the euro amounts actually denote such dollar amounts or have been, could have been, or could be converted into dollars at the rate indicated.

The euro was introduced on January 1, 1999. The countries participating in the European Single Currency are: Austria, Belgium, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Portugal, Spain and Ireland. On January 1, 2002 notes and coins for the new currency were introduced. Notes and coins in the legacy currencies have ceased to have the status of legal tender. Each euro is made up of one hundred cent, each of which is represented by the symbol “c” in this Annual Report.

EXCHANGE RATES

As a significant portion of the assets, liabilities, income and expenses of the Group is denominated in currencies other than Euro, fluctuations in the value of the Euro relative to other currencies have had an effect on the Euro value of assets and liabilities denominated in such currencies as well as on the Group’s results of operations. The principal foreign currencies affecting the Group’s financial statements are sterling and the dollar. At July 23, 2002, the Noon Buying Rate (as defined below) was U.S.$0.9933 = €1.00.

The following table sets forth, for the dates or periods indicated, the Noon Buying Rate in New York for cable transfers (in Euro from January 1, 1999) as certified for customs purposes by the Federal Reserve Bank of New York (the “Noon Buying Rate”) and the rates used by the Group in the preparation of its consolidated financial statements:

	Year ended March 31,				
	2002	2001	2000	1999	1998
			(dollars per €)		
Euro/dollar rates:					
March 31	0.8717	0.8794	0.9574	1.0808	1.0695
Average(1)	0.8803	0.9069	1.0217	1.1295	1.1430
High	0.9535	0.9648	1.0842	1.2223	1.2479
Low	0.8370	0.8270	0.9328	1.0679	1.0644
March 31 rate used by the Group(2)	0.8724	0.8832	0.9553	1.0742	1.0728
Average rate used by the Group(2)	0.8804	0.9053	1.0247	1.1283	1.1446

The highest noon buying rate for each of the last six months was: June 2002: 0.9885, May 2002: 0.9373, April 2002: 0.9028, March 2002: 0.8836, February 2002: 0.8778, January 2002: 0.9031.

The lowest noon buying rate for each of the last six months was June 2002: 0.9390, May 2002: 0.9022, April 2002: 0.8750, March 2002: 0.8652, February 2002: 0.8613, January 2002: 0.8594.

	Year ended March 31,				
	2002	2001	2000	1999	1998
			(STG£ per €)		
Euro/sterling rates:					
March 31 rate used by the Group(2)	0.6130	0.6192	0.5985	0.6663	0.6372
Average rate used by the Group(2)	0.6145	0.6145	0.6368	0.6834	0.6946

(1) The average of the Noon Buying Rates on the last day of each month during the financial year.

(2) The rates used by the Group in the preparation of its consolidated financial statements.

(3) In the three years to March 31, 2002 certain sterling and US dollar profits were hedged during the year and translated at the following rates;

	€/Stg£	€/US$
Year ended March 31, 2002	0.6487	—
Year ended March 31, 2001	0.6145	0.9962
Year ended March 31, 2000	0.7273	—

(4) All rates prior to December 31, 1998 were calculated by converting the US$/IR£ and Stg£/IR£ rates at the fixed translation rate of € 1 = IR£ 0.787564.

SUMMARY INFORMATION

Bank of Ireland Group

The Bank of Ireland Group is one of the largest Irish financial services groups, with total assets of €87 billion (US$76 billion) at March 31, 2002. Headquartered in Dublin, the Group's operations extend geographically throughout Ireland and in the United Kingdom. Its market capitalization at March 31, 2002 was €12.5 billion (US$10.9 billion) and at June 28, 2002 was €12.7 billion (US$12.5 billion).

The Group provides a broad range of financial services in Ireland to all major sectors of the Irish economy. These include checking and deposit services, overdrafts, term loans, mortgages, international asset financing, leasing, instalment credit, debt factoring, foreign exchange facilities, interest and exchange rate hedging instruments, executor, trustee, stockbroking, life assurance and pension and investment fund management, fund administration and custodial services and financial advisory services, including mergers and acquisitions and underwriting. The Group provides services in euro and other currencies.

The Group markets and sells its products on a domestic basis through its extensive nationwide distribution network in Ireland, which consisted of 265 full-time branches and 508 ATMs at March 31, 2002, its direct telephone banking service, direct sales forces and its on-line services. The Group has built a market share among credit institutions in Ireland of over 20% of resources and loans outstanding.

Following a reorganisation in the United Kingdom the Group operates mainly through a new enlarged grouping of businesses whose functional currency is sterling (UK Financial Services) incorporating Bristol & West plc ("Bristol & West"), the branch networks in Northern Ireland and Britain as well as the newer acquisitions Chase de Vere and MX Financial Solutions. UK Financial Services provides lending, savings and investment products to customers and operates advice based businesses.

Operations in the rest of the world are primarily undertaken by Bank of Ireland Asset Management which provides fund management services to institutions and pension funds in the U.S., Germany, Australia, Canada and Japan. It was announced on May 16, 2002, the proposed acquisition by Bank of Ireland Asset Management of Iridian Asset Management, an independent US investment manager.

The Group's financial highlights for the preceding three years are set out below:

	At and for the Year Ended March 31,		
	2002	2001	2000
		(restated)	(restated)
	(€ millions, except per unit amounts and percentages)		
Income before taxation:			
Before exceptional items(1)	1,122	1,085	920
After exceptional items(1)(2)	1,085	992	920
Income after taxation(2)	920	802	727
Balance Sheet:			
Total stockholders' funds	4,200	3,830	3,305
Total assets	87,325	78,875	68,017
Per unit of €0.64 Ordinary Stock:			
Earnings	89.0c	73.4c	68.3c
Alternative earnings (excluding exceptional items)(1)	93.4c	84.5c	
Diluted earnings	88.1c	72.7c	67.9c
Dividends	33.0c	29.0c	23.5c
Ratios (excluding exceptional items in 2001 and 2002):			
Return on average total assets(1)	1.1%	1.1%	1.2%
Return on average stockholders' funds(1)	23.5%	24.5%	24.4%
Capital Ratios:			
Tier 1 Capital ratio	7.6%	7.8%	7.4%
Total Capital ratio	11.5%	12.4%	11.8%

(1) The exceptional item in the year to March 31, 2002 represents the charge for the Group Transformation Programme and the exceptional item in the year to March 31, 2001 represents the charge for the Group Transformation Programme and the Deposit Interest Retention Tax (DIRT).

(2) Excluding the effect of the DIRT settlement in the year to March 31, 2001, (see Note 12 to the consolidated financial statements on page F-26).

(3) Prior year figures have been restated for the implementation of FRS 19 and UITF 33 (see Note 2 to the consolidated financial statements on page F-15).

PART 1

Item 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT & ADVISORS

Not applicable.

Item 2 OFFER STATISTICS & EXPECTED TIMETABLE

Not applicable.

Item 3 KEY INFORMATION

SELECTED FINANCIAL DATA

The following table presents selected consolidated financial data for the Group for each of the five fiscal years in the five-year period ended March 31, 2002, which have been derived from audited Consolidated Financial Statements of the Group.

The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, the consolidated financial statements of the Group and the notes thereto, which are included in this Annual Report. The financial results should not be construed as indicative of financial results for subsequent periods. See Item 5 — ‘‘Operating & Financial Review and Prospects’’.

The Group has adopted FRS 19: ‘‘Deferred tax’’ which was effective for accounting periods ending on or after January 23, 2002. The Group adopted UITF 33 ‘‘Obligations in Capital Instruments’’ which was effective for accounting periods ending on or after March 23, 2002. Prior year figures have been restated accordingly. (See Note 2 to the consolidated financial statements on page F-15).

SELECTED CONSOLIDATED FINANCIAL DATA

	At and for the Financial Year Ended March 31,					
	2002(1)	2002	2001	2000	1999	1998
			(restated)	(restated)	(restated)	(restated)
	$m	(in € millions, except per unit amounts and percentages)				
Income Statement Data						
Amounts in accordance with Irish GAAP:						
Interest receivable and similar income	3,550	4,073	4,138	3,002	3,125	2,575
Interest payable and similar charges	2,160	2,478	2,715	1,760	2,009	1,619
Net interest income	1,390	1,595	1,423	1,242	1,116	956
Provision for bad and doubtful debts	89	102	72	56	56	47
Other income	1,056	1,211	1,121	901	836	655
Operating expenses	1,379	1,582	1,387	1,167	1,060	891
Income from ordinary activities before exceptional items	978	1,122	1,085	920	836	673
Profit on disposal of associated undertaking(3)	—	—	—	—	218	—
Group Transformation Programme(3)	(32)	(37)	(93)	—	—	—
Income before taxation	946	1,085	992	920	1,054	673
Taxation on income from ordinary activities	144	165	190	193	248	195
Deposit Interest Retention Tax(3)	—	—	35	—	—	—
Minority interests — equity	2	2	3	3	1	1
— non equity	5	6	7	6	6	6
Non-cumulative preference stock dividend	15	17	26	25	23	20
Income attributable to holders of ordinary stock	780	895	731	693	776	451
Per unit of Ordinary Stock						
Income attributable to holders of ordinary stock	77.6c	89.0c	73.4c	68.3c	75.0c	45.2c
Alternative income attributable to holders of ordinary stock	81.4c	93.4c	84.5c		54.8c	
Dividends(2)	28.8c	33.0c	29.0c	23.5c	18.41c	14.6c
Amounts in accordance with U.S. GAAP:						
Net income attributable to holders of ordinary stock:	581	667	689	628	777	424
Net income per unit of ordinary stock						
Basic	57.8c	66.3c	69.1c	62.0c	75.1c	42.5c
Diluted	57.3c	65.7c	68.5c	61.6c	74.5c	42.1c
Number of shares used in EPS calculation	1,005.6	1,005.6	996.8	1,013.6	1,034.8	998.2
Balance Sheet Data						
Amounts in accordance with Irish GAAP:						
Total assets	76,121	87,325	78,875	68,017	54,314	50,322
Loans and advances to customers	49,318	56,577	51,147	44,844	36,183	31,959
Loans and advances to banks	7,309	8,385	8,115	6,972	3,457	6,168
Allowance for loan losses	436	500	430	398	359	357
Deposits, short-term borrowings and other accounts	61,078	70,068	62,310	54,121	41,877	39,489
Dated capital notes	1,359	1,559	1,549	1,504	814	843
Undated capital notes	841	965	961	362	575	612
Minority interests — equity	79	91	5	5	3	4
— non equity	71	82	81	87	79	81
Called up capital stock	592	679	691	690	681	674
Reserves	3,069	3,521	3,139	2,615	2,196	1,351
Total stockholders' funds including non-equity interests	3,661	4,200	3,830	3,305	2,877	2,025
Amounts in accordance with U.S. GAAP:						
Stockholders' equity	3,731	4,280	4,141	3,727	3,453	2,701
Total assets	77,385	88,775	80,083	68,666	55,281	51,668

	At and For the Financial Year Ended March 31,				
	2002	2001	2000	1999	1998
		(restated)	(restated)	(restated)	(restated)
			(in percentages)		
Other Financial Data					
Other Financial data in accordance with Irish GAAP:					
Return on average total assets(4)	1.1	1.1	1.2	1.1	1.2
Return on average stockholders' funds(5)	23.5	24.5	24.4	23.8	27.3
Dividend payout ratio(6)	35	35	34	34	33
Net interest margin(7)	2.2	2.2	2.5	2.5	2.9
Net interest margin, tax equivalent basis(8)	2.3	2.3	2.6	2.6	3.0
Cost/income ratio(9)	56	54	54	55	58
Allowance for loan losses to total loans	0.9	0.8	0.9	1.0	1.1
Provisions for bad and doubtful debts to average total loans	0.2	0.2	0.1	0.2	0.2
Tier 1 capital ratio(10)	7.6	7.8	7.4	9.0	7.2
Total capital ratio(10)	11.5	12.4	11.8	13.0	11.3
Average stockholders' equity to average total assets(11)	4.9	4.9	5.2	5.1	5.1

(1) Translated solely for convenience into dollars at €1.00 = U.S.$0.8717, the Noon Buying Rate on March 31, 2002.

(2) See Item 8 "Financial Information — Dividend Policy" for details of dividends per unit of Ordinary Stock in US Dollars.

(3) The exceptional item in the year to March 31, 2002 represents the charge for the Group Transformation Programme and in the year to March 31, 2001 represents the charge for the Group Transformation Programme and the DIRT settlement and the exceptional item in the year to March 31, 1999 represents the profit on the sale of the Group's interest in Citizens.

(4) Return on average total assets represents profit attributable to the ordinary stockholders, before exceptional items in the financial years ended March 31, 2002, 2001 and 1999, as a percentage of average total assets. The calculation of the average balances for all years includes daily, weekly or monthly averages for certain reporting units. See Item 5 "Operating & Financial Review and Prospects — Average Balance Sheet and Interest Rates". The Bank considers these average balances to be representative of the operations of the Group.

(5) Return on average stockholders' funds represents profit attributable to the ordinary stockholders, before exceptional items in the financial year ended March 31, 2002, 2001 and 1999, as a percentage of average stockholders' funds, excluding non-equity interests.

(6) The dividend payout ratio in 2002, 2001 and 1999 excludes the exceptional items.

(7) Net interest margin represents net interest income as a percentage of average interest earning assets.

(8) Net interest margin on a tax equivalent basis includes an adjustment to reflect tax benefits received by the Group in return for undertaking certain lending ("tax-based lending") at rates below market rates to provide incentives for industrial development. The net interest margin is reduced as a result of such lending activity and this tax-equivalent adjustment reflects the tax savings associated with such activity.

(9) The cost/income ratio is determined by dividing the total expenses of the Group by the total income of the Group.

(10) The target standard risk-asset ratio set by the Basle Committee is 8%, of which the Tier 1 element must be at least 4%. The minimum risk-asset ratio is set by the Central Bank of Ireland and satisfies capital adequacy requirements of the European Union.

(11) Average stockholders' equity includes non-equity interests.

RISK FACTORS

Business conditions and general economy

Negative changes in the general economic conditions particularly in Ireland and the United Kingdom would adversely affect the Group's profitability. The credit quality of the Group's assets could also be impacted. An economic downturn or significantly higher interest rates, particularly in Ireland, could increase the risk that a greater number of the Group's customers would default on their loans or other obligations, or would refrain from seeking additional borrowings or other services.

Government policies and economic controls

The fiscal or other policies which are adopted by various regulatory authorities of the Republic of Ireland, the European Union, foreign governments and international agencies can also affect the Group's businesses and earnings. The Group cannot predict the nature and impact of future changes in such policies and these changes may affect the Bank and/or the trading price of the Bank's ordinary stock. For further discussion on the Group's business, the Irish economy, competition, and supervision and regulation in the main geographical areas the Group operates in, see Item 4 — "Information on the Company" on pages 13 to 26.

Competition

The Group faces competition in all of its principal areas of operation and management expects such competition to intensify in response to consumer demand, technology changes, the impact of consolidation and other factors which could adversely affect the Group's performance, including its market share and profit margins.

Strategic Planning

The Group devotes substantial management resources to the development of strategic plans for organic growth and identification of possible acquisitions, supported by expenditure to generate growth in customer business. If these strategic plans do not meet with success, the Group's earnings could grow more slowly than planned or decline.

Risk Management

A detailed discussion on major risk management issues facing Bank of Ireland — credit risk, market risk, liquidity risk and operational risk; is contained in Item 11 — "Market Risk" on pages 81 to 90.

Item 4 INFORMATION ON THE COMPANY

GENERAL

The Governor and Company of Bank of Ireland was established as a chartered corporation by an act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Bank of Ireland Group is one of the largest financial services groups in Ireland with total assets of €87.3 billion at March 31, 2002. The address of the principal executive offices is Lower Baggot Street, Dublin 2 (phone 353-1-6615933).

The Group provides an extensive range of banking and other financial services. All of these activities are carried out by the Group in Ireland, with a less comprehensive range carried out in the United Kingdom.

The Group has a network of retail branches in Ireland and the United Kingdom. Its international business has centres in Dublin and London. In addition, the Group has a representative office in Frankfurt and wholly owned subsidiaries in Jersey and the Isle of Man.

The Group provides fund management services through Bank of Ireland Asset Management and in addition to its commercial banking business, the Bank has an instalment finance business, operated through its business unit, Bank of Ireland Finance and an international asset financing subsidiary, Bank of Ireland International Finance Limited, the latter is located in the International Financial Services Center (IFSC) in Dublin. Other subsidiaries include Bank of Ireland Life Holdings plc, our life assurance and pensions company in Ireland (formerly Lifetime and New Ireland) and home mortgage businesses in Ireland (ICS Building Society) and Britain (Bank of Ireland Home Mortgages Limited (''BIM'') and Bristol & West).

The Group also holds 90.44% of the equity shares and 49% of the voting shares of J&E Davy Holdings Limited, the holding company for J&E Davy Stockbrokers (''Davy Stockbrokers''), a leading Irish stockbroker. The remaining equity and voting interests in J&E Davy Holdings Limited are held by J&E Davy management.

RECENT DEVELOPMENTS

a) Michael Soden was appointed to the Court on September 11, 2001 and Group Chief Executive on March 1, 2002. John O'Donovan was appointed Group Chief Financial Officer on January 1, 2002 and to the Court on July 11, 2002.

b) The Bank of Ireland announced on May 16, 2002 the proposed acquisition by Bank of Ireland Asset Management (''BIAM') of Iridian Asset Management (''Iridian'), an independent US investment manager with c. €12.1 billion (approximately $11.0 billion) under management. The acquisition gives BIAM a presence in US domestic equities, the biggest product segment of the US investment market, and will facilitate Iridian's development in the US and in other international markets.

   BIAM has agreed to acquire a 61% interest in Iridian for an initial consideration of €196 million (approximately $177 million), plus a contingent deferred payment of up to approximately €24 million (approximately $21 million), based on the performance of the business over the two years following the acquisition. The transaction will be financed from the internal resources of the Bank of Ireland Group. BIAM can acquire the remaining 39% interest over time. This structure will secure the continued involvement of key members of the team that have successfully built the Iridian business to date.

   Iridian is an established and successful manager of US equities for approximately 200 US institutional clients primarily in the foundation, endowment and corporate sectors. Since the firm was founded in 1996, it has established a strong long-term track record in managing mid-cap and large-cap US equities, using a value discipline.

c) It was announced on May 23, 2002 that First Rate Enterprises Ltd, a subsidiary of the Bank of Ireland Group, has joined forces with Post Office Ltd (UK) to form a joint venture called First Rate Travel Services. The new company will supply foreign currency to 17,500 Post Office branches across the UK and is developing associated travel products and services. The 50:50 joint venture will offer both wholesale and retail currency facilities, combined with a variety of associated travel products and services.

d) AIB Group and Bank of Ireland announced on June 18, 2002 that they have informed the European Commission of their intent to create at 50/50 joint venture (JV) technology services company. The JV will combine the two parties' respective IT infrastructures to provide IT services, on a commercial basis, including datacentre operations, networks and desktop management services. Neither Bank will have access to the customer information of the other. The JV will provide services to the Irish and UK divisions of both organisations, as well as to other companies in Ireland and abroad. The formation of the new JV will require Bank of Ireland to exit its current IT joint venture with Perot Systems.

   The specific services that the JV will provide include:

   - Operational services (day to day management of customers' IT infrastructure)
   - Infrastructure implementation services (building new IT infrastructure solutions)
   - Help desk management services, and
   - Business continuation services (back-up facilities)

   The new venture will be based in a single location and various options are currently under consideration.

   The JV will employ 700 people and will have an independent CEO and management team.

BUSINESS OVERVIEW

The Group provides a broad range of financial services in Ireland to all major sectors of the Irish economy. These include checking and deposit services, overdrafts, term loans, mortgages, international asset financing, leasing, instalment credit, debt factoring, foreign exchange facilities, interest and exchange rate hedging instruments, executor, trustee, stockbroking, life assurance and pension and investment fund management, fund administration and custodial services and financial advisory services, including mergers and acquisitions and underwriting. The Group provides services in euro and other currencies.

The Group markets and sells its products on a domestic basis through its extensive nationwide distribution network in Ireland, which consisted of 265 full-time branches and 508 ATMs at March 31, 2002, its direct telephone banking service, direct sales forces and its on-line services. The Group has built a market share among credit institutions in Ireland of over 20% of resources and loans outstanding.

Following a reorganisation in the United Kingdom the Group operates mainly through a new enlarged grouping of businesses whose functional currency is sterling (UK Financial Services) incorporating Bristol & West plc (''Bristol & West''), the branch networks in Northern Ireland and Britain as well as the newer acquisitions Chase de Vere and MX Financial Solutions. UK Financial Services provides lending, savings and investment products to customers and operates advice based businesses.

Operations in the rest of the world are primarily undertaken by Bank of Ireland Asset Management who provide fund management services to institutions and pension funds in the U.S., Germany, Australia, Canada and Japan. It was announced on May 16, 2002, the proposed acquisition by Bank of Ireland Asset Management of Iridian Asset Management, an independent US investment manager.

STRATEGY

The 2001/02 trading and profit performance was evidence of the strong momentum in the Group's main businesses during the year, both in Ireland and abroad. The Group traded successfully across the wide range of financial services activities in which it engages. The geographic distribution of the Group's business helped to minimise the impact of market volatility in the Group and the composition of the Group's loan portfolio, and the robustness of its risk management policies combined to reduce the impact on the Group of the economic slowdown.

The Group believes it has a clear strategy for growth, the principal components of which are undisputed leadership in its home market, optimisation of its strong capital position through a portfolio approach to capital management and maximisation of income streams from its fee-generating and international businesses. The strategy is underscored by a management team and a re-structured organisation that are focused on achieving stretching business growth and efficiency targets.

In the Republic of Ireland, the Group has continued to grow market share in key retail sectors, such as resources and mortgages, despite aggressive competition from existing and new market participants. The Group has achieved market leadership positions across a wide range of both retail and wholesale financial services. The rationalisation of the branch network, largely through the amalgamation of contiguous urban branches, is well advanced. The migration of customers away from inefficient and costly paper-based transactions is well underway and is beginning to ease pressure on the branch network, creating capacity for customer service improvements and cost savings.

Electronic delivery mechanisms have been deployed effectively across the Group, with strong offerings to retail and corporate customers. In some sectors of the business, the Bank of Ireland Group has achieved clear market advantage from the quality of its electronic banking services and the application of customer relationship management principles, facilitated by technology. There also has been a significant upgrading of the Group's IT capabilities to support existing and new delivery channels, helping the Bank to remain a leading edge provider of retail and business banking services.

A revised management and organisation structure was announced in early 2002, comprising five operating and three support units. One of the most significant changes was the organisation of the sterling area businesses into a single unit. Under the new structure, the constituent businesses have been restructured into distinct business groupings, each with clear business growth targets. The Group believes the profile of its presence in the United Kingdom is now much better suited to the current market reality of intense competition for commodity products.

The Group aims to continue to increase its non-interest income in absolute terms and as a percentage of total income through growth in fee-based activities such as asset management and life assurance. Non-interest income for the financial year ended March 31, 2002 amounted to €1,210 million, representing 43% of total operating income.

The Group aims to reduce its cost/income ratio through a combination of cost reduction programs and restructuring of the Group's business processes. The Group's cost/income ratio for the financial year ended March 31, 2002 was 56%.

Implementation of the Group's cost reduction programme is well underway and will be facilitated by the channel strategy and network changes mentioned above. While the Group Transformation Programme includes realisation costs, the Group considers the payback to be attractive and expects to achieve in full the cost reductions targeted in the programme. Further progress has been achieved towards a shared services model and administrative functions are increasingly being removed from front-line businesses.

The Group aims to maintain the quality of its loan book through the consistent application of credit policies and procedures that emphasize the core objective of balance between long term performance and portfolio quality and growth. In the financial year ended March 31, 2002, bad debt provision charges were €102 million (representing 0.19% of average loans to customers); the level of balances under provisions was €331 million and the ratio of allowance for loan losses to balances under provision stood at 151%.

The Group intends to continue to manage Treasury related exposures prudently, consistent with the Group's objective of steady, stable, earnings growth. In the case of derivatives, clear boundaries are placed on the nature and extent of participation in derivatives markets. See Item 11, ''Market Risk''.

The Group intends to maintain strong capital ratios, comfortably in excess of the regulatory minimum. At March 31, 2002, the Group's Tier 1 and Total Capital ratios were 7.6% and 11.5% respectively, well above the regulatory minimum.

CORPORATE STRUCTURE

Following a reorganisation announced in January 2002, the Group organises its businesses into Retail Republic of Ireland, Bank of Ireland Life, Wholesale Financial Services, UK Financial Services, Asset and Wealth Management and Group and Central. The Group's operations extend geographically throughout Ireland and the United Kingdom. The Segmental Analysis note is shown in Note 3, on pages F-16 to F-19 and outlines a detailed analysis of profit contributions by both geographic segments and by business classes.

The following table shows the profit contribution by business for the three years ended March 31, 2002 and the total assets at March 31, 2000, 2001 and 2002. In order to show profit for each business on a comparable basis, a tax equivalent adjustment has been made to reflect tax benefits the Group has received in return for undertaking certain tax-based lending at rates below market rates to provide incentives for industrial development. See Item 5 — ''Operating & Financial Review and Prospects''.

	For the Financial Year Ended March 31,					
	2002	%	2001	%	2000	%
			(restated)		(restated)	
	(in € millions, except percentages)					
Income Before Tax						
Retail Republic of Ireland	321	29	290	27	229	25
Bank of Ireland Life	122	11	131	12	107	12
Wholesale Financial Services	355	32	283	26	217	23
UK Financial Services	318	28	324	30	288	31
Asset and Wealth Management	126	11	133	12	120	13
Group and Central	(64)	(6)	(30)	(3)	18	2
Tax equivalent adjustment(2)	(56)	(5)	(46)	(4)	(59)	(6)
Income from ordinary activities before exceptional items	1,122	100	1,085	100	920	100
Group Transformation Programme	(37)	—	(93)	—	—	—
Income before taxation	1,085	100	992	100	920	100

	At March 31,					
	2002	%	2001	%	2000	%
			(restated)		(restated)	
	(in € millions, except percentages)					
Assets						
Retail Republic of Ireland	23,427	21	19,449	19	19,076	22
Bank of Ireland Life	6,028	5	5,305	5	4,520	5
Wholesale Financial Services	43,538	39	38,573	39	31,321	35
UK Financial Services	33,338	29	30,575	31	28,974	33
Asset and Wealth Management	930	1	1,020	1	1,506	2
Group and Central	5,767	5	5,051	5	2,778	3
Total(3)	113,028	100	99,973	100	88,175	100

(1) Following a reorganisation announced in January 2002, Corporate & Treasury has become Wholesale Financial Services which now excludes Banking GB and Northern Ireland and includes Private Banking. Asset and Wealth Management now excludes Private Banking. Bristol & West has become UK Financial Services and now includes Banking GB and Northern Ireland. The analysis for 2001 and 2000 has been restated accordingly. The adoption of UITF 33 as described in Note 2 to the consolidated financial statements on page F-15 has been reflected in the segmental analysis above.

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

(3) Total Assets include intra-group items of €25,703 million (2001: €21,098 million, 2000: €20,158 million).

Retail Republic of Ireland

Retail Republic of Ireland includes all the Group's branch banking operations in the Republic of Ireland. The branches offer a wide range of financial products and services in addition to the deposit, lending, checking account and other money transmission services traditionally offered by banks. It also includes ICS Building Society, instalment credit and leasing facilities, as well as a direct telephone banking unit, credit card operations and commercial finance/factoring businesses.

As at March 31, 2002, Branch Banking Republic operated 265 full-time branches. A full range of banking services is provided to all major sectors of the Irish economy including small and medium sized commercial and industrial companies. Branches provide checking accounts, demand and term deposit accounts, overdrafts, term loans and home loans as well as customary money transmission and foreign exchange services. Also available through branches are credit cards and assurance and investment products as well as the loan and deposit products of other Group businesses.

As a building society, ICS is mainly involved in the collection of deposits and the making of loans secured by residential properties. Its mortgage business is generated by its own mortgage stores and by referrals from intermediaries. ICS's deposits are generated by referrals from Bank branches. Deposits sourced by the Group's branches come principally from customers who prefer to maintain their funds with a building society. In addition, ICS operates a mortgage servicing center which processes the Bank's mortgage portfolio as well as its own.

Bank of Ireland Finance provides instalment credit and leasing facilities. Its products are marketed to the personal, commercial and agricultural sectors by a direct sales force, through the Bank's branches and by intermediaries such as dealers, brokers, retailers and professionals with whom it has established relationships. Its products include secured instalment credit, leasing, and insurance premium finance. It also provides current asset financing through invoice discounting, factoring and export credit finance and stock purchasing.

Card Services is responsible for the Group's credit card activities in the Republic of Ireland and in Northern Ireland. It provides MasterCard, VISA and American Express cards and is supported by Bank branches in marketing its services.

Banking 365, a direct selling operation, offers personal loan facilities by telephone, outside as well as during normal business hours. It also operates a call centre which deals with customer queries and processes transactions. A related company Premier Direct Insurance Services offers motor insurance over the telephone.

Bank of Ireland Life

The Group operates in the life and pensions market through Bank of Ireland Life and offers life assurance, protection, pension and investment products primarily to Group customers in Ireland, throughout the Group's extensive branch banking network. It also operates through the broker channel and its direct sales force, to access the domestic life assurance and pensions markets.

Wholesale Financial Services

The principal constituents of this division are Corporate Banking, Bank of Ireland International Finance Limited, Treasury and International Banking, J&E Davy Stockbrokers, First Rate Enterprises Limited, IBI Corporate Finance Limited and Private Banking.

Corporate Banking provides an integrated banking service to a significant number of the major corporations in Ireland. The range of lending products provided includes overdraft and short-term loan facilities, term loans, project financing, tax sheltered lending and leasing. Corporate Banking also manages Bank of Ireland International Finance Limited, which operates out of the IFSC in Dublin. This company is engaged in international asset financing, the provision of structured financial transactions in Europe, leveraged acquisition and project finance, and syndicated lending to major multi-national companies, principally in the United Kingdom and the United States.

Treasury and International Banking is responsible for the Group's liquidity and funding requirements and interest and exchange rate risk management. In Dublin, Treasury and International Banking deals in a full range of market instruments on behalf of the Group itself and the Group's principal corporate clients. Activities include dealing in foreign exchange spot and forward contracts, interbank deposits and loans, financial futures, bonds, swaps and forward rate agreements and equity tracker products. Banking services are provided in the Isle of Man. Treasury and International Banking is also represented overseas in Bristol, in the United Kingdom.

Davy Stockbrokers is one of the largest stockbrokers in Ireland in both the gilt and equity markets (based on turnover in the gilt market and commissions in the equity market).

First Rate Enterprises Limited specialises in the provision of foreign exchange services through a number of separate businesses. In Ireland, First Rate Ireland operates through its own bureaux located in key tourist locations and through its agencies in more than 400 hotels, shops and tourist sites. It also provides Foreign

Exchange Services to An Post (the Irish postal service) and has responsibility for the provision of Foreign Exchange Currency and travellers cheques to the Bank of Ireland Branch Network. In the UK, First Rate Enterprises has set up as First Rate Travel Services, a joint venture with the UK Post Office. This new company will supply the UK Post Office with foreign currency and travellers cheques through the latter's 17,500 branches.

IBI Corporate Finance Limited acts as a financial advisor to Irish and British companies in connection with take-overs, mergers and restructuring, other acquisitions and disposals and the raising of equity and loan capital, public flotations and stock exchange listings.

Bank of Ireland Private Banking provides wealth management solutions to high net worth individuals in Ireland. It offers a complete private banking service utilising an extensive range of investment, fiduciary and banking products.

UK Financial Services (UKFS)

UK Financial Services (UKFS) brings together all of the Group's significant activities in the sterling area, thus bringing greater focus to our sterling activities and creating increased transparency for the markets. The new UKFS structure facilitates the creation of business units delineated by customer segments and needs rather than by traditional brand considerations. Each business is pursuing achievable growth strategies which are expected to deliver sustainable profit growth. Together, they represent a business of scale within the UK Financial Services market-place.

Bristol & West provides standard and non-standard residential mortgages, savings and investment products to retail customers, and operates advice based businesses and is based in Bristol, operating out of 131 branches located mainly in the South West of England. Bristol & West also operates through broker and intermediary channels in sourcing residential mortgages.

Savings and investment products include traditional savings accounts, online and postal savings accounts, single premium bonds, Individual Savings Accounts and guaranteed equity products.

Bristol & West's principal subsidiaries are: Bank of Ireland Home Mortgages, a centralised mortgage lender; Chase de Vere Investments plc which was acquired on September 11, 2000 and is one of the UK's leading Independent Financial Advisors; and MX Financial Solutions, which is a leading business to consumer online advisory service.

Branch Banking Northern Ireland and Great Britain offers deposit, lending, checking account and other money transmission services traditionally offered by banks. In addition, it offers instalment credit and leasing. Business banking units provide loan facilities for medium to large corporate clients while also providing international banking, treasury, current asset financing and electronic banking services.

Asset and Wealth Management

Bank of Ireland Asset Management is the investment management arm of the Bank of Ireland Group. It provides active and passive investment services for Irish institutional clients and active discretionary management of equities and fixed interest securities for International clients. It also acts as sub-advisor for a number of retail distributors in Ireland and overseas. The company's head office is located in Dublin and it has nine international offices servicing clients across five continents. It had assets under management of €57.1 billion at March 31, 2002. It recently announced the acquisition of Iridian Asset Management, an independent US investment manager. See "Recent Developments" — page 14.

Bank of Ireland Securities Services is the investment administration and custodial arm of the group. It has offices in Dublin's IFSC and Jersey. It provides a full range of fund administration services to leading international fund managers and it supplies a full range of custody services for all Irish and UK instruments to an international and domestic client base as well as offering a full administration out-sourcing service to fund managers. It also operates a strategic alliance with State Street Bank and Trust Company of Boston. The alliance provides fund administration and custody services to funds domiciled in Dublin and Jersey. Assets under administration/custody were €137 billion at March 31, 2002.

Group and Central

Group and Central mainly include earnings on surplus capital, and unallocated central overheads. Investment costs in BOIe, which specialises in eCommerce and web-enabled solutions, is also included in this category.

Material Subsidiaries

The principal group undertakings at March 31, 2002 were:

Name	Principal activity	Country of incorporation	Statutory year end
Bank of Ireland Asset Management Limited	Asset management	Ireland	31 March
Bank of Ireland International Finance Limited*	International asset financing	Ireland	31 March
Bank of Ireland Life Holdings plc*	Life assurance and pensions	Ireland	31 December
Bristol & West plc	Mortgages, savings and investments	England	31 March
ICS Building Society*	Building society	Ireland	31 December
IBI Corporate Finance Limited	Corporate finance	Ireland	31 March
J & E Davy Holdings Limited	Stockbroking	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.

DESCRIPTION OF PROPERTY

At March 31, 2002 the Bank operated 333 full-time retail bank branches of which 265 were in Ireland, 47 in Northern Ireland and 21 in Britain. Additionally, the Bank has a representative office in Frankfurt, and wholly owned subsidiaries in Jersey and the Isle of Man. The majority of these premises are owned directly by the Group with the remainder being held under commercial leases. The premises are subject to continuous maintenance and upgrading and are considered suitable and adequate for the Bank's current and anticipated operations.

The Bank of Ireland Group headquarters, located at Lower Baggot Street, Dublin, Ireland, comprises a complex of three buildings constructed in the 1970s having approximately 18,600 square metres (200,000 square feet) net floor space. The Bank has a 30% equity interest in the premises which are held on a lease which expires in 2071. The freehold interest in the Bank's headquarters is held in trust on behalf of the Bank of Ireland Staff Pension Fund, which is the Group's principal pension fund. The Group also occupies approximately 58,000 square metres (616,000 square feet) net for central functions in Dublin; of this space 12,000 square metres (124,000 square feet) net is owned, the balance is held on commercial leases.

The Bank occupies approximately 2,600 square metres (28,000 square feet) net floor space in Queen Street, London. These premises are held on a lease which expires in 2011.

Bristol & West's Head Office is located at Temple Quay, Bristol, England. It has a network of 131 operational Branches. The administrative buildings occupy approximately 35,200 square metres (379,000 square feet) net floor space of which approximately 68% is held Freehold.

The Head Office of New Ireland Assurance, now part of Bank of Ireland Life, is located at 9/12 Dawson Street, Dublin, Ireland. It has a network of 20 operational branches. The Head Office and Administrative buildings occupy approximately 4,900 square metres (53,000 square feet) net floor space, of which 93% is held Freehold.

COMPETITION

The Bank of Ireland Group faces strong competition in all of its major markets. Other financial services groups compete for the provision of services to customers in the larger financial markets while local banks and other financial services companies compete within each national market.

Ireland and Northern Ireland

The Group provides a full range of banking services in Ireland and Northern Ireland. It is subject to competition from various types of institutions within the financial services area. The main competition across the full range of banking activity is from other banks, in particular Allied Irish Banks plc, Ulster Bank Ltd, National Irish Bank Ltd, Northern Bank Ltd and Irish Life and Permanent plc. Allied Irish Banks plc, which also has its head office in Dublin, is the largest competitor in Ireland. Irish Life and Permanent plc, which acquired the Trustee Savings Bank in 2001 whose retail banking operations trade as Permanent TSB, is also based in Dublin whereas Ulster Bank Ltd, Northern Bank Ltd and AIB Group (UK) plc (which trades as First Trust Bank and is wholly owned by Allied Irish Banks, plc) are the main competitors in Northern Ireland. Ulster Bank Ltd and Northern Bank Ltd are both based in Belfast. Ulster Bank Ltd is a subsidiary of The Royal Bank of Scotland Group plc, and Northern Bank Ltd and National Irish Bank Ltd are subsidiaries of National Australia Bank.

The Group also competes in the corporate and investment banking services areas with a range of other domestic and foreign banks. There is also competition from the building societies, the Post Office, credit unions and national savings organizations in both Ireland and Northern Ireland. The general competitive environment in Ireland has been affected by the operation of the Competition Act which is modelled closely on Articles 81 and 82, 2002 of the EC Treaty, and by the implementation of EC Directive 89/646 of December 15, 1989 (known as the "Second Banking Coordination Directive"), which permits in Ireland the establishment of branches and the provision of cross border services by banks headquartered elsewhere in the European Union.

The Group increasingly faces competition from new entrants using the internet, phone banking and other non-traditional distribution channels.

Bank of Scotland has entered the mortgage market through its acquisition of ICC Bank, while ACC Bank was recently acquired by Rabobank. Both were formerly owned by the Irish State.

Britain

The Bank of Ireland Group's operations in Britain are small in the overall market context. Britain has a very highly competitive and sophisticated financial market with over 500 licensed banking institutions with extensive retail networks. In addition, there are approximately 80 building societies, Girobank (utilizing the extensive post office network) and the major insurance companies which also operate nationwide branch networks.

In Britain, the Group's principal competitors include, in addition to building societies, other providers of personal financial services, such as banks and insurance companies. Each of these types of financial service providers has expanded the range of services offered in recent years. In addition, many retailers and other entities with potential access to a retail customer base, such as utilities, have begun marketing personal financial services to their customers.

SUPERVISION AND REGULATION

IRELAND

In respect of banking operations in Ireland, the provisions of the Central Bank of Ireland Acts, 1942 to 1998, the European Communities (Consolidated Supervision of Credit Institutions) Regulations, 1992 (the "1992 Consolidated Supervision Regulations") and the European Communities (Licensing and Supervision of Credit Institutions) Regulations 1992 (the "1992 Licensing Regulations") apply to the Group.

The regulation and supervision of banks in Ireland is the function of the Central Bank of Ireland. Apart from its licensing and supervisory role regarding banks, the Central Bank of Ireland is the regulatory authority for building societies and is also the relevant regulatory authority in respect of insurance intermediaries.

In October 1998, the Government of Ireland agreed in principle to the establishment of a single Regulatory Authority for the financial services sector. In May 1999, an Implementation Advisory Group reported to the Government with detailed proposals for the establishment of a single Regulatory Authority. The Government announced in February 2001 that a new entity identified as ''the Central Bank of Ireland and Financial Services Authority'' would be established with the Central Bank of Ireland discharging Ireland's obligations in respect of the European Central Bank, and the Irish Financial Services Regulatory Authority exercising responsibility for supervision of banking and insurance activities. Draft legislation was published in 2002, and is expected to be reintroduced in the new Oireachtas (parliament) following the general election of May 2002.

All licensed Banks are now obliged to draw up and publish their annual accounts in accordance with the European Communities legislation and regulation. Subject to the provisions of the 1992 Licensing Regulations relating to mutual recognition of credit institutions authorized elsewhere in the European Union, the Central Bank Act, 1971 (as amended by the Central Bank Acts, of 1989, 1997 and 1998) (the ''1971 Act'') restricts the carrying-on of banking business in Ireland to holders of licenses granted under the 1971 Act. The 1971 Act stipulates that license holders must maintain a minimum deposit with the Central Bank of Ireland. The Central Bank of Ireland has a qualified discretion to grant or refuse a license and may attach conditions to any licenses granted. Bank of Ireland and The Investment Bank of Ireland hold licenses granted under the 1971 Act and no conditions have been attached to them. In September 2000, by means of a scheme of transfer under Part III of the 1971 Act, Bank of Ireland Finance Limited transferred all of its business and undertakings to Bank of Ireland and surrendered its banking license. The Central Bank of Ireland, after consultation with the Minister for Finance, may revoke a license under certain circumstances specified in the 1971 Act.

The Central Bank of Ireland has statutory power to carry out inspections of the books and records of license holders and to obtain information from license holders about their banking and bank-related business. Pursuant to this power, the Central Bank of Ireland carries out regular review meetings and periodically inspects licensed banks. The fact that such inspections and review meetings have been carried out and the number thereof are published in the Annual Report of the Central Bank of Ireland. The Central Bank of Ireland is also empowered by law to obtain information from license holders about their banking and bank- related business.

The Central Bank of Ireland may also prescribe ratios to be maintained between, and requirements as to the composition of, the assets and liabilities of licensed banks, to prescribe maximum interest rates permitted to be charged and to make regulations for the prudent and orderly conduct of banking business of such banks. The 1992 Licensing Regulations set forth minimum start-up and ongoing capital requirements for banks licensed by the Central Bank of Ireland and require applicants for a license to notify the Central Bank of Ireland of the identity of certain shareholders and the size of their holdings in the applicant. The Central Bank of Ireland also sets requirements and standards from time to time for the assessment of applications for licenses. The most recent requirements and standards were published in the Quarterly Review of the Central Bank of Ireland, Winter 1995, and are non-statutory requirements which are applied by the Central Bank of Ireland to credit institutions as a supplement to the statutory requirements referred to generally in this section but do not purport to interpret or refer comprehensively to the statutory provisions applicable to credit institutions.

The Group is also subject to EC Regulations relating to capital adequacy, and in the area of monitoring and control of large exposures. The EC Directives have been implemented by the Central Bank of Ireland by way of administrative notice, and were codified into a single text by Directive 2000/12/EC of March 20, 2000.

The Group's operations in overseas locations are subject to the regulations and reporting requirements of the regulatory and supervisory authorities in the overseas locations with the Central Bank of Ireland having overall responsibility for their regulation and supervision. The Central Bank of Ireland is required to supervise the Group on a consolidated basis, i.e., taking account of the entire Group activities and relationships.

Licensed banks must notify their existing fees and charges and related terms and conditions, and any changes therein from time to time to the Director of Consumer Affairs, which could direct that no fees, charges or increases or changes therein be made without its approval.

Any acquisition by a person or more than one person acting in concert of 10% or more of the total shares or of the total voting rights attaching to shares (an ''acquiring transaction'') in a licensed bank, unless exempted, requires the prior approval of the Central Bank of Ireland. A proposed acquiring transaction must be notified to the Central Bank of Ireland, which may seek further information. The Central Bank of Ireland's approval is subject to the prior consent of the Minister for Finance where a person proposes to participate in an acquiring transaction involving the acquisition of shares or other interest in a licensed bank, which controls directly or indirectly not less than 20% of the total assets in Ireland of all licensed banks.

In addition, any person who proposes to acquire directly or indirectly a ''qualifying holding'' in a credit institution (which includes the Bank) must notify the Central Bank of Ireland in advance of the proposed acquisition and must supply such details of the proposal as the Central Bank of Ireland may specify. A ''qualifying holding'' for these purposes means (i) a holding by a person, either on his own or in concert with another person, of 10% or more of the shares (which includes certain interests therein) or the voting rights attaching to the shares in the credit institution, or (ii) a shareholding or interest held by a person in a credit institution which either confers a right to appoint or remove one or more members of the board of directors or of the committee of management of the credit institution, or otherwise allows that person to exercise a significant influence over the direction or management of the credit institution. Such a person must likewise notify the Central Bank of Ireland of every proposal to increase its direct or indirect qualifying holding so that the holding would reach or exceed 20%, 33% or 50% of the shares, or of the voting rights attaching to shares in the credit institution or, in the case of a person that is a corporate entity, if the person proposes to acquire any shares or interest in the credit institution which would make that institution its subsidiary for the purpose of the 1992 Licensing Regulations.

A person must not acquire a qualifying holding or increase the size of his qualifying holding as set out above until the earlier of three months elapsing from the date of notification to the Central Bank of Ireland or receipt of notification from the Central Bank of Ireland that it will not object to the proposed acquisition or increase.

The Central Bank of Ireland is also entrusted with responsibility for the regulation of payment systems and the supervision of bureaux de change.

Building societies are subject to regulation by the Central Bank of Ireland. Building societies may engage in a wide range of services beyond the traditional activity of taking of interest bearing deposits and the making of advances secured by mortgages on freehold or leasehold property.

All credit institutions are obliged to take the necessary measures to counteract effectively money laundering in accordance with the Criminal Justice Act, 1994, (as amended) and the Guidance Notes for Credit Institutions which were issued with the approval of the Money Laundering Steering Committee. Revised guidance notes were issued in 2001.

Under the European Communities (Deposit Guarantee Schemes) Regulations, 1995 (amended in 1999 and 2002) the Central Bank of Ireland also operates a statutory depositor protection scheme to which both licensed banks and building societies are required to make contributions amounting to 0.2% of their total deposits. The Regulations extend to branches of the Bank in other European Union States under the principle of ''home country'' control. A minimum contribution of €25,400 is required from each credit institution, and the maximum level of compensation payable to any one depositor is 90% of the aggregate deposits held by that depositor subject to a maximum compensation of €20,000.

In parallel with European initiatives relating to the mutual recognition of credit institutions authorized elsewhere in the European Union, the legislative authorities of the European Union have enacted a number of measures designed to achieve similar liberalization in the investment services sector.

In July 1998 the Investor Compensation Act, 1998 was enacted into law. The Act is designed, in the main, to implement Directive 97/9/EC of the European Parliament and of the Council, dated March 3, 1997, on investor compensation schemes. The Act provides for the payment of compensation to clients of investment business firms, stock exchange member firms, credit institutions and assurance intermediaries (all ''Investment Firms'') when an Investment Firm is unable to return money or investment instruments belonging to clients. The Central Bank is the supervisory authority for investor compensation schemes. Investor Compensation Company Limited administers investor compensation arrangements. Investment Firms will be required to contribute to a fund maintained by the Company to pay compensation to clients of Investment Firms. The Act allows separate compensation schemes to be put in place, subject to the approval of the Central Bank, for certified persons under the Investment Intermediaries Act. Clients of Investment Firms will be entitled to compensation of up to €20,000 or 90% of the sum lost, whichever is the lesser.

In 2001 the Central Bank issued a Code of Practice for Credit Institutions (setting down standards of good banking practice to be followed by banks in their dealings with consumers), a Code of Conduct for Investment Business Services of Credit Institutions and advertising requirements applicable to Credit Institutions.

The activities of the Group's assurance business, Bank of Ireland Life, are regulated by the Department of Enterprise Trade and Employment.

Legislative developments relating to the Euro

The third stage for achieving economic and monetary union in the European Union commenced on January 1, 1999. On that date the exchange rates of the currencies of the participating Member States became irrevocably fixed and denominations of the new currency, the euro.

The Irish Government passed the Central Bank Act, 1998, which was designed to bring Irish legislation governing the Central Bank into conformity with the provisions of the treaty establishing the European Community, as amended by the treaty on European Union. The provisions of this Act provide for the streamlining of the independence of the Central Bank of Ireland along with its institutional integration into the European System of Central Banks and the European Central Bank.

Euro notes and coins were introduced from January 1, 2002 and the legacy Irish pound notes and coins were withdrawn from circulation progressively up to February 9, 2002. The entire changeover process was achieved in Ireland without any significant technical or operational difficulties.

At the Annual General Court of the Bank held on July 7, 1999 stockholders approved a series of changes to the Bye-Laws of the Bank which: subdivided each unit of Ordinary Stock with a nominal value of IR£1 into two new units of IR£0.50 each (the ''Stock Split''); redenominated the Ordinary Stock (with a nominal value of IR£0.50 following the Stock Split) into euro denominated units of €0.63486903921 each; and adjusted the converted euro nominal value of each unit of Ordinary Stock into €0.64 by capitalising from reserves a sum not exceeding €6.0 million (IR£4.7 million).

UNITED KINGDOM

In respect of the Group's separate banking operations in Northern Ireland and Britain, the Bank has the status of ''European institution'' under the Banking Coordination (Second Council Directive) Regulations, 1992 (the ''Regulations'') and is entitled to carry on in the United Kingdom any of the listed activities in the Second Banking Coordination Directive which it is authorized to carry on in Ireland.

Powers of the Financial Services Authority (''FSA'') as successor to the Bank of England in relation to European institutions are limited because, pursuant to the principle of ''home country'' control incorporated in the Second Banking Directive, the Central Bank of Ireland, as the competent authority in Ireland, has primary responsibility for the supervision of credit institutions incorporated in Ireland. The FSA, however, has a specific responsibility to cooperate with the Central Bank of Ireland in ensuring that branches of European credit institutions from Ireland maintain adequate liquidity in the United Kingdom. The FSA also has the responsibility to collaborate with the Central Bank of Ireland in ensuring that Irish credit institutions carrying on activities listed in the Second Banking Directive in the United Kingdom take sufficient steps to cover risks arising from their open positions on financial markets in the United Kingdom.

Under the Regulations, the FSA is empowered in specified circumstances to impose a prohibition on, or to restrict the listed activities of, a European institution. Consistent with the allocation of supervisory responsibilities in the Second Banking Directive, the FSA would usually exercise its power only after consulting the Central Bank of Ireland which, inter alia, expresses willingness of the respective authorities to exchange information in order to facilitate the effectiveness of the supervision of credit institutions in the European Union. It also provides for the exchange of information in crisis situations and in cases where the authorities become aware of contraventions of the law by institutions covered by the Second Banking Directive operating in their territory.

Because the Bank has established a place of business in England, it is subject to the provisions of the Companies Act 1985 which affect overseas companies. Equally, on account of its having established a place of business in Northern Ireland in connection with its operations there, the Bank is subject to the provisions of Part XXIII of the Companies (Northern Ireland) Order 1986 which apply to companies incorporated outside Northern Ireland which have established a place of business in Northern Ireland.

In respect of its banking operations in Northern Ireland, the Bank is empowered under the Bank of Ireland Act, 1821 to issue bank notes as local currency, and is subject to the provisions of the Bankers (Northern Ireland) Act, 1928, the Bank of Ireland and Subsidiaries Act, 1969 and the Financial Services and Markets Act, 2000 in respect thereof.

The role of the FSA in relation to the Group as a European Institution is described above. In addition, the FSA is also the home country regulator of three UK incorporated members of the Group. These are Bristol & West plc (an authorised bank and successor to Bristol & West Building Society); Chase de Vere Investments plc (an independent financial adviser) and MS Moneyextra Financial Solutions (also an independent financial adviser). Since December 1, 2001, the FSA's power and responsibilities derive from the Financial Services and Markets Act 2000 (''FSMA''), which gave effect to a major overhaul of the regulatory system in the UK.

The FSA's basic method of supervising banks involves the regular reporting of statistical information and a regular set of returns giving balance sheet and consolidated statement of income and data, material on the maturity structure of assets and liabilities, sectoral analysis of business and details of concentration of risk in assets and deposits. Review meetings are held by the FSA with the management of regulated firms. Under the risk based approach introduced in 1998 (''RATE'') the FSA's supervision of banks is based on a systematic analysis of the risk profile of each bank. The FSA also publishes requirements it expects banks to meet on matters such as capital adequacy, limits on large exposures to individual entities and groups of closely connected entities and liquidity.

In order to maintain authorisation under the FSMA, regulated firms must be able to demonstrate that they have adequate resources and that they are fit and proper. In addition, firms must meet the FSA's requirements with regard to senior management arrangements, systems and controls, conduct of business, training and competence, money laundering and complaints handling.

In addition to various powers to make rules and issue guidance, the FSMA also gives the FSA power to gather information, undertake investigations and to impose sanctions both on regulated firms and on certain of their directors and managers. For example, under FSMA section 166 the FSA may require an authorised firm to provide it with a report from a skilled person (for example an accountant) in relation to the exercise of the FSA's functions. Again details of this and other powers of investigation and enforcement are to be found in the FSA's Handbook of Rules and Guidance.

All members of the Group holding information about personal customers in the UK are subject to the jurisdiction of the UK Information Commissioner under the Data Protection Act 1998. The Commissioner has certain powers in relation to the way in which such information is held and used.

Various members of the Group hold licences from the UK Director General of Fair Trading under the Consumer Credit Act 1974 in relation to regulated consumer credit lending and mortgage broking. The Director General of Fair Trading has certain powers in relation to these activities.

As part of the transfer of the business of Bristol & West Building Society, the group company to which the business of Bristol & West was transferred, became an authorized institution under the Banking Act, 1987 of the U.K. Bristol & West plc is required to maintain adequate accounting and other records. The FSA has the power under sub Sections 39 (1)(b), 39 (6) and 39 (7) of the Banking Act to require a bank to commission an external report on any aspect of its business. The FSA will use its Section 39 powers as appropriate to ask institutions to commission reports on whether the accounting and other records and internal control systems have been properly established and maintained. The reports are generally commissioned from reporting accountants who are appointed by the institution and nominated by or approved by the FSA.

THE IRISH ECONOMY

Ireland is a small open economy with a population of 3.8 million people. It was a founding member of European Monetary System in 1979 and was in the first group of countries to participate in EMU in 1999. Total Gross Domestic Product (GDP) in 2001 was €115 billion and is estimated by the Government at €124 billion in 2002. The Irish economy has expanded very strongly over the past decade, with real GDP growth averaging 7.2% between 1991 and 2001. Growth has been very broadly based, with consumption, investment and trade all making a strong contribution over this period.

The global downturn in 2001 was generally a corporate phenomenon with profits and investment falling, while consumer spending remained resilient. This picture was replicated in Ireland; personal consumption growth averaged some 5%, against an investment figure of 0.5%, down from 7% in 2000.

Employment grew by 2.9% in 2001 as a whole and in the first quarter of 2002 numbers in work were 2.1% higher than in the corresponding period in 2001. While there has been a slowdown in the pace of employment growth since economic activity generally began to moderate in the spring of 2001, there does not appear to have been any outright decline in employment in aggregate, in contrast to the pattern in most other economies.

Irish budgetary aggregates currently remain comfortably within the parameters of the EU's Stability and Growth Pact which limits general government deficits to 3% of GDP.

Item 5 OPERATING & FINANCIAL REVIEW AND PROSPECTS

RECENT SEC DEVELOPMENTS

CRITICAL ACCOUNTING POLICIES

The Groups financial statements are prepared in accordance with accounting standards generally accepted in the Republic of Ireland. In preparing these accounts, management are required to select suitable accounting policies and make judgements and estimates that are reasonable and prudent. Full details of the significant accounting policies and estimation techniques adopted in the preparation of the 2002 accounts are set out on pages F-11 to F-15.

During the year, the group adopted Financial Reporting Standard 18, ''Accounting Policies'', which requires an entity to select the accounting policies which are most appropriate to its particular circumstances for the purposes of giving a true and fair view.

In December 2001, the United States Securities and Exchange Commission issued a release regarding disclosure of critical accounting policies. The group believes that of its significant accounting policies and estimation techniques, the following may involve a higher degree of judgement and complexity and therefore could be considered critical in the context of this release.

Loan Losses

The Group lends money to its customers by means of unsecured lending and secured lending, where collateral is held in respect of some or all of the outstanding balance. Where there is a risk that the Group will not receive full repayment of the amount advanced, provisions are made in the financial statements to reduce the carrying value of loans and advances to the amount expected to be recovered.

The estimation of credit losses is inherently uncertain and depends on many factors such as general economic conditions, collateral values, cash flows, structural changes within industries and other external factors. The calculation of specific provisions is based on the likelihood of default and the estimated loss arising to the Group in that instance. These assessments are made using a combination of specific reviews, statistical techniques based on previous loan loss experience and management's judgement. Certain aspects of this process may require estimation, such as the amounts and timing of future cash flows and the assessment of the value of collateral held.

The general provision is calculated by reference to among other things, loss experience by loan type or sector and the underlying grade profile of the loan book at year end and is assessed independently of line management by the Group's central credit review function. The methodology adopted, whilst continuing to be refined, has been consistently applied in recent years and is in line with industry practice.

At March 31, 2002, the bank held provisions for bad and doubtful debts of €500 million against total loans and advances of €57,077 million. The Group considers that the provisions for bad and doubtful debts at March 31, 2002 were adequate based on information available at that time. However, actual losses may differ as a result of changes in collateral values, the timing and amounts of cash flows or other economic events.

Further details setting out the provisioning policy relating to loan losses is set out on page 86 of this document.

Goodwill

In accordance with Financial Reporting Standard 10, "Goodwill and Intangible Assets", goodwill on acquisitions after April 1, 1998 is capitalised as an asset on the balance sheet and amortised to the profit and loss account over its estimated useful economic life. Of the €271 million of unamortised goodwill at March 31, 2002, €38 million relates to the acquisition of Moneyextra Limited and is amortised over its estimated useful life of 10 years. The remaining balance is amortised over 20 years.

The determination of the estimated economic useful life of goodwill requires the exercise of judgement. The profit and loss charge for the year would be different if a useful life longer or shorter than the periods referred to were used.

Life Assurance Operations

The Group accounts for the value of the shareholder's interest in long-term assurance business using the embedded value basis of accounting. Embedded value is comprised of the net tangible assets of BOI Life and the present value of its in-force business. The value of in-force business is calculated by projecting future surpluses and other net cash flows attributable to the shareholder arising from business written up to the balance sheet date and discounting the result at a rate which reflects the shareholder's overall risk premium, after provision has been made for taxation.

Future surpluses will depend on experience in a number of areas such as investment returns, lapse rates, mortality and investment expenses. Surpluses are projected by making assumptions about future experience, having regards to both actual experience and forecast long-term economic trends. Changes to these assumptions may cause the present value of future surpluses to differ from those assumed at the balance sheet date and could significantly affect the value attributed to the in-force business. The value of in-force business could also be affected by changes in the amounts and timing of other net cash flows (principally annual management charges and other fees levied upon the policyholders) or the rate at which the future surpluses and cashflows are discounted. In addition, the extent to which actual experience is different from that assumed will be recognised in the profit and loss account for the period.

Derivatives

Derivatives held by the Group for trading purposes are carried at fair value, with changes in these fair values being recognised in the profit and loss account. Fair values are based on quoted market prices using appropriate pricing models.

Where instruments such as over-the-counter derivatives are valued using pricing models, the value of the instrument and changes in that value are determined by the model and its underlying assumptions. The use of different models or other assumptions could result in changes in reported financial results.

Further information is set out in Note 38 on page F-51.

Debt Securities

Debt securities held for trading purposes are valued at fair values using market values where available. Where market values are not available, in the case of "unlisted securities" fair values are represented by the use of other means such as price quotations for similar investments, or pricing models. At March 31, 2002 "unlisted securities" represented 13.3% of the total portfolio of debt securities held.

Debt securities held for investment purposes are stated at cost, adjusted for the amortisation of premia or discounts on an appropriate basis. The group conduct regular impairment reviews of the investment portfolio and considers indicators such as downgrades in credit ratings or breaches of covenants as well as the application of judgement in determining whether creation of a provision is appropriate. The use of different models or other assumptions could result in changes in reported financial results.

US GAAP

The principle differences between Irish and US GAAP accounting principles are set out in Note 47 on page F-77 to F-94 which includes a reconciliation of the significant differences from Irish GAAP to U.S. GAAP.

ENHANCED DISCLOSURES IN THE MANAGEMENT DISCUSSION AND ANALYSIS

In January 2002, the SEC issued a release relating to the following disclosure requirements

1) Liquidity

2) Energy and other OTC commodity trading

3) Transactions with related and other non-independent parties.

Liquidity including off balance sheet arrangements

Liquidity risk is discussed on page 88 and capital resources are discussed on page 81 of the Financial Review. Further details of contractual cash obligations and other commercial commitments are set out on page F-64 and in Note 41 to the accounts.

Special Purpose Vehicles

Special purpose vehicles (SPV) are entities that are typically set up for a specific purpose and generally would not enter into an operating activity nor have any employees. The most common form of SPV involves the acquisition of financial assets that are funded by the issuance of securities to external investors which have cash flows different from those of the underlying instruments. The repayment of these securities is determined by the performance of the assets acquired by the SPV. These vehicles are an important development of the European securitisation market.

An important feature of financial accounts prepared under Irish GAAP is that they are required to present a true and fair view, which includes reflecting the substance of the transactions and arrangements and not just the legal form. Accordingly, the substance of any transaction with an SPV forms the basis for the treatment in the Group's accounts. An SPV is consolidated by the Group either if it meets the criteria of Financial Reporting Standard No. 2 ("FRS 2") "Accounting for subsidiary undertakings", or in accordance with Financial Reporting Standard No. 5 ("FRS 5") "Reporting for the substance of transactions" if the risk and rewards associated with the SPV reside with the Group, such that the substance of the relationship is that of a subsidiary. The Group has used SPVs to securitise some of its lending portfolio and continues to administer the mortgages for which it receives fees and income. The Group accounts for those mainly using linked presentation. Further information relating to the Group's securitisation programme is given in Note 17 on page F-29 to F-31.

The Group also has relationships with numerous SPVs primarily to provide financing to clients. These relationships include arrangements to fund the purchase or construction of specific assets, typically property or equipment. The use of an SPV to isolate cash flows and assets is common in the banking industry to enable the client to minimise its funding cost and to facilitate the bank minimising its collateral risk. Any financing relationships are entered into at arms length prices and subject to the Group's normal credit underwriting standards. The exposures arising from such lending and/or leasing is included in loans and advances to customers. Exposures in the form of guarantees or undrawn credit lines are included within commitments, see Note 41 on page F-64.

Capital Resources

As at March 31, 2002, Bank of Ireland Group had €965 million of Undated Loan Capital and €1,559 million of Dated Loan Capital, a total of €2,524 million in aggregate Subordinated Liabilities. Of the Dated Loan Capital €1,396 million is repayable in five or more years. The cost and availability of subordinated debt are influenced by credit ratings. A reduction in these ratings could increase the cost and could reduce market access. At March 31, 2002, the credit ratings of Bank of Ireland Group were as follows:

	Senior Debt
Moodys	Aa3
Standard & Poors	A+
Fitch	AA–

These credit ratings are not a recommendation to buy, hold or sell any security and each rating should be evaluated independently of every other rating. These ratings are based on current information furnished to the rating agencies by Bank of Ireland and information obtained by the rating agencies from other sources. The ratings are accurate only as of the date of this document and may be changed, superceded or withdrawn as a result of changes in, or unavailability, of such information.

Energy and other over the counter ("OTC") commodity trading

The Group does not undertake any energy or OTC commodity trading.

Transactions with related and other non-independent parties

Transactions with related parties are disclosed in Note 45 on page F-76. Other non-independent parties are persons or entities that are able to negotiate transactions on an other than arms length basis but do not meet the definition of a related party. The Group is not aware of any relationships or transactions with such parties that would materially affect its financial position or results.

ANALYSIS OF RESULTS OF OPERATIONS

Overview

In the year to March 31, 2002 the Group reported profit on ordinary activities before tax and exceptional item of €1,122 million an increase of 3.4% on the previous year. Profit after taxation for this same period increased by 14.7% to €920 million. Total average earning assets increased by 13.6% to €71.9 billion. The return on average total assets was 1.1% and return on average stockholders funds was 23.5%.

In the year to March 31, 2001 the Group's income before exceptional items and taxation of €1,085 million was 17.9% above the previous year. Total average interest earning assets increased by 25.3% to €63.3 billion from €50.5 billion the previous year. The return on average total assets was 1.1% and return on average stockholders' funds was 24.5%.

Results of Operations — Group Analysis

The following is a discussion and analysis of the results of operations of the Group by nature of income and expense.

Group Income Statement

	For the Financial Year Ended March 31,		
	2002	2001	2000
		(restated) (in € millions)	
Net interest income	1,595	1,423	1,242
Other income(1)	1,211	1,121	901
Operating expenses	1,582	1,387	1,167
Provision for loan losses	102	72	56
Income before exceptional items	1,122	1,085	920
Exceptional items(2)	(37)	(93)	—
Income from ordinary activities before taxation	1,085	992	920

(1) Includes income from associated undertakings.

(2) The exceptional item in the year to March 31, 2002 and March 31, 2001 represents the charge for the Group Transformation Program.

Net Interest Income

The following table shows net interest income for each of the three years ended March 31, 2002:

	For the Financial Year Ended March 31,		
	2002	2001	2000
		(restated) (in € millions)	
Interest receivable	4,073	4,138	3,002
Interest payable	2,478	2,715	1,760
Net interest income	1,595	1,423	1,242

The principal factors affecting the level of net interest income earned by the Group are the volume of interest earning assets and the spread earned on those assets. Over the three year period ended March 31, 2002, the level of interest earning assets has increased significantly, but the Group's net interest margin has declined from 2.6% to 2.3% on a tax equivalent basis. This trend is due to a number of factors, principally the movement into higher yielding deposit products by customers, the increasing proportion of wholesale treasury assets and residential mortgages in the Group Balance Sheet and the narrowing of the average spread between lending and borrowing rates.

Bank of Ireland's market risk management policies seek to limit the effect of interest rate volatility on net interest income. Management believes that the Group's net interest margin will continue to be influenced by the mix of assets in the Group Balance Sheet and the proportion of the Group's assets that are held by Treasury, the general interest rate environment in the jurisdictions which the Group operates within and the continued trend in the movement to higher yielding deposits out of ordinary demand deposits. Furthermore, future changes in net interest spread will depend, among other factors, on the demand for residential mortgages and savings products and on the level of competition for these products.

Financial Year ended March 31, 2002 compared to financial year ended March 31, 2001

Net interest income increased by 12% to €1,595 million in the current year from €1,423 million in the corresponding year, an increase of €172 million.

The increase in net interest income was principally driven by increases in average lending of 13% and average customer deposits of 16% across the Group, with some minor contraction in the Group net interest margin. Average earning assets increased by 14% over the previous year from €63.3 billion to €71.9 billion, with domestic average earning assets increasing by 18% to €40.4 billion and average foreign earning assets increasing by 9% to €31.5 billion. Increases in volumes were recorded in all significant businesses.

The Group net interest margin on a tax equivalent basis declined by 3 bps to 2.27% from 2.3% primarily due to a reduction in the foreign margin, largely in UK Financial Services and some small reductions in the domestic margin across a number of businesses.

Financial Year ended March 31, 2001 compared to financial year ended March 31, 2000

Net interest income increased by 15% to €1,423 million in the year to March 31, 2001, an increase of €181 million. This was supported by strong growth in lending volumes across the Group of 15% and an increase in customer accounts of 11%. On a constant currency basis, the increase in net interest income was 11%.

The Group net interest margin on a tax equivalent basis reduced from 2.55% to 2.30%. In the previous year, the Group margin benefited from positions taken in Treasury in advance of the introduction of the Euro. The Group net interest margin for all businesses in the Republic of Ireland reduced from 3.09% to 2.66%. While the Retail Banking margin remained relatively stable for the year, higher wholesale borrowings, together with strong volume growth in Corporate Banking and a more normal trading environment in Treasury, impacted on the margin. The foreign net interest margin reduced from 1.97% to 1.90%, reflecting higher wholesale borrowings, the funding costs of acquisitions and some slight reduction in Bristol & West. The Group average earning assets increased from €50.5 billion to €63.3 billion, an increase of 25% with average domestic earning assets increasing by 31% to €34.3 billion and average foreign earning assets increasing by 19% to €29.0 billion.

The following tables set forth yield, spreads and margins, prevailing average interest rates and average interest earning assets for each of the three years ended March 31, 2002:

	For the Financial Year Ended March 31,		
	2002	2001	2000
	(percentages)		
Gross yield(1)	5.7	6.5	5.9
Interest spread(2)	1.7	1.6	1.8
Net interest margin(3)	2.2	2.2	2.5
Net interest margin, tax equivalent basis(4)	2.3	2.3	2.6
Domestic net interest margin, tax equivalent basis(4)	2.6	2.7	3.1
Foreign net interest margin, tax equivalent basis(4)	1.8	1.9	2.0

(1) Gross yield represents the average interest earned on interest-earning assets.

(2) Interest rate spread represents the difference between the average interest rate earned on interest-earning assets and the average interest rate paid on interest-bearing liabilities.

(3) Net interest margin represents net interest income as a percentage of average interest-earning assets.

(4) Net interest margin on a tax equivalent basis includes an adjustment to reflect tax benefits received by the Group in return for tax-based lending at rates below market rates to provide incentives for industrial development. The net interest margin is reduced as a result of such lending activity and this tax equivalent adjustment reflects the tax savings associated with such activity.

Average Interest Earning Assets

	For the Financial Year Ended March 31,		
	2002	2001	2000
	(in € billions)		
Group	71.9	63.3	50.5
Domestic	40.4	34.3	26.2
Foreign	31.5	29.0	24.3

	For the Financial Year Ended March 31,		
	2002	2001	2000
	(percentages)		
Ireland			
European interbank offered rate:			
One month Euribor	3.36	4.60	2.93
Three month Euribor	3.45	4.70	3.08
United Kingdom			
London interbank offered rate:			
One month Sterling	4.02	5.99	5.49
Three month Sterling	4.19	6.06	5.69
United States			
Prime Rate	4.75	9.20	8.23

Other Income

The following table sets forth other income for each of the three years ended March 31, 2002.

	For the Financial Year Ended March 31,		
	2002	2001	2000
	(in € millions)		
Dealing profits	65	101	44
Contributions from life assurance business	152	164	127
Fees and commissions	919	785	617
Other operating income	74	64	112
Income from associated undertakings and joint ventures	1	7	1
Total	1,211	1,121	901

Financial year ended March 31, 2002 compared to March 31, 2001.

Other income increased by €90 million or 8% to €1,211 million in the current year. This increase was driven by the advice based businesses in the UK and increased fee based income from Retail Republic of Ireland and Wholesale Financial Services. Fee income in Asset & Wealth Management and the embedded value in Bank of Ireland Life were impacted by the decline in equity markets.

Financial year ended March 31, 2001 compared to March 31, 2000.

Other income increased by 24% or €220 million to €1,121 million in the twelve month period ending March 31, 2001. This growth is reflected across all major businesses, with high levels of fee income in Corporate Banking and Asset and Wealth Management, customer driven volumes in Treasury and International Banking, and in sales of Group products in Retail Banking that were ahead of last year.

Operating Expenses

The following table sets forth operating expenses for each of the three years ended March 31, 2002.

	For the Financial Year Ended March 31,		
	2002	2001	2000
	(in € millions)		
Staff expenses	908	773	658
Other administrative expenses	519	484	390
Depreciation and goodwill amortisation	155	130	119
Total	1,582	1,387	1,167
Average staff headcount (full time equivalent)	18,438	17,356	16,400

Financial year ended March 31, 2002 compared to financial year ended March 31, 2001.

Total operating expenses increased year on year by 14% to €1,582 million and the cost income ratio widened from 54% to 56%. The cost increase of 14% comprised higher staff costs of 17% or €135 million, administrative expenses up 7% or €35 million and depreciation and goodwill amortisation 19% higher. The higher staff costs of 17% or €135 million were due to higher rates of pay and benefits and increased employer taxes together with higher performance related pay, euro implementation costs and the development of advice based businesses in the UK, partly offset by benefits arising from the Group Transformation Programme.

Financial year ended March 31, 2001 compared to financial year ended March 31, 2000.

In the year to March 31, 2001, total operating expenses increased by €220 million or 19%.

The increase in staff expenses and other administrative expenses is attributable to a number of factors, mainly the impact of the Moneyextra and Chase de Vere acquisitions (€50 million), the strengthening of Sterling against the Euro (€34 million), and substantial volume increases in internationally-focused businesses such as asset management and international lending. The cost increase in the longer established businesses was 8% reflecting normal salary increments and growing business volumes. The total charge for depreciation and amortisation increased by €11 million to €130 million. (This includes goodwill amortisation of €7 million for acquisitions completed in the UK during the year). The Group's cost income ratio, excluding goodwill amortisation, of 54.2% improved slightly over the corresponding period in the prior year.

Provisions for Loan Losses

The following table sets forth the provisions for loan losses for each of the three years ended March 31, 2002. The Group's procedure for determining provisions for loan losses is described under Item 11 — "Market Risk — Risk Management and Control — Credit Risk — Provisions and Allowances for Loan Losses".

	For the Financial Year Ended March 31,		
	2002	2001	2000
	(in € millions)		
Provision for bad and doubtful debts	102	72	56
As a percentage of average total loans	0.19%	0.15%	0.14%

Financial year ended March 31, 2002 compared to financial year ended March 31, 2001

Asset quality remains excellent and the Group's loan loss charge was 0.19% of the average loan book, compared to 0.15% in the previous year. The charge for the year included an addition to the non-designated specific provision of €25 million; the total of which now stands at €174 million with total provisions of €500 million. Balances under provision (i.e. the total balance of loans against which some provision has been recorded) stood at €331 million at March 31, 2002, compared to €315 million for the corresponding period, representing coverage ratio of 151%.

For a breakdown of the provision, see Item 5 — ''Operating and Financial Review and Prospects — Selected Statistical Data — Risk Elements in Lending''. The non-designated provision, against which a deferred tax asset has been recognized, will be offset in certain pre-defined circumstances against specific loan losses as they crystallize in future years. The low charge reflected 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.

The Group believes that the provision for loan losses is adequate to cover its known losses and any losses reasonably expected in its loan portfolio.

Financial year ended March 31, 2001 compared to financial year ended March 31, 2000

The provision for bad and doubtful debts increased to €72 million, representing a charge of 0.15% of average loans for the year ended March 31, 2001. Balances under provision reduced further from €355 million to €315 million representing a coverage ratio of 137%. The total general provision was €307 million as at March 31, 2001 and includes a non-designated specific element of €147 million.

Exceptional Items

Costs of €37 million associated with the Group Transformation Programme in the year to March 31, 2002 were treated as an exceptional item and relate to associated project implementation costs incurred during the year and the costs of staff severance.

Costs associated with the Group Transformation Programme, at €93 million in the year to March 31, 2001, include a charge of €68 million, to cover staff severance costs, together with associated project implementation costs incurred during the year.

Taxes

The following tables set forth a reconciliation of taxes chargeable at the statutory Irish corporation tax rate and the Group's effective tax rate for each of the three years ended March 31, 2002. The effective tax rate is obtained by dividing taxes by profit on ordinary activities before tax and exceptional items.

	For the Financial Year Ended March 31,		
	2002	2001 (restated)	2000 (restated)
	(in € millions, except percentages)		
Average statutory corporation tax rate(1)	19%	23%	27%
Tax charge based on the statutory rate	206	228	249
Tax on foreign income	22	13	—
Tax-exempted income and income taxed at reduced tax rate	(62)	(55)	(70)
Other items	(1)	4	14
Taxes(3)	165	190	193
Effective tax rate(2)	15.2%	19.2%	21.0%

(1) For 2002, the average statutory rate reflected the reduction in the statutory rate from 20% to 16%, effective January 1, 2002. For 2001, the average statutory rate reflected the reduction in the statutory rate from 24% to 20%, effective January 1, 2001.

(2) The effective rate of tax is normally lower than the standard Irish corporation tax rate principally due to relief arising from tax-based lending and the International Financial Services Center tax rate of 10%.

(3) Taxation for the year ended March 31, 2001 excludes the effect of the DIRT settlement.

Financial year ended March 31, 2002 compared to financial year ended March 31, 2001.

The effective tax rate has been reduced to 15.2%, mainly due to reductions in Irish Corporation Tax rates. The effect of adopting FRS 19: Deferred Tax in the current year is to increase the tax on profit on ordinary activities by €3 million resulting in a decrease in profit after tax of the same amount. Tax on profit on ordinary activities for the previous year has been restated and reduced by €6 million, resulting in an increase in profit after tax of the same amount.

Financial year ended March 31, 2001 compared to financial year ended March 31, 2000.

The effective rate of tax has fallen to 19.2% compared to 21.0% for the previous year. The benefits arising from tax based lending and IFSC income were partially offset by the negative impact of tax on income from higher tax rate jurisdictions. This has been restated to include the impact of FRS 19.

Results of Operations — Business Analysis

Set out below is a discussion and analysis of the Group's income before tax for the three years ended March 31, 2002. The discussion includes reference to the contributions to income before tax in addition to total assets, by business class.

The following tables set forth the Group's income before tax by business class for each of the years in the three year period ended March 31, 2002 and total assets by business class as at the end of each year.

	At and for the Financial Year Ended March 31,		
	2002	2001	2000
		(restated)	(restated)
		(in € millions)	
Income Before Tax			
Retail Republic of Ireland	321	290	229
Bank of Ireland Life	122	131	107
Wholesale Financial Services	355	283	217
UK Financial Services	318	324	288
Asset and Wealth Management	126	133	120
Group and Central	(64)	(30)	18
Tax-equivalent adjustment(2)	(56)	(46)	(59)
Income from ordinary activities before exceptional items	1,122	1,085	920
Group Transformation Programme	(37)	(93)	—
Income before taxation	1,085	992	920
Assets			
Retail Republic of Ireland	23,427	19,449	19,076
Bank of Ireland Life	6,028	5,305	4,520
Wholesale Financial Services	43,538	38,573	31,321
UK Financial Services	33,338	30,575	28,974
Asset and Wealth Management	930	1,020	1,506
Group and Central	5,767	5,051	2,778
Total(3)	113,028	99,973	88,175

(1) Following a reorganisation announced in January 2002, Corporate & Treasury has become Wholesale Financial Services which now excludes Banking GB and Northern Ireland and includes Private Banking. Asset and Wealth Management now excludes Private Banking. Bristol & West has become UK Financial Services and now includes Banking GB and Northern Ireland. The analysis for 2001 and 2000 has been restated accordingly. The adoption of UITF 33 as described in Note 2 to the consolidated financial statements on page F-15 has been reflected in the segmental analysis above.

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

(3) Total Assets include intra-group items of €25,703 million (2001: €21,098 million, 2000: €20,158 million).

Financial year ended March 31, 2002 compared to financial year ended March 31, 2001.

Retail Republic of Ireland

Retail Republic of Ireland**,** which combines Retail Financial Services through the branch network, electronic and telephone channels and Retail Businesses, had a very successful year with profits of €321 million, an 11% increase on the prior year. This was a very creditable performance against the backdrop of the foot & mouth crisis, the general economic slowdown and the impact of September 11 on business confidence. Total income was ahead by 12% reflecting good increases in both interest and non-interest income.

Resources were particularly strong and Bank of Ireland increased its market share in this segment. Volumes were up by 16% with excellent growth in credit balances. The Group was particularly successful in attracting customers to its Special Savings Incentive Account ("SSIA") products. By the end of the qualifying period, 273,000 SSIAs were opened representing a market share of around 23%.

The Mortgage Business reported an excellent performance. There was a 23% increase in mortgage balances against market growth of 18% and the Group's market share of new mortgage business was 26%, maintaining Bank of Ireland as the leading provider of new mortgages in the Irish market. The Life Loan product, which enables older customers to borrow up to 30% of the assessed value from their principal residence without repayment during their lifetime, was particularly successful. New mortgage products for investors were also well received by the market.

Non-mortgage lending slowed as a result of the general slowdown in the economy, with volumes increasing by 8%. The full unsecured lending portfolio is now managed centrally and the Consumer Lending Business is increasingly adopting a proactive stance with customers by offering pre-approved loans, overdrafts and credit card limits linked to customers' requirements and repayment capacity.

Usage, satisfaction levels and sales through direct channels increased strongly. The telephone channel, Banking 365 Telephone, has 320,000 active users and handled 8 million calls during the year, an increase of 60%. More significantly, 130,000 product sales were completed via the telephone, which recorded customer satisfaction levels of 86%. It received a *Best Customer Service Delivery* award in the Irish Call Centre Awards and was accredited as a *Centre of Best Practice* by the British Standards Institution. More than 200,000 customers have registered for Banking 365 Online, which handled 4 million transactions during the year — up 75% on the previous year. Currently, 40% of direct payments are made online, double the proportion of the previous year.

The ATM network was enlarged by 15% with the addition of 57 new machines. Significant further growth is planned. Bank of Ireland ATMs recorded 59 million transactions, 15% ahead of the previous year.

The Retail Transformation Programme was vigorously pursued during the year achieving better operating efficiency. The rationalisation of the branch network, largely through the amalgamation of contiguous urban branches, is well advanced. Twenty-eight branches have closed. The migration of customers away from inefficient and costly paper-based transactions is well illustrated by the Direct Channel statistics quoted earlier and is beginning to ease pressures on the branch network, creating capacity for customer service improvements.

Underlying cost growth, excluding euro implementation costs, was 7%. Against a background of a general 7.5% wage increase under the terms of the national wage agreement, higher pension charges, increased employers taxes and higher business volumes, this is viewed as a good outcome and owes much to the impact of the Retail Transformation Programme.

Net interest margin in Retail Republic of Ireland was 14 bps lower, mainly as a result of narrower deposit margins in the low interest rate environment. The average margin on the mortgage book was stable. Overall, net interest income was up 12% as a result of good volume growth.

Despite reduced tourist numbers and the consequent impact on foreign exchange income, there was an 11% increase in non-interest income with credit cards, general insurance, commercial finance and branch banking fee income all contributing.

The loan loss charge, at 30 bps of average advances, while 5 bps higher than last year, is satisfactory and reflects prudent credit criteria across all lending products.

Bank of Ireland Life

Bank of Ireland Life, incorporating the Group's life and pension business, recorded another excellent year with profits from new and existing business increasing by 14% to €117 million.

Sales, expressed in annual premium equivalent terms, rose by 34% in the year to March 2002 and the Group now has a 19% share of the life and pensions market in Ireland. Regular premium savings were ahead by 140%, supported by the Government special savings initiative. It was also a very good year for pension sales, a performance underpinned by the Group's strong relative investment performance and an outstanding service proposition.

New Ireland Assurance was recently awarded the Irish Broker Association's Service Excellence Award for the fourth consecutive year.

The result includes non-operating gains of €25 million, compared to €48 million last year, and incorporates the final benefit from the reduction in the corporation tax to 12.5% in Ireland.

Investment markets recovered significantly between September 2001 and March 31, 2002 at which stage Bank of Ireland Life recorded a negative investment variance of some €26 million. This recovery has seen the impact reduce to a negative investment variance of €8 million at March 31, 2002. The figures for 2000/01 have been restated to reflect the separate disclosure of the impact of the change in investment markets on the business in that year.

The table below provides an analysis of profits before tax.

	2001/02	2000/01
		Restated
	€m	€m
New business	57	49
Existing business	60	54
Return on shareholders' funds	10	13
Operating profit before tax	127	116
Investment variance	(8)	9
Change in tax rate	20	33
Exceptional items	13	6
Sub total	152	164
Less: income adjustment for certain services provided by Group companies	(30)	(33)
Profit before tax	122	131

Wholesale Financial Services

Wholesale Financial Services incorporates Corporate Banking, Treasury and International Banking, Davy Stockbrokers (Davy), Private Banking, First Rate Enterprises (First Rate) and IBI Corporate Finance. Each of the businesses contributed to an excellent outturn — a profit increase of €72 million to €355 million, up 25% on the prior year. This follows profit growth of 30% in 2000/01 and underscores the growing significance of the wholesale segment of the Group's operations.

Income increased by €108 million driven by trading gains in Treasury, good organic growth in Corporate Banking, growth across all business lines in Davy, a 50% increase in income in First Rate generated mainly in the UK, and increased volumes and fees in Private Banking.

Loan losses were 20 basis points of average loans. This was a good outcome against the backdrop of a somewhat weaker domestic and international economic environment and reflects the overall quality of the wholesale loan portfolio. Costs were 13% higher, reflecting performance bonuses and expenditures related to the expansion of international lending and First Rate.

Corporate Banking increased profits by 22%. Resources increased by 16% and there was strong lending growth in the international side of the business, up 26% year on year. Net interest margin improved slightly. Non interest income kept pace with the very high levels achieved in the prior year. Specialist teams were established in London and the US with a specific focus on project and acquisition finance transactions.

Treasury and International Banking profits increased by 28%, principally because of trading gains. Some €25 million of the 2000/01 Treasury profit was categorised as exceptional and, based on the same criteria, €50 million of the current year's outcome is similarly categorised having been generated by good positioning in volatile markets ahead of falling interest rates.

The successful integration of Treasury and International Banking under the Group Transformation Programme and the merging of the Group's banking operations in The Isle of Man and Jersey had a dramatic impact on costs, which increased by less than 2%.

Davy reported an increase in profits, largely generated by its institutional equities and bonds business, which performed strongly throughout the year. First Rate also increased profits very significantly, helped by the expansion of its relationship with the Post Office network in the UK, to which it provides personal foreign exchange services. Private Banking broadened its product range, enabling it to deliver solid growth and extend its reach in the affluent sector in Ireland. IBI Corporate Finance also had a satisfactory year.

UK Financial Services

UK Financial Services (UKFS) brings together all of the significant Group's activities in the sterling area, thus bringing greater focus to our sterling activities and creating increased transparency for the markets. Combined, these businesses generated profit before tax and goodwill amortisation of Sterling £210 million (€333 million), up 3.4% on the prior year.

The new UKFS structure facilitates the creation of business units delineated by customer segments and needs rather than by traditional brand considerations. Each business is pursuing achievable growth strategies which are expected to deliver sustainable profit growth. Together, they represent a business of scale within the UK Financial Services market-place.

Margin on average assets in UK Financial Services showed a small decline as a result of the decline in savings margins. Margins in Bristol & West were also down but the position improved considerably in the second half with improved margins on resources and continued diversification into higher margin lending.

In July 2001 Willis National, an Independent Financial Advisor, was acquired and in October 2001 this was merged with Moneyextra to create MX Financial Solutions (MXFS). MXFS together with Chase de Vere, which was acquired in September 2000, has significantly contributed to the growth in non-funds based income. The ratio of non-funds based income to total income has increased to 34% as a result of the continued diversification into advice-based activities. Such activities are less demanding on capital but have inherently higher costs.

Bristol & West Mortgages has continued to follow a strategy of reducing reliance on the mass market, where returns are low, in favour of niche mortgage markets where it can add value for customers and the business.

The UK lending book increased by 9% during the year. Non-standard lending now constitutes 16% of the UK residential book and 12% of the total UK loan book. Asset quality has improved and is satisfactory.

Asset and Wealth Management

Profits reduced by 5% to €126 million from €133 million in the previous year. This was a good performance in the prevailing circumstances and a considerably better outcome than might have been anticipated at the half year. Indeed, revenues and profits increased materially in the second half compared to the first, by 7% and 11% respectively.

Bank of Ireland Asset Management (BIAM) increased its assets under management by 15% to €57 billion; the full impact of the increase did not reach the income line as much of the increase occurred towards the end of the financial year. Investment performance was strong relative to peers and supported the buoyant sales of equity-based investment products in domestic and international markets.

All previous asset-gathering records were broken, with €8 billion of new assets added during the year and excellent sales performances in North America, Australia and Japan, in particular. In Ireland, BIAM was awarded two mandates by the National Pension Reserve Fund Commission, from the funds set aside by the Irish Government for future State pension provision.

Bank of Ireland Securities Services (BOISS) maintained the strong growth reported since its formation and increased assets under administration/custody to €137 billion from €121 billion in the prior year. Income increased by 7% on the previous year. BOISS's focus on acting as administrator to major global investment management firms proved successful during a very difficult year in world markets.

Group and Central

Group and Central reflects the full year impact of the Preferred Securities raised towards the end of last year and the funding costs arising from the buyback of Preference Shares in September 2001, with a reduction of €20 million in net interest income. In addition other income increased by €28 million through a combination of higher property gains and higher income in operating businesses. Costs increased by €43 million as a result of increased operating expenses and expenditure on a range of Group development projects.

Grossing — up

The Group undertakes tax based transactions at rates which are less than normal market rates in return for tax relief arising from incentives for industrial development and other reliefs. To assist in making valid comparisons of pre-tax performances, the analysis of business unit performance is grossed up. The amount of this adjustment (grossing-up) has increased by €10 million to €56 million compared to the previous year.

Financial year ended March 31, 2001 compared to financial year ended March 31, 2000.

Retail Republic of Ireland

The Retail Republic of Ireland businesses delivered a strong performance on the back of volume growth in profitable segments that was ahead of market growth, stable margins and good asset quality. The result was a 27% year on year increase in pre-tax profits to €290 million.

Net interest income rose by 17%, driven by both resources and lending growth combined with stable net interest margin. In previous reporting periods volume gains were partially offset by margin decline. Total resources increased by 16%, with particularly strong growth in credit balances.

Lending was buoyant. Mortgage lending increased by 29% and other lending by 21%. The Group's share of new mortgages increased by almost 3% to 25.7% and this gain was achieved while operating prudent lending criteria and conservative Loan to Value ratios.

Non interest income in Retail Republic of Ireland increased by 9% on a like for like basis compared with the prior year. The transfer of the credit card merchant acquiring business to EuroConex, the joint venture company with Nova Corporation, means that the headline figure for non interest income is virtually unchanged from last year. The principal contributors to the increase were branch banking, Banking 365, the credit card issuing business and general insurance.

The loan loss charge as a percentage of average advances increased marginally, from 0.23% to 0.25%, and included a further contribution of €8 million to the non-designated specific provision.

Year on year, costs increased by 5.5%. This was a satisfactory cost performance, especially in the context of the major growth in volumes and revenues in the businesses concerned. The Retail Transformation Programme, a subset of the Group Transformation Programme made good progress, evident in extensive rationalisation of delivery channels, accelerated customer migration to electronic payments, the development of shared service centres and new, flatter, management structures — all of which resulted in manpower and cost savings.

Bank of Ireland Life

The Group's Life & Pensions operations have become an increasingly important component of the Group's business and, in the year under review, generated some 12% of total pre-tax profits. The two channel strategy provided a marketing advantage with the bancassurance and broker channels performing very well and making significant contributions.

Profits from the Life & Pensions businesses in 2000/01 were €131 million compared to €107 million in the previous year, an increase of 22%. Both years benefited from substantial non-trading gains, the most significant of which in the year under review was a €33 million gain from the capitalisation of the future value of changes in Irish Corporation Tax Rates. This is based on actuarial assumptions which assume an improvement from 24% to 16% in Irish corporate tax rates.

The table below provides an analysis of profits before tax:

	2000/01	**1999/00**
	(restated)	**(restated)**
	(in € millions)	
New Business	49	30
Existing business	54	48
Return on shareholder' funds	13	8
Operating profit before tax	116	86
Change in discount rate	—	14
Investment variance	9	8
Change in tax rate	33	8
Other exceptional items	6	11
Sub total	164	127
Less: income adjustment for certain services provided by Group companies	(33)	(20)
Profit before tax	131	107

Profits from new business increased by €19 million. Life business sales of €228 million increased by 33% on the prior year. Profits from existing business increased by €6 million, driven by good operating performance.

Wholesale Financial Services

Wholesale Financial Services delivered a 30% increase in profits to €283 million from €217 million in the previous year. Income increased by 31%, with particularly strong growth in non interest income, which benefited from a strong performance in Treasury and International Banking and strong fee income flows in Corporate Banking. Costs increased by 30% mainly due to the expansion of international lending and wealth management businesses.

Profits in Corporate Banking increased by 44% year on year, with international activities accounting for 63% of profit. Income was up by 42%, with strong growth in fee income from increased arranging, underwriting and structuring activity. Average lending volumes rose by 36%, and high credit standards were maintained.

Treasury and International Banking were successfully integrated during the year. The combined businesses increased their pretax profit contribution by 26%, reflecting growth in customer related activity and successful trading, with the trading desks correctly positioned for the fall in global interest rates. The buoyant Irish economy drove significant growth in cross-border payments, although there was some evidence of a slowdown in customer business in the final months of the year.

Profits in Davy were slightly below last year, due to significant investment in systems development, and increased staff numbers to support higher business volumes. Institutional business was very strong earlier in the year, with good institutional deal-flow in the final months.

First Rate Enterprises profits increased by 37%.

Profits in Bank of Ireland Private Banking which merged with Trust Services at the beginning of the year, were up by 46%, reflecting the enhanced range of products and increased market penetration of the growing affluent sector in Ireland.

UK Financial Services

Bristol & West made substantial progress in the implementation of its diversification strategy and this was reflected in its results, which are impacted both by earnings from acquired businesses and new business lines, offset by the investment costs associated with these developments. Profit for the year was €324 million up from €288 million in the prior year.

Net interest margin on average earning assets reduced by 5 basis points to 1.48%, of which 3 basis points relate to the funding costs of the acquisitions. Costs were successfully managed during the year. Investment fee income grew strongly to Stg£69 million, up by 74%, assisted by the eight month contribution from Chase de Vere.

Mortgage lending moved steadily towards higher margin products, such as buy-to-let and self certification, and strong growth was achieved in these segments.

In the UK, an estimated Stg£21bn of TESSA funds reached maturity during the financial year and the year was, as a consequence, critical for all deposit takers in the market. Bristol & West was particularly successful in attracting such funds with its TESSA-only ISA. The Bristol & West Guaranteed Equity TESSA was the top performer in the market and inflows to the Guaranteed Equity Bond increased significantly in the early months of 2001.

Two acquisitions were completed during the year, both supporting the Bristol & West strategy to develop rapidly into advice-led investment services. The purchase of Chase de Vere Investments plc in September provided the Group with an excellent opportunity to extend into a strongly growing market sector, focused on high net worth customers.

Moneyextra, a leading business to consumer online advisory service, was purchased in December. It is an internet based personal finance ''infomediary' website, attracting some 500,000 visitors each month and providing information and advice on mortgages, pensions, life assurance and credit cards.

Banking UK operates under a single management team and material efficiencies have been achieved as a result. Profits in Northern Ireland increased by 25%, with income ahead by 13% and costs by 6%. In Great Britain, profits were up 31%, income 9% and costs 1%.

Asset and Wealth Management

In the context of the poor stock market conditions which prevailed throughout most of the year and the sharp falls in January and February 2001, profit before taxation growth of 11% year on year by the Asset and Wealth Management businesses is a satisfactory result. This segment of Group operations accounted for 12% of total pre-tax profits.

Investment performance by Bank of Ireland Asset Management was strong relative to competitors, both in Ireland and internationally and generated more than €3 billion in new business, partly offsetting the sharp falls in equity prices on the main international markets. Total assets under management at year end amounted to €49.8 billion.

Bank of Ireland Securities Services achieved substantial further growth in business volumes and profits. Assets under administration and custody increased by 12% to €121 billion and profits were up by 42%.

Group and Central

There was a loss under this heading of €30 million in 2001/2000 compared to a profit of €18 million in 2000/1999. The principal factors in the change were investment expenditures on a range of Group projects, some miscellaneous provisions and, in particular, investment costs of €20 million in BOIe and significantly lower property disposal gains in Ireland following an exceptional gain in the previous year.

EUROPEAN MONETARY UNION

The Irish banking sector played a central role in the smooth implementation of the euro changeover in January 2002. The banks ensured that the new currency was readily available to consumers and to business, that accounts were efficiently converted and that customers were assisted through a potentially difficult transition. Given the scale of the venture, the smoothness of the transition was due in large measure to the quality of the preparatory work and the dedication of our staff throughout the country.

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 three years ended March 31, 2002. The calculations of average balances are based on daily, weekly or monthly averages, depending on the reporting unit. The average balances used are considered to be representative of the operations of the Group.

	2002			2001			2000		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
	(in € millions)		%	(in € millions)		%	(in € millions)		%
ASSETS									
Loans to banks									
Domestic offices	6,064	270	4.5	5,584	292	5.2	3,635	146	4.0
Foreign offices	1,230	44	3.6	1,153	57	5.0	363	18	5.0
Loans to customers(1)									
Domestic offices	23,313	1,433	6.1	19,672	1,317	6.7	15,522	926	6.0
Foreign offices	28,420	1,672	5.9	26,069	1,802	6.9	22,075	1,414	6.4
Central government and other eligible bills									
Domestic offices	19	—	0.4	40	1	3.3	6	—	0.5
Foreign offices	—	—	—	212	12	5.4	596	31	5.2
Debt Securities									
Domestic offices	8,206	373	4.5	6,275	383	6.1	4,999	279	5.6
Foreign offices	1,216	63	5.2	994	59	5.9	754	42	5.6
Instalment credit									
Domestic offices	420	31	7.4	346	26	7.5	243	18	7.4
Foreign offices	574	49	8.5	540	51	9.4	428	39	9.1
Finance lease receivables									
Domestic offices	2,429	136	5.6	2,389	137	5.7	1,829	88	4.8
Foreign offices	41	2	3.9	33	1	4.0	39	1	3.7
Total interest-earning assets									
Domestic offices	40,451	2,243	5.5	34,306	2,156	6.3	26,234	1,457	5.6
Foreign offices	31,481	1,830	5.8	29,001	1,982	6.8	24,255	1,545	6.4
	71,932	4,073	5.7	63,307	4,138	6.5	50,489	3,002	5.9
Allowance for loan losses	(442)			(415)			(367)		
Non interest earning assets(2)	11,655			11,024			8,698		
Total Assets	83,145	4,073	4.9	73,916	4,138	5.6	58,820	3,002	5.1
Percentage of assets applicable to foreign activities	39.3%			40.5%			42.7%		

	2002			2001			2000		
	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
	(in € millions)		%	(in € millions)		%	(in € millions)		%
LIABILITIES AND STOCKHOLDERS' EQUITY									
Deposits by banks									
Domestic offices	10,311	438	4.2	10,640	607	5.7	7,605	366	4.8
Foreign offices	1,225	52	4.2	1,491	85	5.7	1,521	80	5.3
Customer accounts									
Demand deposits									
Domestic offices	11,617	283	2.4	8,231	203	2.5	7,155	114	1.6
Foreign offices	9,692	392	4.0	8,014	435	5.4	6,523	242	3.7
Term deposits									
Domestic offices	5,532	167	3.0	6,522	196	3.0	5,712	120	2.1
Foreign offices	12,101	587	4.9	12,042	704	5.8	10,487	628	6.0
Other deposits									
Domestic offices	1,637	96	5.9	614	44	7.2	173	10	5.5
Foreign offices	32	2	5.0	41	3	6.2	46	3	5.8
Interest bearing current accounts									
Domestic offices	643	13	2.0	488	14	2.9	401	8	2.0
Foreign offices	1,604	50	3.1	1,360	49	3.6	1,098	26	2.4
Debt securities in issue									
Domestic offices	2,972	131	4.4	1,633	102	6.2	238	13	5.5
Foreign offices	2,315	113	4.9	2,022	126	6.2	982	58	5.9
Subordinated liabilities									
Domestic offices	1,589	81	5.1	1,479	111	7.5	885	59	6.7
Foreign offices	894	73	8.2	426	36	8.5	385	33	8.6
Total interest bearing liabilities									
Domestic offices	34,301	1,209	3.5	29,607	1,277	4.3	22,169	690	3.1
Foreign offices	27,863	1,269	4.6	25,396	1,438	5.7	21,042	1,070	5.1
	62,164	2,478	4.0	55,003	2,715	4.9	43,211	1,760	4.1
Non interest bearing liabilities									
Current accounts	5,785			4,655			3,685		
Other non interest bearing liabilities(2)	11,153			10,646			8,882		
Stockholders equity including non equity interests	4,043			3,612			3,042		
Total liabilities and stockholders' equity	83,145	2,478	3.0	73,916	2,715	3.7	58,820	1,760	3.0
Percentage of liabilities applicable to foreign activities	39.3%			40.5%			42.7%		

(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".

Change in Net Interest Income — Volume and Rate Analysis

The following table allocates changes in net interest income between volume and rate for 2002 compared to 2001 and for 2001 compared to 2000. Volume and rate variances have been calculated based on movements in average balances over the period and changes in average interest-earning assets and average interest-bearing liabilities. Changes due to a combination of volume and rate are allocated rateably to volume and rate.

	2002 over 2001			2001 over 2000		
	Increase/(Decrease) due to change in					
	Average Volume	Average Rate	Net Change	Average Volume	Average Rate	Net Change
	(in € millions)					
INTEREST EARNING ASSETS						
Loans to Banks						
Domestic offices	24	(46)	(22)	94	52	146
Foreign offices	4	(17)	(13)	39	—	39
Loans to customers						
Domestic offices	230	(114)	116	272	119	391
Foreign offices	153	(283)	(130)	271	117	388
Central government and other eligible bills						
Domestic offices	—	(1)	(1)	1	—	1
Foreign offices	(12)	—	(12)	(20)	1	(19)
Debt securities						
Domestic offices	101	(111)	(10)	77	27	104
Foreign offices	12	(8)	4	15	2	17
Instalment credit						
Domestic offices	6	(1)	5	8	—	8
Foreign offices	3	(5)	(2)	11	1	12
Finance lease receivables						
Domestic offices	2	(3)	(1)	30	19	49
Foreign offices	—	1	1	—	—	—
Total interest income	523	(588)	(65)	798	338	1,136

	2002 over 2001			2001 over 2000 (restated)		
	Increase/(Decrease) due to change in					
	Average Volume	Average Rate	Net Change	Average Volume	Average Rate	Net Change
	(in € millions)					
INTEREST BEARING LIABILITIES						
Deposits by Banks						
Domestic offices	(18)	(151)	(169)	164	77	241
Foreign offices	(14)	(19)	(33)	(2)	7	5
Customer accounts						
Demand deposits						
Domestic offices	83	(3)	80	19	70	89
Foreign offices	81	(124)	(43)	64	129	193
Term deposits						
Domestic offices	(30)	1	(29)	19	57	76
Foreign offices	3	(120)	(117)	96	(20)	76
Other deposits						
Domestic offices	61	(9)	52	30	4	34
Foreign offices	(1)	—	(1)	—	—	—
Interest bearing current accounts						
Domestic offices	4	(5)	(1)	2	4	6
Foreign offices	8	(7)	1	7	16	23
Debt securities in issue						
Domestic offices	66	(37)	29	87	2	89
Foreign offices	17	(30)	(13)	65	3	68
Subordinated liabilities						
Domestic offices	8	(38)	(30)	44	8	52
Foreign offices	38	(1)	37	3	—	3
Total interest bearing expense	306	(543)	(237)	598	357	955
Net interest income	217	(45)	172	200	(19)	181

DESCRIPTION OF ASSETS AND LIABILITIES

The following sections provide information relating to the assets and liabilities of the Bank of Ireland Group.

Assets

Loan Portfolio

The Bank of Ireland Group's loan portfolio comprises loans to customers (including overdrafts) and instalment credit and finance lease receivables.

The Bank provides mortgage loans for house purchases as well as home improvement loans and secured personal loans to existing mortgage customers. The Bank has a wide range of home mortgage loan products including amortizing, interest only and endowment loans. Interest on mortgage loans is typically at a floating rate but the Bank also makes some fixed rate loans. At March 31, 2002 residential mortgages accounted for 53% of the Group's total loan portfolio. The potential for loss on residential mortgages is limited by the fact that they are secured by the underlying properties and, in cases where the original loan to value ratio exceeds 75%, benefit from mortgage indemnity insurance which limits the Group's potential loss in the case of defaults. Apart from these and other personal lending in Ireland, no other industry classification accounts for more than 10% of the Group's total loan portfolio.

A significant portion of the Group's lending is in the form of overdrafts. An overdraft is a demand credit facility operated through the customer's checking account. A credit limit is agreed with the customer based on the Group's lending criteria. The customer can draw on the facility up to that limit, with the result that the balance can change with the requirements of the customer. It is expected that such accounts would fluctuate regularly between debit and credit and that the account would, in each year, be in credit for at least 30 days (which need not be consecutive). Overdraft facilities are normally granted for a specific period of time, generally twelve months, at which point they are reviewed and, if appropriate, renewed. Interest rates on overdrafts are variable and are usually quoted in relation to interbank rates. Interest on overdrafts is normally debited directly to the customer's account.

Under certain provisions of the Consumer Credit Act, 1995, commencing May 1996 a lender in Ireland is required to give at least 10 days' (and in certain cases 21 days') notice before any demand for early repayment is made on a borrower who is a "consumer" for the purposes of the Act.

Overdrafts are designed to meet a borrower's short-term financing needs and, in the case of commercial customers, are provided only for working capital requirements. Medium or long-term financing requirements are provided through loans with fixed repayment schedules.

The following table sets forth the Bank of Ireland Group's total loans to customers by categories of loans at March 31 for each of the five years ended March 31, 2002.

	At March 31,				
	2002	2001	2000	1999	1998
			(in € millions)		
Ireland					
Agriculture	1,044	977	873	865	846
Energy	693	651	406	216	86
Manufacturing	3,837	3,450	2,974	2,291	1,753
Construction and property	1,862	2,187	1,561	1,038	598
Distribution	1,164	1,192	1,245	932	853
Transport	871	491	507	240	433
Financial	1,962	2,123	1,548	1,463	969
Business and other services	3,706	3,044	2,175	1,588	1,312
Personal					
— residential mortgages	7,531	5,923	5,031	4,053	3,476
— other lending	4,038	3,780	3,108	2,437	1,843
	26,708	23,818	19,428	15,123	12,169
United Kingdom					
Agriculture	55	53	60	55	58
Energy	142	91	45	8	11
Manufacturing	593	568	458	375	338
Construction and property	2,091	1,650	1,457	852	622
Distribution	226	211	242	277	215
Transport	63	71	85	85	84
Financial	153	171	116	108	188
Business and other services	1,094	994	706	473	507
Commercial mortgages	1,989	1,719	1,566	1,307	1,614
Personal					
— residential mortgages	22,933	21,362	20,428	17,341	15,826
— other lending	1,008	841	625	499	471
	30,347	27,731	25,788	21,380	19,934
United States					
Commercial loans	22	28	26	23	122
Real estate loans, construction	—	—	—	—	62
Real estate loans, mortgage	—	—	—	—	—
Consumer loans	—	—	—	—	—
Bank card loans	—	—	—	—	—
Leasing	—	—	—	16	29
Other loans	—	—	—	—	—
	22	28	26	39	213
Group total loan portfolio	57,077	51,577	45,242	36,542	32,316
Allowance for loan losses	(500)	(430)	(398)	(359)	(357)
Total	56,577	51,147	44,844	36,183	31,959

The following table sets forth the percentage of total loans to customers represented by each category of loan at March 31, for each of the five years ended March 31, 2002.

	At March 31,				
	2002	2001	2000	1999	1998
	%	%	%	%	%
Ireland					
Agriculture	1.8	1.9	1.9	2.4	2.6
Energy	1.2	1.3	0.9	0.6	0.3
Manufacturing	6.7	6.7	6.6	6.3	5.4
Construction and property	3.3	4.2	3.4	2.8	1.8
Distribution	2.0	2.3	2.8	2.6	2.6
Transport	1.5	1.0	1.1	0.6	1.3
Financial	3.5	4.1	3.4	4.0	3.0
Business and other services	6.5	5.9	4.8	4.3	4.1
Personal					
— residential mortgages	13.2	11.5	11.1	11.1	10.8
— other lending	7.1	7.3	6.9	6.7	5.7
	46.8	46.2	42.9	41.4	37.6
United Kingdom					
Agriculture	0.1	0.1	0.1	0.1	0.2
Energy	0.2	0.2	0.1	—	—
Manufacturing	1.0	1.1	1.0	1.0	1.0
Construction and property	3.7	3.2	3.2	2.3	1.9
Distribution	0.4	0.4	0.5	0.8	0.7
Transport	0.1	0.1	0.2	0.2	0.2
Financial	0.3	0.3	0.3	0.3	0.6
Business and other services	1.9	1.9	1.6	1.3	1.6
Commercial mortgages	3.5	3.4	3.5	3.6	5.0
Personal					
— residential mortgages	40.2	41.4	45.1	47.5	49.0
— other lending	1.8	1.6	1.4	1.4	1.5
	53.2	53.7	57.0	58.5	61.7
United States					
Commercial loans	—	0.1	0.1	0.1	0.4
Real estate loans, construction	—	—	—	—	0.2
Real estate loans, mortgage	—	—	—	—	—
Consumer loans	—	—	—	—	—
Bank card loans	—	—	—	—	—
Leasing	—	—	—	—	0.1
Other loans	—	—	—	—	—
	—	0.1	0.1	0.1	0.7
Group total loan portfolio	100.0	100.0	100.0	100.0	100.0

Analysis of Loans to Customers by Maturity and Interest Rate Sensitivity

The following tables analyze loans by maturity and interest rate sensitivity. Overdrafts, which represent a significant proportion of the portfolio, are classified as repayable within one year. Approximately 9% of the Bank of Ireland Group's loan portfolio at March 31, 2002 was provided on a fixed-rate basis. Fixed-rate loans are defined as those loans for which the interest rate is fixed for the full life of the loan. Variable-rate loans include some loans for which the interest rate is fixed for an initial period (e.g., some residential mortgages) but not for the full life of the loan. The interest rate exposure is managed by Treasury and International Banking within agreed policy parameters. See Item 11 — "Market Risk".

	As at March 31, 2002			
	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(in € millions)			
Ireland	6,783	8,902	11,023	26,708
United Kingdom	2,361	3,407	24,579	30,347
United States	22	—	—	22
Total loans by maturity	9,166	12,309	35,602	57,077
Fixed rate	1,614	1,849	1,756	5,219
Variable rate	7,552	10,460	33,846	51,858
Total loans by maturity	9,166	12,309	35,602	57,077

The following tables set forth an analysis of loans by maturity within each classification as at March 31, 2002.

	As at March 31, 2002			
	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(in € millions)			
Ireland				
Agriculture	412	326	306	1,044
Energy	139	282	272	693
Manufacturing	944	1,550	1,343	3,837
Construction and property	574	772	516	1,862
Distribution	503	426	235	1,164
Transport	109	268	494	871
Financial	983	927	52	1,962
Business and other services	1,037	1,139	1,530	3,706
Personal				
— residential mortgages	457	1,512	5,562	7,531
— other lending	1,625	1,700	713	4,038
	6,783	8,902	11,023	26,708
United Kingdom				
Agriculture	29	16	10	55
Energy	71	49	22	142
Manufacturing	236	238	119	593
Construction and property	643	702	746	2,091
Distribution	100	72	54	226
Transport	23	24	16	63
Financial	61	27	65	153
Business and other services	356	333	405	1,094
Commercial Mortgages	158	565	1,266	1,989
Personal				
— residential mortgages	180	1,014	21,739	22,933
— other lending	504	367	137	1,008
	2,361	3,407	24,579	30,347
United States				
Commercial loans	22	—	—	22
Real estate loans, construction	—	—	—	—
Real estate loans, mortgage	—	—	—	—
Consumer loans	—	—	—	—
Bank card loans	—	—	—	—
Leasing	—	—	—	—
Other loans	—	—	—	—
	22	—	—	22
Group total loan portfolio	9,166	12,309	35,602	57,077

Movement in the Allowance for Loan Losses:

The Group believes its loan loss experience in recent years has been satisfactory. The charge to the Profit and Loss account has not exceeded 20 bps in any of the past five years.

The main factors contributing to this outcome have been the exceptional performance of the Irish economy over the period and the low interest rate environment in recent times, brought about by EMU membership.

In Britain, the robust performance of the economy, historically low interest rates and a concentration on lower risk residential mortgage lending through Bristol & West have contributed to substantially reduced loan losses compared with those experienced in the early 1990s.

The Group also continues to invest significantly in credit training for its staff and in enhancing its credit management processes and procedures. This investment has contributed to the satisfactory loan loss outcome, which as been consistent across all units in the Group.

Group policy is to provide for bad and doubtful debts to reflect the losses inherent in the loan portfolio at the balance sheet date. There are two types of provisions, specific and general. Part of the general provision is calculated by reference to the underlying grade profile of the loan book. The non-designated specific provision which is an integral part of the Group's general loan loss provisioning methodology is calculated based on estimated rates of loss, taking cognisance of historic loss experience by loan type/sector and the prevailing economic climate. As at March 31, 2002, this non-designated specific provision stood at €174 million (2001: €147 million).

Over the past five years total Group loan loss allowances have increased from €356 million to €500 million, representing 1.1% and 0.88% respectively of total loans.

The ratio of loan loss allowances to loans accounted for on a non-accrual basis has increased from 70.0% in 1998 to 151.3% in 2002. The improved ratio was a result of significantly increased loan loss allowances over the period, set against only a marginal increase in loans accounted for on a non-accrual basis during the same period.

The following table presents information regarding the movement in the allowance for loan losses in each of the five years ended March 31, 2002.

	Financial year ended March 31,					
	2002		2001		2000	
	Specific	General	Specific	General	Specific	General
	(in € millions)					
Allowance at beginning of year	123.2	307.2	114.5	283.1	122.9	236.2
Total allowance	430.4		397.6		359.1	
Exchange adjustments	1.4	2.2	(1.5)	(5.5)	6.5	15.9
Other adjustments:						
Acquisitions/Mergers	—	—	—	(0.5)	—	—
Disposals	—	—	—	—	—	—
Transfers: general to specific	—	—	—	—	—	—
	—	—	—	(0.5)	—	—
Recovery of amounts previously charged off:						
Ireland	14.4	—	9.6	—	9.9	—
United Kingdom	4.7	—	7.1	—	7.8	—
United States	—	—	—	—	—	—
Total recovery of amounts previously charged off	19.1	—	16.7	—	17.7	—
Amounts charged off:						
Ireland	(39.0)	—	(29.1)	—	(26.3)	—
United Kingdom	(16.1)	—	(19.6)	—	(20.8)	—
United States	—	—	—	—	(10.4)	—
Total amounts charged off	(55.1)	—	(48.7)	—	(57.5)	—
Provision for loan losses charged to income:						
Ireland	62.1	9.6	28.1	30.3	22.9	13.2
United Kingdom	8.1	22.4	14.1	(0.2)	2.9	17.8
United States	—	—	—	—	(0.9)	—
	70.2	32.0	42.2	30.1	24.9	31.0
Allowance at end of year	158.8	341.4	123.2	307.2	114.5	283.1
Total allowance	500.2		430.4		397.6	

Movement in the Allowance for Loan Losses

	Financial year ended March 31,			
	1999		1998	
	Specific	General	Specific	General
	(in € millions)			
Allowance at beginning of year	143.5	212.7	112.9	111.0
Total allowance	356.2		223.9	
Exchange adjustments	(2.0)	(4.8)	8.4	9.7
Other adjustments:				
Acquisitions/Mergers	—	—	42.0	54.1
Disposals	—	—	—	—
Transfers: general to specific	—	—	—	—
	—	—	42.0	54.1
Recovery of amounts previously charged off:				
Ireland	6.3	—	5.5	—
United Kingdom	9.3	—	6.1	—
United States	0.3	—	1.1	—
Total recovery of amounts previously charged off	15.9	—	12.7	—
Amounts charged off:				
Ireland	(40.0)	—	(7.8)	—
United Kingdom	(20.6)	—	(17.7)	—
United States	(0.9)	—	(16.0)	—
Total amounts charged off	(61.5)	—	(41.5)	—
Provision for loan losses charged to income:				
Ireland	24.9	10.1	9.0	19.4
United Kingdom	1.6	18.7	(0.6)	20.3
United States	0.5	(0.5)	0.6	(1.8)
	27.0	28.3	9.0	37.9
Allowance at end of year	122.9	236.2	143.5	212.7
Total allowance	359.1		356.2	

The following table presents additional information regarding provisions and allowances for loan losses for each of the five years ending March 31, 2002.

	For the Financial Year Ended March 31,				
	2002	2001	2000	1999	1998
	(in € millions, except percentages)				
	%	%	%	%	%
Allowance at end of year as a percentage of total loans to customers at end of year:					
Ireland	1.02	0.92	0.89	1.20	1.47
United Kingdom	0.75	0.76	0.87	0.79	0.82
United States	—	—	—	25.86	5.81
Total	0.88	0.83	0.88	0.98	1.10
Specific	0.28	0.23	0.25	0.34	0.44
General	0.60	0.60	0.63	0.64	0.66
Total	0.88	0.83	0.88	0.98	1.10
Allowance at end of year as a percentage of loans accounted for on a non-accrual basis at end of year:(1)					
Ireland	126.5	142.7	119.3	148.5	139.5
United Kingdom	197.9	131.2	107.2	52.2	43.4
United States	—	—	—	—	—
Total	151.3	136.7	112.1	81.0	70.0
Average loans to customers(2)	55,197	49,049	40,136	33,836	23,355
Provisions charged to income as a percentage of average loans to customers:					
Specific	0.13	0.09	0.06	0.08	0.04
General	0.06	0.06	0.08	0.08	0.16
Total	0.19	0.15	0.14	0.16	0.20
Net loans charged off as a percentage of average loans to customers	0.07	0.07	0.10	0.13	0.12

(1) Non-accrual loans include loans in Ireland and the United Kingdom against which interest continues to be accrued but against which specific provisions have been made. For the purposes of this calculation, non-accrual loans do not include accruing loans which are contractually past due 90 days or more as to principal or interest payments and loans which are "troubled debt restructurings" as defined in SFAS No. 15 "Accounting by Debtors and Creditors for Troubled Debt Restructurings".

(2) Average loans include average interest earning and non-interest earning loans.

The following table provides information regarding loans charged off for each of the five years ended March 31, 2002.

	At March 31,				
	2002	2001	2000	1999	1998
			(in € millions)		
Ireland					
Agriculture	1.7	2.5	2.1	3.7	1.1
Energy	0.0	—	1.8	—	—
Manufacturing	12.8	0.2	1.0	6.0	0.3
Construction and property	0.8	0.6	0.5	0.9	0.4
Distribution	1.3	1.6	1.5	3.4	1.3
Transport	—	—	—	0.4	0.1
Financial	—	—	—	—	—
Business and Other Services	5.7	5.4	5.0	3.0	0.4
Personal					
— Residential Mortgages	—	—	0.1	0.1	0.1
— Other lending	16.7	18.8	14.3	22.5	4.1
	39.0	29.1	26.3	40.0	7.8
United Kingdom					
Agriculture	0.1	0.1	0.1	—	0.1
Manufacturing	0.9	0.8	0.9	0.4	0.1
Construction and property	0.4	6.1	0.2	0.5	0.3
Distribution	4.5	0.2	0.4	0.4	1.0
Transport	—	—	—	0.1	0.1
Financial	—	—	—	—	—
Business and Other Services	1.2	1.5	1.4	0.3	0.5
Commercial mortgages	—	—	2.9	—	0.9
Personal					
— Residential Mortgages	3.8	6.4	12.5	16.6	11.0
— Other lending	5.2	4.5	2.4	2.3	3.7
	16.1	19.6	20.8	20.6	17.7
United States					
Commercial loans	—	—	—	0.9	3.6
Real estate loans, construction	—	—	—	—	—
Real estate loans, mortgage	—	—	—	—	—
Leases including consumer loans	—	—	10.4	—	12.4
	0.0	0.0	10.4	0.9	16.0
Group total	55.1	48.7	57.5	61.5	41.5

The following table presents an analysis of the Group's recoveries of loans previously charged off for each of the five years ended March 31, 2002.

	At March 31,				
	2002	2001	2000	1999	1998
	(in € millions)				
Ireland					
Agriculture	1.2	0.8	0.9	0.9	0.4
Manufacturing	0.1	1.0	1.5	0.2	0.6
Construction and property	0.3	0.2	0.2	0.3	0.3
Distribution	0.8	0.5	0.8	1.0	0.6
Transport	—	—	—	0.1	—
Financial	—	—	—	—	—
Business and Other Services	2.7	1.9	0.9	0.4	1.2
Personal					
— Residential Mortgages	—	—	—	0.1	—
— Other lending	9.3	5.2	5.6	3.3	2.4
	14.4	9.6	9.9	6.3	5.5
United Kingdom					
Manufacturing	0.2	0.3	0.1	0.1	0.3
Construction and property	1.5	1.1	0.2	0.7	—
Distribution	0.1	0.2	0.1	0.5	0.3
Transport	—	—	—	0.1	0.1
Financial	—	—	—	—	—
Business and Other Services	1.1	0.5	0.2	0.3	0.7
Commercial mortgages	—	—	2.9	—	0.3
Personal					
— Residential Mortgages	1.5	4.2	3.5	5.8	3.1
— Other lending	0.3	0.8	0.8	1.8	1.3
	4.7	7.1	7.8	9.3	6.1
United States					
Commercial loans	—	—	—	0.3	1.1
Real estate loans, construction	—	—	—	—	—
Real estate loans, mortgage	—	—	—	—	—
Leases including consumer loans	—	—	—	—	—
	—	—	—	0.3	1.1
Group total	19.1	16.7	17.7	15.9	12.7

The following table presents an analysis of allowances for loan losses at March 31, for each of the five years ended March 31, 2002.

	At March 31,				
	2002	2001	2000	1999	1998
	(in € millions)				
Ireland					
Agriculture	10.8	10.7	12.3	10.3	9.9
Energy	0.1	—	—	0.3	0.3
Manufacturing	20.7	11.0	3.6	5.1	7.2
Construction and property	4.3	2.3	2.5	2.0	2.2
Distribution	7.6	4.1	4.1	6.5	7.5
Transport	—	—	—	0.6	1.0
Financial	—	—	—	0.1	0.1
Business and Other Services	13.6	9.0	9.8	5.2	9.0
Personal					
— Residential Mortgages	0.5	0.4	0.4	0.4	0.4
— Other lending	63.4	45.5	43.6	38.3	39.9
	121.0	83.0	76.3	68.8	77.5
United Kingdom					
Agriculture	0.1	0.2	0.3	1.1	0.8
Manufacturing	12.9	12.2	12.0	2.0	2.1
Construction and property	3.5	3.6	1.5	1.5	2.9
Distribution	1.4	0.7	0.6	2.9	1.8
Transport	—	—	—	0.1	0.3
Financial	—	—	—	0.1	0.5
Business and Other Services	7.7	8.1	2.6	1.3	2.4
Commercial mortgages	—	—	6.2	8.8	5.6
Personal					
— Residential Mortgages	2.9	5.0	8.3	19.6	31.9
— Other lending	9.3	10.4	6.7	6.3	7.4
	37.8	40.2	38.2	43.7	55.7
United States					
Commercial loans	—	—	—	—	—
Real estate loans, construction	—	—	—	—	—
Real estate loans, mortgage	—	—	—	—	—
Leases (including consumer)	—	—	—	10.4	10.3
	—	—	—	10.4	10.3
Total specific allowance	158.8	123.2	114.5	122.9	143.5
Total general allowance	341.4	307.2	283.1	236.2	212.7
Total group allowance	500.2	430.4	397.6	359.1	356.2

Risk Elements in Lending

The U.S. Securities and Exchange Commission requires potential credit risk elements in lending to be analyzed as (i) loans accounted for on a non-accrual basis; (ii) accruing loans which are contractually past due 90 days or more as to principal or interest payments; (iii) loans not included in (i) or (ii) which are ''troubled debt restructurings'' as defined in Statement of Financial Accounting Standards No. 15 ''Accounting by Debtors and Creditors for Troubled Debt Restructurings'', and (iv) potential problem loans not included in (i), (ii) or (iii).

These categories reflect U.S. financial reporting practices which differ from those used by the Bank of Ireland Group. See ''Provisions and Allowances for Loan Losses''.

The Bank of Ireland Group's loan control and review procedures do not include the classification of loans as non-accrual, past due 90 days or troubled debt restructurings. However, management has set out below its estimates of the amount of loans, without giving effect to available security and before the deduction of specific provisions, which would have been so reported had the Commission's classifications been employed. In doing so it has included under the category of non-accrual loans those loans on which interest continues to be accrued but against which specific provisions have been made.

	At March 31,				
	2002	2001	2000	1999	1998
			(in € millions)		
Loans accounted for on a non-accrual basis					
Ireland(1)	216	154	145	122	128
United Kingdom	115	161	210	322	381
United States	—	—	—	—	—
Total	331	315	355	444	509
Accruing loans which are contractually past due 90 days or more as to principal or interest(2)(3)					
Ireland	167	128	109	109	80
United Kingdom	200	181	240	246	211
United States	—	—	—	—	—
Total	367	309	349	355	291
Restructured loans not included above	—	—	—	5	—

(1) Includes loans in Ireland and the United Kingdom where interest is accrued but provision has been made.

(2) Overdrafts generally have no fixed repayment schedule and are not included in this category.

(3) Includes home mortgage loans in Ireland and the United Kingdom (March 31, 2002: €60.4 million in Ireland and €188 million in the United Kingdom) which are secured and, in cases where the original loan to value ratio exceeds 75%, are subject to mortgage indemnity insurance.

The Bank of Ireland Group generally expects that loans, where known information about possible credit problems of borrowers causes management to have serious doubts as to the ability of such borrowers to comply with loan repayment terms, would be included under its definition of non-accrual loans and would therefore have been reported in the above table. However, management's best estimate of loans not included above, but concerning which the Bank of Ireland Group has doubts as to the ability of the borrowers to comply with loan repayment terms, totalled approximately €15.2 million at March 31, 2002.

It is not normal practice for banks in Ireland or the United Kingdom to take property onto their books in settlement of problem loans or to classify them as Other Real Estate Owned. Where formal insolvency procedures are entered into, the property charged to the Bank is sold by the receiver, administrator or liquidator, with the proceeds received by the Bank. Loans subject to insolvency proceedings are included within non-performing loans in the table above, to the extent that they are not written off. This treatment is also followed for loans in Ireland and the United Kingdom which would be classified as ''In-Substance Foreclosure'' under U.S. reporting practices.

Cross-Border Outstandings

Cross-border outstandings are those outstandings that create claims outside a reporting center's country unless loaned in and funded or hedged in the local currency of the borrower. They comprise loans, acceptances, interest-bearing deposits with other banks, other interest-bearing investments, leases and any other monetary assets, but exclude finance provided within the Bank of Ireland Group. The geographical and sectoral breakdown is based on the country and sector of the borrower or of the guarantor of ultimate risk.

Cross-border outstandings exceeding 1% of total assets are set forth in the following table:

	Banks and other financial institutions	Government and official institutions	Commercial and industrial and other private sector	Total	As percentage of total assets(1)
	(in € millions, except percentages)				
As at March 31, 2002					
United Kingdom	1,310	—	349	1,659	1.90%
Cayman Islands	500	—	620	1,120	1.28%
As at March 31, 2001	—	—	—	—	—
As at March 31, 2000	—	—	—	—	—

(1) Assets, consisting of total assets as reported in the consolidated balance sheet plus acceptances were €87.4 billion at March 31, 2002 (March 31, 2001: €79.0 billion, March 31, 2000: €68.1 billion).

Cross-border outstandings to borrowers in countries in which such outstandings amounted to between 0.75% and 1.0% of total assets in aggregate were €868 million at March 31, 2002, €766 million at March 31, 2001 and €1,173.2 million at March 31, 2000. The country concerned in 2002 was Germany (2001: the United Kingdom, 2000: the United Kingdom, Germany and the Cayman Islands).

As at March 31, 2002, Bank of Ireland Group had no significant exposure to countries experiencing liquidity problems.

Debt Securities

The following table shows the book value of Bank of Ireland Group's debt securities at March 31, 2002, 2001 and 2000.

	At March 31, 2002	2001	2000
	(in € millions)		
Irish Government	2,104	1,481	1,927
Other European government	505	398	520
U.S. Treasury and U.S. government agencies	3	3	51
Mortgage-backed obligations of federal agencies	—	45	—
Collateralized mortgage obligations	3	5	6
Obligations of U.S. states and political subdivisions	—	—	—
Corporate bonds	7,147	5,658	3,892
Other securities	1,123	939	272
	10,885	8,529	6,668

The market value of Bank of Ireland Group's Irish Government securities (the book value of which exceeded 10% of stockholders' equity) at March 31, 2002 was €2.1 billion (2001: €1.5 billion; 2000: €1.9 billion).

The following table categorizes the Group's investment debt securities, excluding trading securities, by maturity and weighted average yield at March 31, 2002.

	At March 31, 2002							
	Less than 1 year		More than 1 year less than 5 years		More than 5 years less than 10 years		After 10 years	
	Book Value	Percent Yield	Book Value	Percent Yield	Book Value	Percent Yield	Book Value	Percent Yield
	(in € millions, except percentages)							
Irish government	—	—	8	2.97	102	4.21	260	4.93
Other European government	11	5.08	253	8.16	36	4.48	1	5.32
US Treasury & US government agencies	—	—	—	—	3	5.52	—	—
Collateralised mortgage obligations	—	—	—	—	—	—	3	2.31
Corporate bonds	657	4.33	3,667	3.54	1,590	3.68	968	2.88
Other	728	4.86	1	10.77	—	—	—	
Total book value	1,396		3,929		1,731		1,232	

Maturity is remaining contractual maturity except for mortgage-backed securities where maturity has been calculated on an expected duration basis. The weighted average yield for each range of maturities is calculated by dividing the annual interest income prevailing at the balance sheet date by the book value of securities held at that date.

Loans and Advances to Banks

The Group places funds with other banks for a number of reasons, including liquidity management, the facilitation of international money transfers and the conduct of documentary credit business with correspondent banks.

Limits on the aggregate amount of placings that may be made with individual institutions are established in accordance with Group credit policy.

The following table analyzes placings with banks, based on the branches from which the placing is made. Placings with banks are included in Loans and Advances to Banks in the financial statements.

	At March 31,		
	2002	2001	2000
	(in € millions)		
Placings with banks repayable within 30 days:			
Domestic	3,741	1,811	2,462
Foreign	1,563	1,460	1,411
Total	5,304	3,271	3,873
Placings with banks repayable beyond 30 days:			
Domestic	3,024	4,795	3,020
Foreign	57	49	79
Total	3,081	4,844	3,099
Total	8,385	8,115	6,972

LIABILITIES

Deposits

The following tables analyze average deposits by customers based on the location of the branches in which the deposits are recorded.

	At March 31,		
	2002	2001	2000
	(in € millions)		
Branches in Ireland	22,884	19,376	16,486
Branches outside Ireland	24,090	21,936	18,575
Total	46,974	41,312	35,061

	Average Interest Rate during 2002	At March 31,		
		2002	2001	2000
	%	(in € millions)		
Branches in Ireland				
Current accounts:				
Interest bearing	2.0	643	488	401
Non-interest bearing	—	5,092	4,135	3,218
Deposit accounts:				
Demand	2.4	11,617	8,231	7,155
Time	3.0	5,532	6,522	5,712
		22,884	19,376	16,486
Branches outside Ireland				
Current accounts:				
Interest bearing	3.1	1,604	1,360	1,098
Non-interest bearing	—	693	520	467
Deposit accounts:				
Demand	4.0	9,692	8,014	6,523
Time	4.9	12,101	12,042	10,487
		24,090	21,936	18,575
Total		46,974	41,312	35,061

Current accounts are checking accounts raised through the Group's branch network and in Ireland are primarily non-interest bearing.

Demand deposits bear interest at rates which vary from time to time in line with movements in market rates and according to size criteria. Such accounts are not subject to withdrawal by check or similar instrument and have no fixed maturity dates.

Time deposits are generally larger and bear higher rates of interest than demand deposits but have predetermined maturity dates.

The following table shows details of the Group's large time deposits and certificates of deposit (U.S.$100,000 and over or the equivalent in other currencies) by time remaining until maturity.

	At March 31, 2002			
	0-3 months	3-6 months	6-12 months	Over 12 months
	(in € millions)			
Time deposits				
Domestic branches	3,452	226	162	462
Foreign branches	3,894	388	364	301
Certificates of deposit				
Domestic branches	—	—	—	—
Foreign branches	1,332	469	401	11
	8,678	1,083	927	774

Non-resident deposits held in domestic branches at March 31, 2002 accounted for approximately 9.5% of total deposits.

Short-Term Borrowings

The following table shows details of short-term borrowings of the Group for each of the three years ended March 31, 2002.

	At March 31,		
	2002	2001	2000
	(in € millions, except percentages)		
Debt securities in issue			
End of year outstandings	6,374	5,016	2,825
Highest month-end balance	6,374	5,059	2,825
Average balance	5,287	3,655	1,220
Average rate of interest			
At year-end	3.8%	4.2%	5.5%
During year	4.6%	6.2%	5.8%
Deposits by banks			
End of year outstandings	11,900	10,802	9,431
Highest month-end balance	14,764	15,844	11,124
Average balance	11,536	12,131	9,126
Average rate of interest			
At year-end	4.2%	6.4%	5.3%
During year	4.3%	5.7%	4.9%

Average interest rates during the year are computed by dividing total interest expense by the average amount borrowed. Average interest rates at year-end are average rates for a single day and as such may reflect one-day market distortion which may not be indicative of generally prevailing rates.

Item 6 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS AND SENIOR MANAGEMENT

The strategic direction of the Group is provided by the Court of Directors (the "Court") which comprises executive and non-executive Directors. Management is delegated to certain officers and committees of the Court.

Certain information concerning the Directors and executive officers as at June 28, 2002 is set out below and, in the case of executive Directors, the year of appointment to their present position in square brackets.

Name	Age	Position held	Year appointed a director
Directors			
Laurence G Crowley	65	Governor	1990
Mary P Redmond	51	Deputy Governor	1994
Michael D Soden [2002]	55	Group Chief Executive	2001
Roy E Bailie	59	Non-Executive Director	1999
Anthony D Barry	67	Non-Executive Director	1993
Richard Burrows	56	Non-Executive Director	2000
Donal J Geaney	51	Non-Executive Director	2000
Brian J Goggin [2002]	50	Chief Executive Wholesale Financial Services	2000
Maurice A Keane	61	Non-Executive Director	1983
Raymond MacSharry	64	Non-Executive Director	1993
Caroline Marland	56	Non-Executive Director	2001
Thomas Moran	49	Non-Executive Director	2001
Denis O'Brien	44	Non-Executive Director	2000
Executive Officers			
John G Collins	55	Chief Executive Retail Businesses	
William R Cotter	57	Chief Executive Asset & Wealth Management Services	
Des Crowley	42	Chief Executive Retail Financial Services ROI	
Cyril Dunne	42	Chief Information Officer	
Jeff Warren	54	Chief Executive UK Financial Services	
Roy Keenan	55	Group Chief Development Officer	
John O'Donovan	50	Group Chief Financial Officer	
Terence H. Forsyth	60	Group Secretary	

Non-Executive Officers

Laurence G Crowley ## OO
Governor

Appointed to the Court in 1990 and Deputy Governor from 1995 to 1997. Appointed Governor following the 2000 Annual General Court. Chairman of PJ Carroll and Co. Ltd and a director of Elan Corporation plc and a number of other companies. Former Executive Chairman of the Michael Smurfit Graduate School of Business at University College, Dublin.

(Age 65)

Mary P Redmond # O
Deputy Governor

Appointed to the Court in 1994. Appointed Deputy Governor in September 2000. In her professional capacity as a solicitor provides advice to the Group in relation to aspects of labour law. A director of Jefferson Smurfit Group plc, Campbell Bewley Group Ltd and founder of the Irish Hospice Foundation.

(Age 51)

Executive Directors

Michael D Soden
Group Chief Executive

Joined the Group as Group Chief Executive Designate on 1 September 2001. Appointed to the Court on 11 September 2001. Appointed Group Chief Executive on March 1, 2002. Formerly Executive General Manager of Global Business and Personal Financial Services in National Australia Bank.

(Age 55)

Brian J Goggin
Chief Executive Wholesale Financial Services

Joined Bank of Ireland in 1969. Subsequently served in a variety of senior management positions within Bank of Ireland Group in the United States, Britain and Ireland. Appointed Chief Executive Corporate and Treasury in 1996 and Chief Executive Wholesale Financial Services earlier this year. Appointed to the Court in 2000.

(Age 50)

Non-Executive Directors

Roy E Bailie, OBE + #

Appointed to the Court in 1999. Chairman of W&G Baird Holdings Ltd and of the Northern Ireland Tourist Board. A director of the Bank of England and UTV plc and formerly a member of the Northern Ireland Advisory Board of Bank of Ireland.

(Age 59)

Anthony D Barry * # O

Appointed to the Court in 1993. Deputy Governor from October 1997 to September 2000 and appointed Senior Independent Director in November 1998. Former Chief Executive and former Chairman of CRH plc. Chairman of Greencore Group plc and a director of DCC plc.

(Age 67)

Richard Burrows ++ #

Appointed to the Court in 2000. Joint Managing Director of Pernod Ricard S.A. and Chairman of Irish Distillers Group Ltd, and past President of the Irish Business and Employers Confederation (IBEC).

(Age 56)

Donal J Geaney +

Appointed to the Court in 2000. Chairman and Chief Executive of Elan Corporation plc, Chairman of the Irish Aviation Authority and Chairman of the National Pensions Reserve Fund Commission.

(Age 51)

Maurice A Keane

Appointed to the Court in 1983 as an executive Director. Group Chief Executive from February 1998 until he retired from that post in February 2002, remaining as a non-executive Director. Chairman of Bank of Ireland UK Holdings plc and BUPA Ireland Ltd. A director of DCC plc.

(Age 61)

Raymond MacSharry + O

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

(Age 64)

Caroline A Marland #

Appointed to the Court in April 2001. Director of Gallaher Group plc. Former Managing Director of Guardian Newspapers and a member of the main board of directors of the Institute of Directors in the UK.

(Age 56)

Thomas J Moran +

Appointed to the Court in April 2001. President and Chief Executive Officer of Mutual of America Life Insurance Company. A member of the Taoiseach's Economic Advisory Board, the boards of the Irish Chamber of Commerce in the USA and the Ireland — US Council for Commerce. Chairman of the North American Board of the Michael Smurfit Graduate School of Business at UCD.

(Age 49)

Denis O'Brien O

Appointed to the Court in 2000. Former Chairman of ESAT Telecom Group plc. Chairman of 2003 Special Olympics World Summer Games. A director of Oakhill plc, Digicel Ltd., and a number of other companies.

(Age 44)

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*	Senior Independent Director
++	Chairman of the Group Audit Committee
+	Member of the Group Audit Committee
##	Chairman of the Group Remuneration Committee
#	Member of the Group Remuneration Committee
OO	Chairman of the Group Nominations Committee
O	Member of the Group Nominations Committee

Terms of Office of the Directors

In accordance with the Bye-Laws of the Bank each Director, if eligible, must submit himself/herself for re-election by the stockholders every three years. The normal retirement age for Directors is age 68.

REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate remuneration paid by the Group to the Directors and Executive Officers, (25 persons), then in office, for the financial year ended March 31, 2002 was €9.73 million, including amounts paid under bonus and/or profit-sharing plans. The aggregate amount, included in the above figure, set aside by the Group, in the financial year ended March 31, 2002, to provide pension benefits for these Directors and Executive Officers amounted to €0.7 million. None of the Executive Officers beneficially holds more than 1% of the Share Capital on an individual basis. Additional information regarding remuneration of Directors is set out in Note 43 to the Consolidated Financial Statements.

Executive Directors' remuneration policy

Group remuneration policy is to ensure that the remuneration arrangements for executive Directors are competitive and designed to attract, retain and motivate executive Directors of the highest calibre, who are expected to perform to the highest standards. Reward policies are aligned with the objective of maximising stockholder value. In determining remuneration levels account is taken of such factors as each individual's responsibilities and performance and levels of remuneration in comparable organisations both in Ireland and the United Kingdom and the general pay awards made to staff overall.

Service contracts

Apart from the service contract between the Bank and Michael Soden, Group Chief Executive, no service contract exists between the Bank and any Director which provides for a notice period from the Group of greater than one year. Michael Soden, who was appointed Group Chief Executive Designate on September 1, 2001 and Group Chief Executive on March 1, 2002, has a service contract which provides for a notice period from the Group of one year with the proviso that any such notice may not be served by the Group until September 1, 2002, one year following his initial appointment.

Employees' Profit Sharing Plan

All employees of the Bank and of its participating wholly owned subsidiaries in Ireland, Northern Ireland and Britain (each a ''Participating Company''), including Executive Directors, whose remuneration is subject to Irish or U.K. Income Tax under Schedule E, may participate in a profit sharing plan, the Bank of Ireland Group Employee Stock Issue Scheme (the ''Scheme''). To be eligible to do so, they must have had an existing contract of employment with a Participating Company on the last day of the Group's financial year, which contract must have existed for a period of at least 12 months as at that date and be still in existence on the date on which a profit sharing announcement is made. Employees have the choice of taking their allocation under the Scheme in cash, or in the Ordinary Stock of the Bank. Such stock, when allotted, is held on the employee's behalf by the Trustees of the Scheme for a minimum period of two years. An additional feature of the Irish version of the plan permits those who choose to take the free stock to forego an amount of their salary towards the acquisition of up to an equivalent amount of stock to be held on the same basis. The Directors have authority from the stockholders to approve profit share payments under the Scheme. To date, annual payments have ranged between zero and 3.5% of each participant's basic remuneration. The most recent payment approved under the Scheme was 2.0% of basic remuneration (€8 million) for the financial year ended March 31, 2002. As at March 31, 2002, 0.5% of the Bank's Issued Ordinary Stock was held by the Trustees of the Scheme.

Group Pension Plans

The Group operates a number of pension plans in Ireland and overseas. The plan are funded and are primarily of the defined benefit type and the assets of the plans are held in separate trustee administered funds. Payments to these defined benefit funds are determined on an actuarial basis, designed to build up reserves during the working life of full-time employees to pay the employees, or their dependants, a pension after retirement. A formal actuarial valuation is undertaken at least triennially to determine the payments to each of these defined benefit funds. At each valuation the funds' actuaries confirm that the liabilities of each fund, based on current salary levels, are fully funded on a discontinuance basis.

The total pension cost for the Group in respect of the financial year ended March 31, 2002 was €39 million of which €19 million related to the main scheme.

Interest of Management in Certain Transactions

No transaction, material to the Group, has been entered into in the last three fiscal years to which the Bank or any of its subsidiaries was a party in which any Director or officer of the Bank, any significant shareholder or any relative or spouse thereof had a direct or indirect material interest, and to the knowledge of the Group, no such transactions are presently proposed.

Indebtedness of Directors and Executive Officers

The aggregate amount of indebtedness of Directors (10 persons), on normal commercial terms to the Bank of Ireland Group amounted to €30 million at March 31, 2002. The interest rates payable thereon were at prevailing market rates and reflect ordinary commercial transactions. The aggregate amount of indebtedness of Executive Directors and Executive Officers of the Group (10 persons) and four connected persons, not included in the above figure, on terms similar to those on which loans are made to members of staff generally, which are at interest rates more favorable than prevailing market rates, was €910,032 at March 31, 2002. Loans to Directors and Executive Officers at rates more favorable than prevailing market rates, while conforming with Irish practice and law, would in most cases not be permissible for similar institutions subject to regulation in the U.S.

CORPORATE GOVERNANCE STATEMENT

The Court of Directors continues to be committed to maintaining the highest standard of corporate governance. The Court of Directors is accountable to the stockholders for corporate governance and the Corporate Governance Statement outlined below describes how the relevant principles and provisions of governance set out in "The Combined Code: Principles of Good Governance and Code of Best Practice" (the "Code") and adopted by the Irish Stock Exchange and the London Stock Exchange and as detailed in Section 1 of the code, which is appended to the Listing Rules of the UK Financial Services Authority, are applied in the Group. The Directors believe that the Group has complied fully with the provisions of the Code and that it has complied throughout financial year 2001/2002 with the provisions where the requirements are of a continuing nature.

Court of Directors

The following statements indicate how the Court of Directors has applied the principles contained in the Code:

- it is the practice that the Court of Directors comprises a significant majority of non-executive Directors;
- the Court, as at May 15, 2002, comprises 13 Directors, 11 of whom are non-executive Directors and has a composition and membership which brings strong and effective leadership to the Group (see short biographical descriptions of each of the Court members on pages 63 to 65);
- the non-executive Directors have varied backgrounds, skills and experience and each brings his/her own independent judgement to bear on issues of strategy, performance and standards of conduct; all are considered to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement;
- Anthony Barry is Senior Independent Director and was appointed to this position in November 1998;
- all non-executive Directors are appointed for an initial three year term with the prospect of having a second three year term. Following that, the expectation is that they will leave the Court unless asked to stay;
- all Directors retire by rotation at least every three years and if eligible may offer themselves for re-election;
- on appointment all non-executive Directors receive comprehensive briefing documents relating to the Court and the role of the key Court Committees and about the Group and its operations and have access to an induction programme, including visits to Group businesses and meetings with senior management as appropriate, designed to familiarise them with the Group's operations, management and governance structures. On an ongoing basis special training/briefing sessions appropriate to the business of the Group are provided to non-executive Directors;

- all newly appointed Directors are provided with documentation detailing their responsibilities as Directors;
- there is a clear distinction between the responsibilities at the head of the Group through the separation of the position of the chairman of the Court (the Governor), who is non-executive and the Group Chief Executive;
- a minimum of eight scheduled meetings of the Court are held each year. Additional meetings are arranged if required. When necessary the Court appoints a committee to consider and progress specific matters which require attention between scheduled Court meetings;
- a programme is prepared and agreed each year which ensures that the Directors are able to review corporate strategy on a regular basis and the operations and performance of business units;
- agenda and papers which provide the Directors with relevant information to enable them to discharge their duties are circulated in advance of each meeting. Additionally the Court has a schedule of matters specifically reserved for its decision and periodically reviews and appraises its own performance and effectiveness;
- in addition the Court meets informally from time to time to explore business and banking issues in more detail than might be practicable at the regular formal meetings;
- the Court receives regular reports, both directly and through the Group Audit Committee on corporate governance, compliance issues and internal controls (see later ''Internal Controls'');
- the non-executive Directors meet annually, without management present, to review in detail the effectiveness of the Court itself and of Court Committee procedures and corporate governance in general;
- the Directors have access to the advice and services of the Group Secretary, who is responsible to the Court to ensure Court procedures and regulations are complied with. The Directors also have access to independent professional advice, at the Group's expense, if and when required.

COURT COMMITTEES

The Court delegates to committees, which have specific terms of reference and which are reviewed periodically, its responsibility in relation to audit and senior executive remuneration issues and nominations to the Court of Directors. The minutes of these Committees are brought to the Court for its information and to provide the Court with an opportunity to have its views taken into account. Through a Committee of executive Directors, the Court also delegates its responsibility in relation to credit control and asset and liability management, to sub-committees of the Court.

Group Audit Committee — The Group Audit Committee comprises non-executive Directors only. The Group Audit Committee 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 controls, the internal and external audit plans and subsequent findings, the selection of accounting policies, the audit report, financial reporting including the annual audited accounts and other related matters including the monitoring of the activities of the Group Operational Risk function. The Group Audit Committee is also charged with the responsibility of reviewing the independence and objectivity of the external auditors and annually reviews the nature and extent of non-audit work carried out by them to ensure a proper balance between objectivity and cost effectiveness. The Group's plans in relation to its preparation for the conversion to the euro was also subject to special review by the Group Audit Committee as well as by the Court of Directors. The external auditors, the Group Chief Internal Auditor and the Head of Group Compliance all have full and unrestricted access to the Group Audit Committee. The external auditors attend meetings of the Group Audit Committee and once a year meet with the Committee without management present to ensure that there are no outstanding issues of concern. The membership of the Group Audit Committee currently comprises Richard Burrows (Chairman), Roy Bailie, Donal Geaney, Thomas Moran and Raymond MacSharry.

Group Remuneration Committee — The Group Remuneration Committee comprises non-executive Directors only. The membership of this committee currently comprises Laurence Crowley (Chairman), Mary Redmond, Roy Bailie, Anthony Barry, Richard Burrows and Caroline Marland and its responsibilities are set out in the Remuneration Report.

Group Nominations Committee — The Group Nominations Committee comprises non-executive Directors only. It is responsible for recommending to the Court names of Directors for co-option to the Court and for overseeing top management succession plans. The membership of the Group Nominations Committee currently comprises Laurence Crowley (Chairman), Anthony Barry, Raymond MacSharry, Denis O'Brien and Mary Redmond.

EMPLOYEES

For the year ended March 31, 2002 the Group employed 18,438 staff on an average full time equivalent basis (see Note 9 on page F-24). The increase in staff over the previous year's figure (17,356) is mainly due to business growth and the acquisition of Willis National (now part of MXFS) in the UK. Following the organisational restructuring (in early 2002), Retail Financial Services and UK Financial Services each now account for approximately one third of the total Group staff respectively.

Managing human capital is a critical business priority for Bank of Ireland Group. This year the Group introduced an executive leadership programme for top management in conjunction with the London Business School, as well a continuing our "Leading for Results" and "Business Leadership" initiatives for our management. The Group has embarked on a number of Human Resources initiatives focussed on developing our leadership cadre, increasing our levels of employee engagement and emphasising enlightened performance management practices. Investment in the training and development of all employees remains a priority throughout the Group.

In terms of staff relations, the human resources infrastructure within the Bank provides channels for positive and innovative approaches to addressing staff issues. In addition, the Bank provides a facility for staff to liaise with independent staff welfare officers regarding any personal difficulties.

Executives, managers and a growing number of staff are on performance-based pay. In addition, flexible working options are available to staff and the Bank introduced a Sharesave (SAYE) stock option scheme for staff in February 2000.

A minority of the Group's staff in Ireland, Northern Ireland and Britain are represented by the main banking trade union, the Irish Bank Officials Association (IBOA) in relation to salary negotiations and terms and conditions of employment.

STOCK OPTIONS

Under the terms of the Senior Executive Stock Option Schemes approved by the stockholders, options may be granted, at the discretion of the Directors, enabling Senior Executives to subscribe for specified numbers of units of Ordinary Stock.

As at June 28, 2002 options were outstanding over 6,648,758 units of stock representing 0.66% of the total Ordinary Stock then in issue.

Such options are exercisable as follows:

Exercise price (€ cent)	Number Outstanding at June 28, 2002	Exercise Period
1.436	23,258	May 1996 – May 2003
1.670	115,000	May 1997 – May 2004
2.111	180,000	May 1998 – May 2005
2.819	997,000	June 1999 – June 2006
3.241	80,000	Nov 1999 – Nov 2006
4.529	765,000	June 2000 – June 2007
5.753	505,100	Nov 2000 – Nov 2007
8.264	258,000	May 2001 – May 2008
8.933	720,000	July 2002 – July 2009
8.430	80,250	Nov 2002 – Nov 2009
6.960	805,000	May 2003 – May 2010
9.150	171,150	Nov 2003 – Nov 2010
11.050	712,000	May 2004 – May 2011
10.540	234,000	Nov 2004 – Nov 2011
12.500	1,003,000	May 2005 – May 2012

As at June 28, 2002, Executive Directors and Executive Officers as a group held options under the above scheme over a total of 1,363,150 units, representing 0.14% of the total Ordinary Stock in issue.

In addition to their interests in Ordinary Stock through their holding of stock options and the conditional awards of stock they have received under the Long Term Performance Stock Plan ("LTSP") as set out on pages F-67 and F-70, the interests of the Directors and Secretary in office at June 28, 2002, and of their spouses and minor children, in the stocks issued by the Bank are set out below:

	UNITS OF €0.64 OF ORDINARY STOCK As at June 28, 2002 Beneficial
DIRECTORS	
R E Bailie	1,041
A D Barry	38,198
R Burrows	34,411
L G Crowley	29,914
D J Geaney	7,363
B J Goggin	159,421
M A Keane	1,189,280
R MacSharry	1,249
C A Marland	1,000
T J Moran	1,015
D O'Brien	201,000
M P Redmond	2,132
M D Soden	88,765
SECRETARY	
T H Forsyth	108,396

Limitations on Stock Issue and Stock Option Plans

All of the employee stock issue and stock option schemes are subject to a range of flow rate controls approved by the Stockholders and which conform to institutional investor guidelines.

The exercise of all options granted since the commencement of the financial year 1996/97 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.

Group Sharesave Scheme

At the 1999 Annual General Court the Stockholders approved the establishment of a Sharesave (''SAYE'') Scheme. This Scheme was launched in February 2000 and options to purchase units of Ordinary Stock were granted to participating employees at an option price of €5.40, which represented a 20% discount to the then market price. As at May 1, 2002 there were outstanding options under the Scheme over 13,326,453 units of Ordinary Stock (1.32% of the Issued Ordinary Stock). These options are ordinarily exercisable, provided the participant's savings contracts are complete, between May 2003 and May 2007. See Note 35 on page F-45 for further information.

Item 7 MAJOR STOCKHOLDERS AND RELATED PARTY TRANSACTIONS

CONTROL OF REGISTRANT

As far as the Bank is aware, it is neither directly nor indirectly owned or controlled by another corporation or any government and there are no arrangements in place the operation of which may result in a change in its control.

As at June 28, 2002 the Bank had received notification of the following substantial interests in its Issued Ordinary Stock:

NAME	Units Held	%
Bank of Ireland Asset Management Limited*	59,920,747	5.9
Fidelity International Ltd and subsidiaries	43,129,412	4.3

* None of these stockholdings are beneficially owned by these 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 June 28, 2002, Directors and executive officers of the Bank as a group beneficially held 0.2% (2.1 million units) of the Bank's Issued Ordinary Stock. See ''Indebtedness of Directors and Executive Officers'' on page 67.

The Group's major stockholders do not have different voting rights from other stockholders.

RELATED PARTY TRANSACTIONS

Refer to Note 43 on page F-66 and Note 45 on page F-76 in the Financial Statements. Also see ''Indebtedness of Directors and Executive Officers'' on page 67.

DESCRIPTION OF US STOCKHOLDERS

At March 31, 2002, 760,802 units of Ordinary Stock were held by 408 stockholders with registered addresses in the U.S. and 8,614,745 ADSs were held by 246 holders with registered addresses in the U.S. The combined shareholdings of these holders comprise approximately 3.5% of the total number of units of Ordinary Stock in issue at March 31, 2002 (being 1,007,557,674 units). These figures do not include either the number of units of Ordinary Stock held by stockholders with registered addresses outside the U.S. in which U.S. residents have an interest or the number of such U.S. residents.

Item 8 FINANCIAL INFORMATION

See pages F-1 through F-97.

DIVIDEND POLICY (See Note 13 on page F-26)

The table below provides a summary of dividends per unit of Ordinary Stock paid in respect of the past five financial years.

Dividend Payment Date	Dividends per unit of Ordinary Stock (in euro cent)	Translated into U.S. cents per Unit of Ordinary Stock(1)
Financial Year ended March 31, 2002		
January 8, 2002	11.60	10.35
Financial Year ended March 31, 2001		
July 13, 2001	19.60	16.71
January 16, 2001	9.40	8.81
Financial Year ended March 31, 2000		
July 14, 2000	16.14	15.13
January 11, 2000	7.36	7.60
Financial Year ended March 31, 1999		
July 16, 1999	12.57	12.83
January 11, 1999	5.84	6.71
Financial Year ended March 31, 1998		
July 10, 1998	10.09	11.00
January 12, 1998	4.51	5.49

(1) Translated at the Noon Buying Rate on the dates of payment.

(2) Prior to December 31, 1998 all amounts have been converted at the fixed translation rate of €1 = IR£0.787564.

LEGAL PROCEEDINGS

There are no legal or arbitration proceedings pending or threatened of which the Bank is aware involving the Group which may or have had a significant effect on the financial position of the Group taken as a whole.

PROSPECTIVE ACCOUNTING CHANGES

Financial Reporting Standard 17, "Retirement Benefits" ("FRS 17")

In November 2000, FRS 17 was issued by the UK Accounting Standards Board. The standard sets out the requirements for accounting for retirement benefits. It requires that scheme assets are valued at fair value and scheme liabilities are measured using the projected unit method. The pensions charge in the profit and loss account is to consist of three elements, the current service cost and the net of the expected return on pension assets and the interest cost of the pension liabilities. Actuarial gains or losses are to be recognized through the statement of total recognized gains or losses and not amortized through the profit and loss account. The full impact of FRS 17 on Bank of Ireland has not yet been determined. In June 2002, the Accounting Standards Board has delayed the implementation of this accounting standard.

SFAS No. 141 — "Business Combinations"

SFAS No. 141 was issued in June 2001. All business combinations included in the scope of this Statement are to be accounted for using the purchase method of accounting. Additionally, this Statement requires that an intangible asset be recognized as an asset apart from goodwill if it arises from contractual or legal rights. If an intangible asset does not arise from contractual or other legal rights, it shall be recognized as an asset apart from goodwill only if it is separable; that is, capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented, or exchanged. The provisions of this Statement are effective for all business combinations initiated after June 30, 2001. Bank of Ireland Group adopted the provisions of SFAS No. 141 in

July 2001 and will implement it for all future business combinations. The issuance of the new statement did not have an impact on Bank of Ireland Group during in the year ended March 31, 2002.

SFAS No. 142 — "Goodwill and Other Intangible Assets"

SFAS No. 142, was issued in June 2001. This Statement addresses financial accounting and reporting for intangible assets acquired individually or with a group of other assets (but not those acquired in a business combination) at acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. Goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be tested at least annually for impairment at the reporting unit level. Intangible assets that have finite lives will continue to be amortized over their useful lives. The provisions of this Statement are effective with fiscal years beginning after December 15, 2001. The Group adopted the provisions of this Statement on April 1, 2002. The future impact of this statement could result in income statement volatility under US GAAP due to the potential recognition of impairment losses for goodwill, as opposed to the reduction of goodwill through recurring amortization.

SFAS No. 143 — "Accounting for Asset Retirement Obligations"

SFAS No. 143 was issued in June 2001. This Statement requires that the fair value of an obligation associated with an asset retirement be recorded in the period in which it is incurred, if a reasonable estimate can be made. The costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over the useful life of the asset. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after June 15, 2002. Bank of Ireland will implement the provisions of this Statement beginning April 1, 2003. The impact of adopting the requirements of this Standard on the Group is not expected to be material.

SFAS No. 144 — "Accounting for the Impairment or Disposal of Long-Lived Assets"

SFAS No. 144 was issued in August 2001. This Statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 primarily applies to all recorded long-lived assets that are held for use, or that will be disposed of. Long-lived assets include capital lease assets of lessors subject to operating leases, long-term prepaid assets, and intangible assets that are amortized. A long-lived asset or group to be held and used should be tested for recoverability whenever events or changes in circumstances indicate that it's carrying amount may not be recoverable. An impairment loss should be recognised only if the carrying amount of the asset or group is not recoverable. The impairment loss is measured as the excess of the carrying amount of an asset or group over its fair value. The asset or group should be measured at the lower of its carrying amount at the date of reclassification or fair value less costs to sell. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. The Group are still considering the impact of this statement.

SFAS No. 145 — "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections".

SFAS 145 was issued in April 2002. It rescinds FASB Statement No. 4 (FAS 4), "Reporting Gains and Losses from Extinguishment of Debt", FASB Statement No. 64 (FAS 64), "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements" and FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers" as well as making several other technical corrections to existing pronouncements. The impact of adopting the requirements of this standard on the Group is not expected to be material.

Item 9 THE OFFER AND LISTING

NATURE OF TRADING MARKET

As at June 28, 2002 the authorized capital stock of the Bank was made up of € 960,000,000 divided into 1,500,000,000 units of Ordinary Stock of €0.64 each, U.S.$200,000,000 divided into 8,000,000 units of Non-Cumulative Preference Stock of U.S.$25 each, STG£100,000,000 divided into 100,000,000 units of Non-

Cumulative Preference Stock of STG£1 each and €127,000,000 divided into 100,000,000 units of Non-Cumulative Preference Stock of €1.27 each.

As at June 28, 2002, there were 1,008,550,285 units of Ordinary Stock of € 0.64 each issued and outstanding.

The principal trading markets for the Ordinary Stock are the Irish Stock Exchange and the London Stock Exchange.

At June 28, 2002, 83 companies were quoted on the Irish Stock Exchange. These companies had a combined market capitalization of more than €184,285 million at that date. Within this total, the market is comprised of a number of larger corporations and the 17 companies with the largest market capitalization accounted for over 92% of the Exchange's total market capitalization.

The Bank's ADSs are listed on the New York Stock Exchange. Each ADS, evidenced by one ADR, represents four units of Ordinary Stock. The ADR Depositary is The Bank of New York.

The following table sets forth, for the periods indicated, the reported highest and lowest closing price for one unit of Ordinary Stock on the Irish Stock Exchange, as derived from the Daily Official List of the Irish Stock Exchange which, since January 1, 1999 is quoted in euro and the highest and lowest sales prices for the ADSs as reported on the New York Stock Exchange Composite tape.

	Ordinary Stock (in euro)		ADSs (in dollars)	
	High	**Low**	**High**	**Low**
Financial Year ended March 31				
1998	9.87	3.84	43.25	19.50
1999	10.61	6.13	50.00	30.29
2000	9.70	5.68	42.38	22.25
2001	10.80	6.36	41.75	24.07
2002	12.61	7.85	44.15	28.31
Financial year 2000/2001				
First quarter	7.91	6.36	30.75	24.57
Second quarter	9.06	6.50	31.94	24.07
Third quarter	10.55	8.00	39.25	27.00
Fourth quarter	10.80	8.25	41.75	28.50
Financial year 2001/2002				
First quarter	11.80	9.10	40.15	31.30
Second quarter	12.00	7.85	41.00	28.31
Third quarter	10.69	8.07	37.20	29.90
Fourth quarter	12.61	10.32	44.15	36.72
Month ended				
January 2002	10.99	10.32	38.70	36.72
February 2002	11.50	10.65	39.21	37.50
March 2002	12.61	11.05	44.15	38.20
April 2002	13.00	12.29	46.38	43.20
May 2002	13.80	12.75	50.68	46.12
June 2002	14.05	12.30	52.40	46.56

Fluctuations in the exchange rate between the euro and the dollar will affect the dollar equivalent of the price of the Ordinary Stock on the Irish Stock Exchange and as a result may affect the market price of the ADSs on the New York Stock Exchange. See "Exchange Rates".

Prior year Irish pound figures have been restated into euro at the fixed translation rate of €1 = IR£0.787564. In July 1999 the Ordinary Stock was split and redenominated into euro, each one IR£1 Unit being split into two euro units of nominal value of €0.64 each. For ease of comparison all prices of Ordinary Stock and ADSs have been restated in this section to reflect the stock split and its subsequent redenomination.

Item 10 ADDITIONAL INFORMATION

CHARTER AND BYE-LAWS

1. Objects and Registration Details

The Governor and Company of the Bank of Ireland (the "Bank") is registered in Ireland with the Companies Office under No. C-1. The corporation was established pursuant to a Charter granted by King George III on foot of an Act of the Irish Parliament passed in 1781/82. The Charter was granted in 1783.

The corporation's objects and purposes were set out originally in the Charter and have been amended by legislation (in 1872 and 1929) and by resolutions passed by the stockholders meeting in General Court in 1972 and 1995. The principal objects of the corporation are to carry on the business of banking and to undertake all types of financial services.

2. Directors

Any director interested in a contract must declare his/her interest at a meeting of the directors at which the question of entering into such contract first arises. The Bye-Laws also require that a director may not vote in respect of any proposal in which he or any person connected with him has a material interest. Interests in stock, shares, debenture or other securities of the Bank are disregarded for the purpose. A director cannot be counted in a quorum of the Court of Directors or of the meeting of a committee in relation to any resolution on which he is debarred from voting. The prohibition on voting in respect of contracts in which directors are interested is disapplied in respect of proposals:

(a) where a director is given security or indemnified in respect of money lent or obligations incurred by him for the benefit of the Bank;

(b) giving security or indemnifying a third party in respect of a debt or obligation of the Bank;

(c) relating to an offer of debentures or securities of the Bank in which a director is interested as an underwriter;

(d) regarding any proposal concerning any other company in which a director is interested, directly or indirectly, provided that the director does not hold or is not beneficially interested in more than 1% of any class of share capital of that company; and

(e) regarding any pension or retirement fund or stock option scheme from which a director might benefit and which has been approved by the Revenue Commissioners.

The remuneration of directors is fixed from time to time by the stockholders in General Court. Such remuneration is divided among them as the directors determine. Such remuneration shall be independent of any remuneration to which a director may be entitled in respect of any other office or appointment within the Group. In the absence of an independent quorum, the Directors are not competent to vote compensation to themselves or any members of their body. The Governor and Deputy Governor, elected from time to time by the Directors, are office holders and are remunerated on terms established by the Directors.

Directors may exercise all the borrowing powers of the Bank and may give security in connection therewith. These borrowing powers may be amended or restricted only by the stockholders in General Court.

There is no age limit requirement in the Bye-laws that specifies when a Director must retire. However the Directors have adopted as a guideline that the normal retirement age for non-executive directors is age 68.

All Directors must hold at least 1,000 units of Ordinary Stock.

In accordance with the "Combined Code: Principles of Good Governance and Code of Best Practice", adopted by the Irish Stock Exchange and the London Stock Exchange, all directors retire by rotation every three years and, if eligible, may offer themselves for re-election.

3. Rights and Restrictions Attaching to Stock

(a) **Ordinary Stock**

Dividend Rights

Under Irish law, and under the Bye-Laws of the Bank, dividends are payable on the Ordinary Stock of the Bank only out of profits available for distribution. Holders of the Ordinary Stock of the Bank are entitled to receive such dividends as may be declared by the stockholders in General Court, provided that the dividend cannot exceed the amount recommended by the Directors. The Bank may pay Stockholders such interim dividends as appear to the Directors to be justified by the profits of the Bank. Any dividend which has remained unclaimed for 12 years from the date of its declaration may be forfeited and cease to remain owing by the Bank.

Voting Rights

Voting at any General Court is by a show of hands unless a poll is properly demanded. On a show of hands every stockholder who is present in person or by proxy has one vote regardless of the number of units of stock held by him. On a poll, every shareholder who is present in person or by proxy has one vote for every unit of Ordinary Stock of €0.64 each. A poll may be demanded by: the chairman of the meeting, *or* by at least nine members of the Bank present in person or by proxy and entitled to vote on a poll. The necessary quorum for a General Court is ten persons present in person or by proxy and entitled to vote.

All business is considered to be special business if it is transacted at an Extraordinary General Court as is all business transacted at an Annual General Court other than the declaration of a dividend, the consideration of the accounts, the balance sheet and reports of the Directors and Auditors, the election of Directors in the place of those retiring, the re-appointment of the retiring Auditors, and the fixing of the remuneration of the Auditors, all of which is deemed ordinary business. Special business is dealt with by way of a special resolution, which must be passed by not less than three fourths of the votes cast by such members as being entitled so to do, vote in person or, where proxies are allowed, by proxy at a General Court at which not less than 21 days' notice specifying the intention to propose a resolution as a special resolution has been duly given. Ordinary business is dealt with by way of an ordinary resolution which requires a simple majority of the votes cast by the members voting in person or by proxy at a General Court. Where an equal number of votes has been cast on any resolution the chairman of the meeting is entitled to a second or casting vote.

Liquidation Rights

In the event of any surplus arising on the occasion of the liquidation of the Bank the Ordinary Stockholders would be entitled to a share in that surplus *pro rata* to their holdings of Ordinary Stock.

(b) **Preference Stock**

The capital of the Bank is divided into Ordinary Stock and Non-Cumulative Dollar Preference Stock, Non-Cumulative Sterling Preference Stock and Non-Cumulative euro Preference Stock. Five million units of Non-Cumulative Sterling Preference Stock and 10.5 million units of euro Preference Stock have been issued. The holders of Non-Cumulative Sterling and euro Preference Stock are entitled to a fixed annual dividend in accordance with the terms and conditions relating to the issue of the Preference Stock. Any dividend which has remained unclaimed for 12 years from the date of its declaration may be forfeited and cease to remain owing by the Bank.

The Non-Cumulative Sterling Preference Stock and the Non-Cumulative euro Preference Stock ranks *pari passu inter se* and the right to a fixed dividend is in priority to the dividend rights of Ordinary Stock in the capital of the Bank. On a winding up or other return of capital by the Bank the Non-Cumulative Sterling

Preference Stockholders and the Non-Cumulative euro Preference Stockholders are entitled to receive, out of the surplus assets available for distribution to the Bank's members, an amount equal to the amount paid up on their Preference Stock including any Preference Dividend outstanding at the date of the commencement of the winding-up or other return of capital. Otherwise the Preference Stockholders are not entitled to any further or other right of participation in the assets of the Bank.

4. Variation of Class Rights

The rights attached to the Ordinary Stock of the Bank may be varied or abrogated, either while the Bank is a going concern or during or in contemplation of a winding-up, with the sanction of a resolution passed at a class meeting of the holders of the Ordinary Stock. Similarly, the rights, privileges, limitations or restrictions attached to the Preference Stock may be varied, altered or abrogated, either while the Bank is a going concern or during or in contemplation of a winding-up, with the written consent of the holders of not less than 75% of such class of stock or with the sanction of a resolution passed at a class meeting at which the holders of 75% in nominal value of those in attendance vote in favour of the resolution.

5. Convening of General Courts

Annual General Courts and a Court called for the passing of a special resolution must be called by 21 days' notice in writing. The notice must specify the place and date of the meeting and, in the case of special business, must give the general nature of that business. Admission to General Courts is limited to members of the Bank and validly appointed proxies.

6. Limitation on the Rights to Own Securities

Neither the Charter nor the Bye-Laws impose restrictions on the right of non-resident or foreign shareholders to own securities in the Bank. See, however, "Exchange Control and other Limitations affecting Security Holders" on page 78, for restrictions imposed in the context of EU and UN sanctions.

7. Not applicable.

8. Disclosure of Stock Ownership

Under Irish company law where a person acquires an interest in shares in a public limited company (and the Bank is considered to be a public limited company for these purposes) or ceases to be interested in such shares, he has an obligation to notify the company of the interests he has, or had, in its shares. The initial notifiable threshold is 5% of the aggregate nominal value of the issued share capital carrying rights to vote in all circumstances at a general meeting of the company. In addition, if the shares of the company are quoted on the Irish Stock Exchange and a person becomes aware that he has acquired, or has ceased to have an interest in, shares in a quoted company, he must notify the exchange when his interest in such shares exceeds or falls below, as the case may be, certain reference levels: 10%, 25%, 50% and 75%.

Under the Bye-Laws of the Bank any member may be requested to declare by statutory declaration whether he is beneficially entitled to Ordinary Stock of which he is the registered owner and, if not, to disclose the person or persons for whom he holds such Ordinary Stock in trust. Such a declaration must be made within 14 days of service of the notice. Failure to respond to the notice in the prescribed period entitles the Directors to serve a disenfranchisement notice to such member with the consequence that the member may not attend or vote, either personally or by proxy, at any General Court of the Bank or exercise any other rights conferred by membership in respect of his holding Ordinary Stock (the "Default Stock"). In addition, where the Default Stock amounts to more than 5% of the Ordinary Stock then in issue of the Bank then the disenfranchisement notice can state that no dividend will be payable on the Default Stock, and that no transfer of the Default Stock will be registered by, or on behalf of, the Bank. A disenfranchisement notice may continue in effect for as long as the default in respect of which it was issued continues.

Changes to Constitutional Documentation

At the Annual General Court held on July 4, 2001 stockholders approved a number of resolutions that amended the Bye-Laws of the Bank:

(i) Ordinary stock, which was capable of being traded in amounts of less than one whole unit, can now be traded only in whole units. Stockholders also approved a small capitalisation of reserves to facilitate the ''rounding up'' of all holdings on the register comprising a fraction of a unit of stock;

(ii) Stockholders approved the redenomination and renominalisation of the Irish Pound preference stock, including a small capitalisation from reserves to adjust the converted euro nominal value of each unit of euro preference stock to a round figure (€1.27);

(iii) To take advantage of the Electronic Commerce Act, 2000, stockholders approved a resolution to facilitate the giving and receiving of information using electronic mail; where a stockholder gives his or her prior consent and provides the Bank with his or her e-mail address, all notices, reports and accounts, forms of proxy and other communications may be sent by electronic mail;

(iv) Several administrative changes were approved concerning the use of the Seal of the Bank and the method of determination of the price at which new units of ordinary stock will be created instead of all or part of a cash dividend under Stock Alternative Scheme.

EXCHANGE CONTROLS AND OTHER LIMITATIONS AFFECTING SECURITY HOLDERS

There are no restrictions under the Bye-Laws of the Bank, presently in force, that limit the right of non-resident or foreign owners, as such, to hold securities of the Bank freely or, when entitled, to vote such securities freely. There are currently no Irish foreign exchange controls or laws restricting the import or export of capital, although the Council of the European Union does have the power, under Articles 58-60 of the Treaty establishing the European community, to impose restrictions on capital movements to and from third countries. There are currently no restrictions under Irish law affecting the remittance of dividends, interest or other payments to non-resident holders of securities of the Bank, except in respect of residents of Angola, the Federal Republic of Yugoslavia and Serbia, Iraq, Burma/Myanmar, the Taliban in Afghanistan and Zimbabwe to whom or by whose order or on behalf of whom such remittance or payment may not be made without the permission of the Central Bank of Ireland. These latter restrictions were introduced to comply with European Union or United Nations' sanctions. The ability of institutions of government, and of certain named individuals, in the states mentioned in this paragraph, to buy and sell publicly traded securities, including those of the Bank, has been curtailed by domestic measures based on EU or UN sanctions. The Financial Transfers Act 1992 confers power on the Minister for Finance to make orders for this purpose.

TAXATION

The following summary of certain consequences to Eligible U.S. Holders (as defined below) of the purchase, ownership and disposition of ADSs representing units of Ordinary Stock deals only with Eligible U.S. Holders that hold ADSs as capital assets for Irish and U.S. Federal income tax purposes and does not deal with special classes of holders, such as dealers in securities, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, tax-exempt organisations, life assurance companies, persons liable for alternative minimum tax, persons that actually or constructively own 10% or more of the voting stock of the Bank, persons that hold Ordinary Stock or ADSs as part of a straddle or a hedging or conversion transaction, or Eligible U.S. holders whose functional currency is not the U.S. dollar. While the summary discussion relates to material matters relevant to the tax laws of the United States and Ireland, holders should consult their own tax advisors as to their particular circumstances.

This summary is based (i) on the income tax treaty between Ireland and the United States of America in effect as of January 1, 1998 (the ''Tax Treaty''), tax laws, regulations, administrative rulings and court decisions of Ireland and the United States, all as currently in effect and all subject to change at any time, perhaps with retroactive effect, and (ii) in part, on representations of the Depositary, and assumes that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

For purposes of this discussion, an ''Eligible U.S. Holder'' is an owner of a beneficial interest in an ADS or unit of Ordinary Stock who: (i)(a) is a resident of the United States for purposes of U.S. Federal income tax, (b) is not a resident of Ireland for purposes of Irish taxes, and (c) is not engaged in a trade or business in Ireland through a permanent establishment and is otherwise eligible for benefits under the Treaty with respect to income and gain from the Ordinary Stock or ADSs.

For purposes of the Tax Treaty and the U.S. Internal Revenue Code of 1986, as amended (the ''Code''), Eligible U.S. Holders will be treated as the owners of the Ordinary Stock underlying the ADSs represented by the ADRs.

Irish Taxation

Dividends paid by an Irish resident company on or after April 6, 1999 do not carry a tax credit and are subject to Dividend Withholding Tax (''DWT'') at the standard rate of income tax, currently 20%. Liability to DWT is, subject to certain conditions, dependent on whether the stockholder is resident in Ireland for tax purposes. Dividends will be exempt from DWT if the beneficial owner of such dividends is resident in the European Union or any country with which Ireland has a double tax treaty, such as the United States and as regards dividends paid after April 5, 2000, where completed declarations, supported by documentary evidence, have been filed with the Bank's Registration Department prior to the relevant dividend payment date.

Gain on Disposition. A gain realized on the disposition of ADSs or units of Ordinary Stock by a holder thereof who is not resident or ordinarily resident in Ireland for Irish tax purposes is not subject to Irish Capital Gains Tax unless such ADSs or units of Ordinary Stock are held in connection with a trade or business carried on by such holder in Ireland through a branch or agency.

Irish Stamp Duty. Section 90 of the Irish Stamp Duties Consolidation Act 1999 exempts from Irish stamp duty transfers of ADRs where the ADRs are dealt in and quoted on a recognized stock exchange in the U.S. or the underlying securities are dealt in and quoted on a recognized stock exchange which is also situated in the U.S. The New York Stock Exchange, Inc. (''NYSE''), on which the ADSs are dealt and quoted, is regarded by the Irish tax authorities as a recognized stock exchange.

Irish stamp duty will be charged at the rate of 1% rounded down to the nearest euro of the consideration on any conveyance or transfer on the sale of Ordinary Stock or the value of that Stock, if higher.

Deposits of Ordinary Stock with the Depositary in exchange for ADSs and withdrawals of Ordinary Stock will not be subject to duty once the exemption is certified, provided that there is no change in the beneficial ownership of the Ordinary Stock underlying the ADSs.

Where there is a change in beneficial ownership, Irish stamp duty will be payable at a rate of 1% rounded down to the nearest euro of the price paid or (if higher) the value of the Ordinary Stock.

United States Federal Income Taxation

Dividends. For U.S. Federal income tax purposes, the gross amount of any distribution (i.e., the cash received and any related applicable DWT) made by the Bank out of its current or accumulated earnings and profits (as determined for such purposes) will be includible in the gross income of an Eligible U.S. Holder as ordinary income, but will not be eligible for the dividends-received deduction generally allowed to corporations. The amount of any dividend will be the U.S. dollar value of the euro payment on the date of receipt by the Eligible U.S. Holder (or, in the case of ADSs, by the Depositary), regardless of whether the payment is converted into dollars. Gain or loss, if any, recognized by an Eligible U.S. Holder on the sale or disposition of euros generally will be ordinary income or loss.

An Eligible U.S. Holder who, for whatever reason, receives a dividend which has been subjected to DWT may, in certain circumstances, claim repayment of the DWT by making an application to the Irish Tax Authorities in accordance with provisions of Irish law. Where entitlement to repayment under these provisions cannot be established, the procedures outlined in the immediately following paragraphs will apply.

The Tax Treaty limits the Irish tax liability of an Eligible U.S. Holder (who is unable to claim repayment of the full DWT under provisions of Irish law) in respect of a dividend paid by the Bank to 15% of the gross amount. Consequently such holder may claim repayment from the Irish Tax Authorities, in accordance with the Treaty, of the amount of DWT in excess of 15% of the sum of the cash dividend and the related DWT.

Subject to limitations contained in the Code, the Tax Treaty provides that the U.S. shall allow to an Eligible U.S. Holder who receives a dividend, as a foreign tax credit against U.S. Federal Income tax liability, the balance (15%) of the Irish tax paid by such Eligible U.S. Holder.

Under the Code, the limitation on foreign taxes eligible for credit is calculated separately with respect to separate classes of income. Dividends paid by the Bank with respect to ADSs or units of Ordinary Stock are foreign source ''passive'' income or, in the case of certain Eligible U.S. Holders, ''financial services'' income. Foreign tax credits allowable with respect to each class of income cannot exceed the U.S. Federal income tax otherwise payable with respect to such class of income.

Gain on Disposition. Upon the sale, exchange or other disposition of ADSs or units of Ordinary Stock, a U.S. Holder will recognize gain or loss, if any, equal to the difference between the U.S. dollar amount realized upon the sale, exchange, or other disposition and the U.S. Holder's tax basis in the ADSs or units of Ordinary Stock. Such gain or loss generally will be capital gain or loss and will be long-term gain or loss if the ADSs or units of Ordinary Stock were held for more than one year. The gain or loss will generally be U.S. source income or loss.

Backup Withholding and Information Reporting. In general, information reporting requirements will apply to dividend payments (or other taxable distributions) in respect of Ordinary Stock or ADSs made within the United States to a non-corporate U.S. person, and ''back-up withholding'' will apply to such payments if the holder or beneficial owner fails to provide an accurate taxpayer identification number in the manner required by United States law and applicable regulations, if there has been notification from the Internal Revenue Service of a failure by the holder or beneficial owner to report all interest or dividends required to be shown on its Federal income tax returns or, in certain circumstances, if the holder or beneficial owner fails to comply with applicable certification requirements. Certain corporations and persons that are not United States persons may be required to establish their exemption from information reporting and backup withholding by certifying their status on Internal Revenue Service Forms W-8 or W-9.

Amounts withheld under the backup withholding rules may be credited against a holder's tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the United States Internal Revenue Service.

United States and Irish Estate and Gift Taxation

Irish gift and inheritance tax would apply to gifts and bequests of Ordinary Stock in Irish companies maintaining their only or principal register in the State. The Bank is such a company. Certain tax-free thresholds apply to gifts and inheritances, depending on the relationship between the donor and donee. In addition bequests to a spouse under a will or voluntary inter vivos (lifetime) gifts to a spouse are wholly exempt from Irish inheritance and gift tax. All gifts and inheritances received on or after December 5, 1991 are aggregated for the purposes of calculating the applicable tax-free threshold.

There is no gift and inheritance tax convention between the U.S. and Ireland. Although an estate tax convention between the two countries was ratified in 1951, estate duty was abolished in Ireland in 1975. Both US and Irish Revenue authorities accept that inheritance tax is a tax of a similar nature to estate duty and therefore the Convention is applicable to Irish inheritance tax. The Convention does not apply to Irish gift tax. Nonetheless, under the Code any such inheritance tax payable in Ireland may be allowed as a credit, subject to certain limitations, against so much of the U.S. Federal estate tax as is payable on the same property.

U.S. Federal gift tax may apply to gifts of ADSs or units of Ordinary Stock subject to certain thresholds and exemptions. No credit against U.S. Federal gift tax for Irish gift tax paid on the same property is allowable.

DOCUMENTS ON DISPLAY

It is possible to read and copy documents referred to in this annual report on Form 20-F that have been filed with the SEC at the SEC's public reference room located at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges.

Item 11 MARKET RISK

ANALYSIS OF FINANCIAL CONDITION

Capital Resources

The following table sets forth the Group's capital resources at March 31, 2002, 2001, and 2000.

	At March 31,		
	2002	2001 (restated)	2000 (restated)
		(in € millions)	
Stockholders' funds			
Equity	4,132	3,618	3,090
Non-equity	68	212	215
Minority interests			
— equity	91	5	5
— non-equity	82	81	87
Undated capital notes	965	961	362
Dated capital notes	1,559	1,549	1,504
Total capital resources	6,897	6,426	5,263

In the year ended March 31, 2002, total Group capital resources increased by €471 million to €6,897 million reflecting retentions of €562 million, a Preference Share Buy Back of €261 million, new capital stock subscribed of €48 million, increase in minority interest of €86 million and translation differences of €23 million.

Translation differences of €14 million accounted for the increase in subordinated bonds. Overall, while the Group's capital base has increased, the Tier 1 and Total Capital ratios at March 31, 2002 have decreased to 7.6% and 11.5% respectively. This was due to normal growth in the year in the Group's risk — weighted assets.

In the year ended March 31, 2001, total Group capital resources increased by €1,163 million to €6,426 million.

Stockholders' funds increased to €3,830 million from €3,305 million, including retentions of €441 million, premises revaluation of €85 million, translation differences of (€52 million) and new capital stock subscribed €51 million. During the year €600 million of guaranteed step-up callable perpetual preferred securities were issued by Bank of Ireland UK Holdings plc and guaranteed by the Bank. During the year €150 million of dated subordinated bonds were issued. This was partly offset by a redemption of €100 million dated subordinated bonds. Overall, the Group's capital base has increased with the Tier 1 and Total Capital ratios at March 31, 2001 rising to 7.8% and 12.4% respectively.

Capital Adequacy Requirements

It is the Group's policy to maintain a strong capital base, to seek to expand this where appropriate and to utilize it efficiently in the Bank's development as a diversified international financial services group. Long-term debt, undated capital notes and preference stock are raised in various currencies to help maintain a prudent relationship between the capital base and the underlying currency risks of the Group's business.

Bank of Ireland Group's capital resources policy has been developed within the supervisory requirements of the Central Bank of Ireland, which applies a risk-asset ratio as the measure of capital adequacy, and with reference to guidelines issued in 1988 by the Basel Committee and capital adequacy requirements set by the European Union. See Item 4 — "Information on the Company — Supervision and Regulation — Ireland".

The basic instrument of capital monitoring is the risk-asset ratio as developed by the Basle Committee. This ratio derives from a consideration of capital as a cover for the credit and market risks inherent in Group assets. Capital is defined by reference to the European Union Own Funds Directive ("OFD") and Capital Adequacy Directive ("CAD"), and is divided into "Tier 1" capital — consisting largely of stockholders' equity, "Tier 2" capital — including general provisions and debt capital instruments, and "Tier 3" capital — including short-term subordinated loan capital and net trading book profits. Assets (both on and off balance sheet) are weighted to allow for relative risk according to rules derived from the European Union Solvency Ratio Directive.

The target standard risk-asset ratio set by the Basel Committee is 8%, of which the Tier 1 element must be at least 4%. The minimum risk-asset ratio is set by the Central Bank of Ireland and satisfies capital adequacy requirements of the EU which took effect on January 1, 1993.

Capital Adequacy Data

The following table shows the components and basis of calculation of the Group's Tier 1 and Total capital ratios for the three years to March 31, 2002.

	For the Financial Year Ended March 31,		
	2002	2001	2000
	(in € millions, except percentages)		
Adjusted Capital Base			
Tier 1	4,026	3,654	2,973
Tier 2	2,724	2,745	2,408
	6,750	6,399	5,381
Supervisory Deductions	646	599	609
Total Capital	6,104	5,800	4,772
Risk Weighted Assets			
Banking book	51,537	45,239	39,086
Trading book	1,440	1,406	1,214
Total	52,977	46,645	40,300
Capital Ratios			
Tier 1 capital	7.6%	7.8%	7.4%
Total capital	11.5%	12.4%	11.8%

In the year to March 31, 2002 the tier 1 capital ratio decreased to 7.6% from 7.8% at March 21, 2002 and the total capital ratio decreased from 12.4% to 11.5%. This decrease was primarily due to a buyback of Preference Stock by the Bank of €261 million.

In the year to March 31, 2001 the tier 1 capital ratio increased to 7.8% from 7.4% at March 31, 2000 and the total capital ratio increased from 11.8% to 12.4%. This increase was primarily due to an issue of €600 million of guaranteed step-up callable perpetual preferred securities.

RISK MANAGEMENT AND CONTROL

The Group through its normal operations is exposed to a number of risks, the most significant of which are credit risk, market risk, liquidity risk and operational risk.

The Court of Directors approves policy and limits with respect to credit risk and market risk and has delegated its monitoring and control responsibilities to the Group Credit Committee for credit matters and the Group Asset and Liability Committee (ALCO) for market risk and liquidity. The Court also approves policy in respect of operational risk management and has delegated its monitoring and control responsibilities to the Group Operational Risk Committee and Executive Management. Membership of these committees consists of senior management.

Group Financial Control, Group Credit Review, Group Market Risk, Group Internal Audit and Group Compliance are central control functions, independent of business unit management, whose roles include monitoring the Group's activities to ensure compliance with financial and operating controls. Risk, financial and operational controls are designed to safeguard the Group's assets while allowing sufficient operational freedom to earn an acceptable return to stockholders.

Financial instruments are fundamental to the Group's business and constitute the core element of its operations. The risks associated with financial instruments are a significant component of the risks faced by the Group. Financial instruments create, modify or reduce the credit, market and liquidity risks of the Group's balance sheet. Each of these risks and the Group's policies and objectives for managing such risks are discussed below.

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 for the Group and for many of its corporate customers. Further details can be seen in Note 38 and the accounting policy is set out on page F-12.

It is recognised that certain forms of derivative 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 industry and regulatory standards to all aspects of its derivatives activities. In addition, Treasury & International Banking, Davy and BIAM are the only Group businesses permitted to transact in derivatives markets (including forward foreign exchange).

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, credit risk, liquidity risk and operational risk. Any material change in the nature of the Group's derivatives business is subject to Court approval.

Nature of Derivative Instruments

The following is a brief description of the derivative instruments which account for the major part of the Group's derivatives activities:

A "swap" is an over-the-counter (OTC) agreement to exchange cash flows based on a notional underlying amount and an agreed pair of observable market rates or indices. A "fixed-floating interest-rate swap" involves the exchange of a pre-determined set of fixed interest payments, based on an agreed notional principal, for periodically re-set floating interest payments. Swaps can also involve an exchange of two floating-rate interest payments.

A "currency swap" involves the initial exchange of principal amounts denominated in two currencies, the subsequent exchange of interest payments based on these principal amounts and the final re-exchange of the same principal amounts. The interest rates involved can be fixed/fixed, fixed/floating or floating/floating.

A "forward-rate agreement" (FRA) is an OTC contract which fixes the rate payable on a future single-period loan or deposit. A FRA is generally settled in cash at the start of the interest-rate period to which the forward rate applies.

A ''bond future'' is an exchange-traded contract which fixes the future delivery price for one of a defined basket of government bonds deliverable by the seller to the buyer.

A ''forward foreign exchange contract'' is an agreement which fixes the rate at which one currency can be exchanged for a second currency at a pre-determined date in the future.

An ''option'' provides its owner with the right to buy or sell an underlying security, currency, commodity or derivative at a pre-determined price, or, in some cases, receive the cash value of doing so. Options involve asymmetric rights and obligations: the owner, having purchased the option, has the right but not the obligation to transact; the seller (writer) of the option is obliged to honour its terms if the option is exercised.

Interest-rate options are traded on exchanges and bilaterally in the ''over-the-counter' (OTC) market. In the case of OTC interest rate options, the Group transacts predominantly in two basic instruments — caps (or floors) and swaptions. A cap places an upper limit on the rate payable on a loan; a floor is a lower limit on the rate receivable on a deposit. A cap is a sequence of options on FRAs or futures, each individually exercisable. A swaption is a single option to pay or receive a fixed rate against a periodically reset floating rate.

The below table summarises activities undertaken by the Group, the related market risks associated with such activities and the type of derivative used in managing such risks. The risks may also be managed using on-balance sheet instruments as part of an integrated approach to risk management.

Activity	Market Risk	Type of Derivative
Fixed rate lending	Sensitivity to increases in interest rates.	Pay fixed interest rate swaps.
Capped rate lending	Sensitivity to increases in interest rates.	Buy interest rate caps.
Fixed rate funding	Sensitivity to falls in interest rates.	Receive fixed interest rate swaps.
Management of the investment of reserves and other non-interest bearing liabilities	Sensitivity to changes in interest rates.	Interest rate swaps.
Earnings translation risk	Sensitivity to euro appreciation.	Buy euro forward.

CREDIT RISK

Credit Risk reflects the risk that a counterparty will be unable to meet its contractual obligations to the Group in respect of loans or other financial transactions thereby causing the Group to incur a loss.

The Group continues to enhance its credit risk management systems in line with best industry practice in loan rating, credit risk modelling, effective loan pricing for risk, economic capital allocation and strategic loan portfolio management. The final phase, a Group-wide loan portfolio management model is now complete. This will allow more precise identification and control of credit risk concentrations, will facilitate more rigorous stress-testing and will guide strategic decisions on loan portfolio composition and overall capital allocation.

These initiatives position the Group for continued prudent loan growth and are also necessary to ensure that the Group meets the requirements of the proposed new capital accord.

Discretionary Authorities

The 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 Group Credit Committee. Exposures below Group Credit Committee's discretion are approved according to a system of tiered discretions.

Individuals are allocated discretionary limits according to credit competence, proven judgement and experience. The discretionary limits exercisable by individuals vary depending on the nature and scale of lending in these units. Lending proposals above the relevant discretionary limits are referred to a credit department or to Group Credit for independent assessment and subsequent adjudication by the appropriate discretionary authorities including Heads of Divisions, Senior Executives and Group Credit Committee.

A Retail Transformation Programme is currently underway as part of a broader Group programme. The Retail Transformation Programme involves substantial organisational realignment and will enhance the way in which credit is underwritten and managed in the Republic of Ireland retail network.

Credit Policy

The core values governing the provision of credit are contained in Group and Unit Credit Policy documents which are approved and reviewed by Group Credit Committee and, where appropriate, by the Court of Directors.

The 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. Procedures for the approval and monitoring of exceptions to policy are clearly set out in each document. In a number of cases these Unit Policies are supplemented by Sectoral Credit Policies. Lending caps are put in place when it is considered appropriate to limit exposure to certain sectors.

In the case of retail business lending, a number of Sectoral Guidelines have been developed which set out the key factors to be taken into account in lending decisions and also provide guidance on the structuring of credit facilities to companies operating in these sectors.

An independent function, Group Credit Review, reviews the quality and management of risk assets across the Group and reports to Group Credit Committee on a quarterly basis.

Country/Bank Limits

For countries in which the Group has a substantial presence (e.g., Ireland and the United Kingdom) no specific country limits are in place. Instead lending is subject to Unit and Sectoral Credit Policies described above. Exposure limits and Maturity limits for other countries with which the Group wishes to deal are approved annually by the Directors on the recommendation of the Group Credit Committee (who in turn review the limits twice yearly). The limits are based on gradings applied to each country which reflect the Group's perception of risk and willingness to accept future exposures.

Maximum limits on exposures to banks are approved by the Directors on the recommendation of the Group Credit Committee. Banks are risk graded on the basis of an assessment of each bank's creditworthiness. Maximum exposure and maturity limits are set separately for direct/cash, presettlement/rewriting, contingent and settlement risks for each grade of bank and individual limits are set within these, based on business need.

Credit Grading/Assessment

The quality of the Group's lending is monitored and measured using credit grading systems. These systems guide loan underwriting and risk selection decisions. They also play a central role in the early identification of deteriorating individual loans or pools of loans requiring early and decisive action to eliminate or minimise any eventual loss to the Group.

Review

All loans and grades are reviewed at least annually (except for small personal loans which are operating within the terms of their approval and instalment credit and residential mortgage loans which are conforming to a regular repayment schedule). Where the credit grade indicates some vulnerability or deterioration in the condition of the borrower, more frequent reviews are carried out. Reviews consist of an analysis of current financial information and discussions wit the borrower and incorporate an evaluation of the current financial stability and liquidity of the borrower, the feasibility of the borrower's plans and projections in the context of the sector in which the borrower operates, the manner in which the account is operated by the borrower and the adequacy of security cover.

The Group Credit Committee also reviews the Group's provisions for lending losses twice each year. New large specific provisions are reported to the Group Credit Committee as they occur.

Provisions and Allowances for Loan Losses

Movement in provisions for loan losses is charged to profit and added to specific or general provisions as appropriate. Any subsequent write-off (charge-off) is charged against the specific allowances.

A specific provision is made against a loan when, in the judgment of management, the repayment realizable from the borrower, including the realizable value of the available security, is insufficient to meet the principal of and interest outstanding on the loan. The amount of the provision is the difference between the amount outstanding and the estimated amount recoverable.

The Group's general provision recognizes that a loan portfolio contains loans which are impaired but have not yet been specifically identified as such and provided for on an individual basis. The general provision is not, therefore, allocated to specific loans or sectors. The general provision comprises an element which is determined by the quality of the loan portfolio, as evidenced by the grade profile, and a non-designated element, for prudential purposes. The element relating to the grade profile is calculated by applying risk weightings to the volume of loans in each grade other than provision grades. The weightings are reviewed annually and are based on an analysis of the underlying risks associated with each grade, taking into account current and prospective economic and sectoral trends. The non-designated element, against which a deferred tax asset has been recognized, will be offset, in certain pre-defined circumstances, against specific loan losses as they crystallize in future years.

When management determines that a full or partial write-off on a loan is appropriate, the amount of the write-off is applied against the specific provision to reduce the debt to its estimated realizable value. It is practice for banks in Ireland and the United Kingdom to delay write-off until the realization of security or alternative recovery action has been completed or the required full or partial write-off can be predicted with a high degree of certainty. Accordingly, the Group does not, in the normal course, expect to recover amounts charged off.

There are differences between the provisioning policies generally applied in the United States and those applied in Ireland and the United Kingdom. In its Irish and United Kingdom operations, until such time as its payment is considered to be doubtful, the Group continues to accrue interest on outstanding balances.

This interest is charged to the account but is offset by the creation of a specific provision in respect of the amount considered doubtful. In contrast, banks in the United States typically stop accruing interest when loans become overdue by 90 days or more. As outlined above, banks in the United States also charge off loans more rapidly than is the practice in Ireland or the United Kingdom. The cumulative effect of these policies is to increase the relative size of the Group's loan portfolio and the allowance for lending losses, and so to increase the Group's provisioning ratios, compared with those which would result from the adoption of U.S. provisioning policies. In comparison with such policies net income is not affected.

There is also a difference between the provisioning methodology for residential mortgages applied in Ireland and that in the United Kingdom. In Ireland, the aggregate of individual loan loss provision figures represents the total provision reported in the financial accounts. In the United Kingdom, the figure reported in the accounts is the aggregate of individual provisions, discounted by a factor. The factor reflects the percentage of provisions which, in the Bank's experience, have historically crystallized as actual loan losses. This is a less conservative approach to that employed in Ireland but is in line with accepted practice in the United Kingdom mortgage sector.

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 stockholder 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 nature of risk which can be taken, the types of financial instruments which can 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.

Based on these aggregate limits, 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 Treasury & International Banking which is responsible for the centralised management of Group market risk.

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

TRADING BOOK

In line with regulatory and accounting conventions, the Group's Trading Book consists of Treasury & International Banking's mark-to-market interest rate and foreign exchange books, as well as risk positions arising from J&E Davy's market making and broking activities in securities and equities.

In the case of interest rate markets in the year ended March 31, 2002, risk arose predominantly from transactions in securities, interest rate swaps and interest rate futures. Positions in forward foreign exchange, FRAs, interest rate caps and options on futures also contributed to risk from time to time.

Trading Book risk is measured on a consistent basis across different activities. A Value at Risk (VaR) approach is used to measure risk and set limits. 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. In the Group's case, the horizon is 1 day and the confidence level is 97.5%. This implies that on any given day, VaR provides an estimate of potential mark-to-market loss which has no more than a 2.5% probability of being exceeded.

The VaR system uses a variance covariance matrix approach. Matrices are updated weekly using the Exponentially Weighted Moving Average methodology, which is widely applied in the industry. 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 this reason, VaR limits are supplemented by a range of controls which include position limits and loss tolerances. In addition scenario-based stress testing is used to calculate the profit and loss impact of extreme market moves.

The Group uses a variety of backtests to assess the reliability of its VaR modelling and these tests have been supportive of the methodology and techniques used.

During the financial year ended March 31, 2002, the Group's average Trading Book VaR amounted to €4.1 million. Its lowest Trading Book VaR was €2.6 million and its peak was €6.3 million. At March 31, 2002, Trading Book VaR was €3.1 million.

Interest rate risk in Treasury & International Banking was the predominant source of Trading Book VaR. The average VaR for this component of risk in the year ended March 31, 2002 was €3.2 million.

BANKING BOOK

Interest Rate Risk

The Group's Banking Book consists of its retail and corporate deposit and loan books, as well as Treasury & International Banking's interbank cash books and its investment portfolio. In the non-treasury areas, interest rate risk arises primarily from the Group's fixed rate lending business in Ireland and the UK. The exposure in these books is managed using interest rate swaps and other conventional hedging instruments.

For analytical and control purposes, VaR is applied to Treasury & International Banking's non trading books and is also used in Bristol & West, although these activities are accrual accounted for financial reporting purposes. In the other businesses, sensitivity analysis is used to measure and control interest rate risk. This analysis involves calculating exposure in net present value (NPV) terms 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 banking book exposure is in euro and sterling. At end March, a 1% parallel upward shift in euro and sterling yield curves would have generated losses in NPV terms of €5.5 million and €12.3 million, respectively.

The table in Note 39 to the Accounts (page F-59) provides an indication of the repricing mismatch in the Banking Books at March 31, 2002.

Foreign Exchange Risk

Structural foreign exchange risk is defined as the Group's non-trading net asset position in foreign currencies. Structural risk arises almost entirely from the Group's net investments in its sterling-based subsidiaries.

A structural open position in a particular currency can also be considered to be a measure of that part of the Group's capital which is denominated in that currency. 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 capital. Doing so will ensure that capital ratios are not excessively exposed to changes in exchange rates.

At March 31, 2002, the Group's structural foreign exchange position was as follows:

	March 31, 2002	March 31, 2001
	(in € millions)	
GBP	2,447	2,158
USD	129	112
Total structural FX position	2,576	2,270

The positions indicate that a 10% depreciation in the value of the euro against all other currencies at March 31, 2002 would have resulted in a gain taken to reserves of €258 million (2001: €227 million, 2000: €193 million).

At year end, the currency composition of capital and risk-weighted assets was broadly in line and, as a result, exchange rate movements can be expected to have a non-material impact on capital ratios. However, such movements will have an impact on reserves.

TRANSLATION HEDGING OF OVERSEAS EARNINGS

The Group may choose to hedge all or part of its overseas earnings in a particular year, thereby fixing a translation rate for the amount hedged.

LIQUIDITY RISK

It is Group policy to ensure that resources are at all times available to meet the Group's obligations arising from withdrawal of customer demand or term deposits, non renewal of interbank liabilities, the drawdown of customer facilities and asset expansion. The development and implementation of policy is the responsibility of ALCO. The day-to-day management of liquidity is the responsibility of Treasury & International Banking.

Limits on potential cashflow mismatches are the principal basis of liquidity control. The cashflow mismatch methodology involves calculating, over defined time horizons, the potential net outflow of funds arising from the refinancing of the existing wholesale book and projected net new financing. This measure of the potential recourse to wholesale markets is formally related to the level of the Group's holdings of liquid assets.

OPERATIONAL RISK

The Basel Committee on Banking Supervision defines operational risk as "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". The risk is associated with human error, systems failure, and inadequate controls and procedures.

The Group's exposure to operational risk is governed by policy approved by the Group Operational Risk Committee and the Court. The policy specifies that the Group will operate such measures of risk identification, assessment, monitoring and management as are necessary to ensure that operational risk management is consistent with the approach, aims and strategic goals of the Group, and is designed to safeguard the Group's assets while allowing sufficient operational freedom to earn a satisfactory return to stockholders.

The policy document further sets out the responsibilities of management, the requirement for mandatory reporting of incidents and the role of Group Internal Audit in providing the independent review function.

The Group manages operational risk under an overall strategy which is implemented by accountable executives monitored by the Group Audit Committee and the Group Operational Risk Committee and supported by the Group Operational Risk Function. Potential risk exposures are assessed and appropriate controls are put in place. Recognising that operational risk cannot be entirely eliminated, the Group implements risk mitigation controls including fraud prevention, contingency planning and incident management. This strategy is further supported by risk transfer mechanisms such as insurance, where appropriate.

Other Off-Balance Sheet Instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer substituting the Group's credit risk for that of the customer. The Group expects most acceptances to be presented, but is usually immediately reimbursed by the customer. Documentary credits commit the Group to make payments to third parties on production of documents which are usually reimbursed immediately by customers. Endorsements are residual liabilities of the Group in respect of bills of exchange which have been paid and subsequently rediscounted.

Guarantees and standby letters of credit are written by a bank to guarantee the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of the instruments are expected to be considerably below their nominal amounts.

The Group provides commercial credits to support customers' commercial activities. Transaction-related contingencies, which include performance bonds, are commitments to third parties which are not directly dependent on the customers' creditworthiness.

Commitments comprise revocable and irrevocable agreements to lend to customers in the future, subject to certain conditions. Such commitments are usually either made for a fixed period, or have no specific term but are cancellable by the lender subject to notice requirements. In particular, the Group may withdraw from its contractual obligations for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer. Most commitments expire without being fully drawn upon; hence the cash requirements of such commitments are considerably less than the commitment limits that are reported.

Accounting Treatment

The Group treats credit-related instruments as contingent liabilities, and these are not shown on the balance sheet unless and until the Group is called upon to make a payment under the instrument. Assets arising from payments to a third party where the Group is awaiting reimbursement from the customer are shown on the balance sheet, together with any necessary provision. Fees received for providing these instruments are taken to profit as earned. See Accounting Policy on "Derivatives" in Note 1 on page F-11 to the Consolidated Financial Statements.

Cash Requirements

The maximum cash requirement of a contingent liability or commitment is generally its full contractual amount.

The normal cash requirement of a market-related instrument will depend on the nature of the instrument, although the size of payments will generally vary with market conditions. If a counterparty defaults, the Group will usually replace the instrument at a cost equivalent to its current market value.

Item 12 DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not Applicable.

PART II

Item 13 DEFAULTS, DIVIDEND ARREARAGES & DELINQUENCIES

Not Applicable.

Item 14 MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS & USE OF PROCEEDS

Not Applicable

Item 15 RESERVED

Item 16 RESERVED

PART III

Item 17 FINANCIAL STATEMENTS

(Not responded to as Item 18 complied with)

Item 18 FINANCIAL STATEMENTS

(a) Financial Statements

Item 19 EXHIBITS

1.1 — Charter & Acts (incorporated by reference to Exhibit 1.1 of the annual report on Form 20-F of The Governor and Company of the Bank of Ireland for the financial year ended March 31, 2001, File No. 1-14452).

1.2 — Bye-Laws (incorporated by reference to Exhibit 1.2 of the annual report on Form 20-F of The Governor and Company of the Bank of Ireland for the financial year ended March 31, 2001, File No. 1-14452).

4.1 — Rules of the Bank of Ireland Group Stock Options Scheme — 1996 (incorporated by reference to Exhibit 4 of the annual report on Form 20-F of The Governor and Company of the Bank of Ireland for the financial year ended March 31, 2001, File No. 1-14452).

4.2 — Rules of the Bank of Ireland Group Long Term Performance Stock Plan (incorporated by reference to Exhibit 4 of the annual report on Form 20-F of The Governor and Company of the Bank of Ireland for the financial year ended March 31, 2001, File No. 1-14452).

4.3 — Service Contract of Michael D Soden (Group Chief Executive)

8 — List of significant subsidiaries — incorporated by reference to page 20 of this Form 20-F.

BANK OF IRELAND GROUP

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended March 31, 2002

BANK OF IRELAND GROUP

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Report of Independent Auditors set out on page F-3, is made with a view to distinguishing for stockholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

Irish 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 F-4 to F-97, 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 to enable them to ensure that the accounts are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish law including the Companies Acts, 1963 to 2001, 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.

BANK OF IRELAND GROUP

REPORT OF INDEPENDENT AUDITORS

To the Court of Directors and members of the Governor and Company of the Bank of Ireland

We have audited the accompanying consolidated balance sheets of the Governor and Company of the Bank of Ireland and its subsidiaries as of March 31, 2002, and 2001 and the related consolidated statements of income, of cash flows and of changes in stockholders' equity, for each of the three years in the period ended March 31, 2002 all expressed in euro as set out on pages F-4 to F-97 inclusive. These accounts are the responsibility of the Bank's management. Our responsibility is to express an opinion on these accounts based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall accounts presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated accounts audited by us present fairly, in all material respects, the financial position of the Governor and Company of the Bank of Ireland and its subsidiaries at March 31, 2002 and 2001, and the results of their operations and cash flows for each of the three years in the period ended March 31, 2002 in conformity with accounting principles generally accepted in Ireland.

Accounting principles generally accepted in Ireland vary in certain significant respects from accounting principles generally accepted in the United States as set out in Note 47 to the consolidated accounts.

PRICEWATERHOUSECOOPERS
Chartered Accountants and
Registered Auditors
Dublin
Ireland
May 15, 2002

BANK OF IRELAND GROUP

CONSOLIDATED STATEMENT OF INCOME

	Notes	2002 Group Total	2001 Group Total (restated)	2000 Group Total (restated)
		Year ended March 31, (in € millions)		
INTEREST RECEIVABLE				
Interest receivable and similar income arising from debt securities		436	442	321
Other interest receivable and similar income	5	3,637	3,696	2,681
INTEREST PAYABLE	6	2,478	2,715	1,760
NET INTEREST INCOME		1,595	1,423	1,242
Fees and commissions receivable		999	850	729
Fees and commissions payable		(80)	(65)	(112)
Dealing profits	38	65	101	44
Contribution from life assurance business		152	164	127
Other operating income	7	74	64	112
TOTAL OPERATING INCOME		2,805	2,537	2,142
Administrative expenses	8	1,427	1,257	1,048
Depreciation and amortisation	8	155	130	119
OPERATING PROFIT BEFORE PROVISIONS		1,223	1,150	975
Provision for bad and doubtful debts	18	102	72	56
OPERATING PROFIT		1,121	1,078	919
Income from associated undertakings and joint ventures		1	7	1
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		1,122	1,085	920
Group Transformation Program	10	(37)	(93)	—
PROFIT BEFORE TAXATION		1,085	992	920
Taxation	11	165	190	193
PROFIT AFTER TAXATION		920	802	727

The notes on pages F-11 to F-97
form an integral part of these consolidated financial statements

BANK OF IRELAND GROUP

CONSOLIDATED STATEMENT OF INCOME

	Notes	2002 Group Total	2001 Group Total (restated)	2000 Group Total (restated)
		Year ended March 31, (in € millions)		
PROFIT AFTER TAXATION		920	802	727
Deposit Interest Retention Tax	12	—	35	—
PROFIT FOR THE FINANCIAL YEAR		920	767	727
Minority interests: equity		2	3	3
: non equity		6	7	6
Non-cumulative preference stock dividends	13	17	26	25
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS		895	731	693
Transfer to capital reserve	36	73	101	70
Ordinary dividends	13	333	290	233
PROFIT RETAINED FOR THE YEAR		489	340	390
Earnings per unit of €0.64 Ordinary Stock	14	89.0c	73.4c	68.3c
Alternative Earnings per unit of €0.64 Ordinary Stock	14	93.4c	84.5c	
Diluted Earnings per unit of €0.64 Ordinary Stock	14	88.1c	72.7c	67.9c

The notes on pages F-11 to F-97
form an integral part of these consolidated financial statements

BANK OF IRELAND GROUP

CONSOLIDATED BALANCE SHEET

	Notes	At March 31, 2002	At March 31, 2001 (restated)
		(in € millions)	
ASSETS			
Cash and balances at central banks		569	256
Items in the course of collection from other banks		554	708
Central government and other eligible bills	15	79	76
Loans and advances to banks	16	8,385	8,115
Loans and advances to customers	17	56,577	51,147
Securitisation and loan transfers		1,106	1,414
Less: non returnable amounts		964	1,273
		142	141
Debt securities	19	10,885	8,529
Equity shares	20	19	144
Own shares		27	29
Interests in associated undertakings	21	16	14
Interest in joint ventures	22	4	9
Intangible fixed assets	23	271	227
Tangible fixed assets	24	1,234	1,150
Other assets	25	2,317	2,727
Prepayments and accrued income		591	616
		81,670	73,888
Life assurance assets attributable to policyholders	26	5,655	4,987
		87,325	78,875
LIABILITIES			
Deposits by banks	27	12,583	11,664
Customer accounts	28	51,111	45,630
Debt securities in issue	29	6,374	5,016
Items in the course of transmission to other banks		152	178
Other liabilities	30	3,633	3,936
Accruals and deferred income		672	770
Provisions for liabilities and charges			
— deferred taxation	31	89	72
— other	32	159	196
Subordinated liabilities	33	2,524	2,510
Minority interests			
— equity		91	5
— non equity	34	82	81
Called up capital stock	35	679	691
Stock premium account	36	773	726
Capital reserve	36	397	311
Profit and loss account	36	2,143	1,850
Revaluation reserve	36	208	252
Stockholders' funds including non equity interests		4,200	3,830
Life assurance liabilities attributable to policyholders	26	5,655	4,987
		87,325	78,875

The notes on pages F-11 to F-97
form an integral part of these consolidated financial statements

BANK OF IRELAND GROUP

CONSOLIDATED BALANCE SHEET

MEMORANDUM ITEMS

	Notes	At March 31, 2002	2001
		(in € millions)	
Contingent liabilities			
Acceptances and endorsements		86	105
Guarantees and assets pledged as collateral security		1,029	946
Other contingent liabilities		496	528
	41	1,611	1,579
Commitments	41	16,314	15,801

The notes on pages F-11 to F-97
form an integral part of these consolidated financial statements

BANK OF IRELAND GROUP

OTHER PRIMARY STATEMENTS

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.

RECONCILIATION OF MOVEMENT IN STOCKHOLDERS' FUNDS

	Notes	2002	2001	2000
			(restated)	(restated)
			(in € millions)	
At 1 April		3,830	3,279	2,854
Prior year adjustments	2	—	26	23
		3,830	3,305	2,877
Profit attributable to the ordinary stockholders		895	731	693
Dividends	13	(333)	(290)	(233)
		4,392	3,746	3,337
Other recognised gains		21	33	335
New capital stock subscribed	35,36	48	51	42
Preference stock buyback	36	(261)	—	—
Stock buyback		—	—	(409)
At 31 March		4,200	3,830	3,305
Stockholders' funds:				
Equity		4,132	3,618	3,090
Non equity		68	212	215
		4,200	3,830	3,305

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2002	2001	2000
			(restated)	(restated)
			(in € millions)	
Profit attributable to the ordinary stockholders		895	731	693
Exchange adjustments	35,36	23	(52)	183
Revaluation of property	36	—	85	152
Tax effect of disposal of revalued property		(2)	—	—
Total recognised gains for the year		916	764	1,028
Prior year adjustments	2	32	—	—
Total recognised gains since last annual report		948	764	1,028

The notes on pages F-11 to F-97
form an integral part of these consolidated financial statements

BANK OF IRELAND GROUP

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Notes	2002	2001	2000
		Year ended March 31, (in € millions)		
Preference stock				
At April 1		21	22	21
Exchange adjustments		—	(1)	1
Preference stock buyback		(14)	—	—
At March 31	35	7	21	22
Ordinary stock				
At April 1		670	668	660
Stock alternative scheme issue		2	2	2
Employees' profit sharing plan and executive stock option plan		—	—	1
Capitalisation of reserves		—	—	5
At March 31	35	672	670	668
Stock premium				
At April 1		726	679	633
Premium on issue of capital stock		7	9	13
Premium on stock alternative scheme issue		39	40	26
Exchange adjustments		1	(2)	7
At March 31	36	773	726	679
Capital reserve				
At April 1		311	232	159
Exchange adjustments		—	—	3
Transfer from revenue reserves		73	101	70
Capital Redemption Reserve Fund		14	—	—
Transfer to revenue reserves		(1)	(22)	—
At March 31	36	397	311	232
Profit and loss account				
At April 1		1,850	1,510	1,365
Prior year adjustments		—	26	23
		1,850	1,536	1,388
Profit attributable to the ordinary stockholders		895	731	693
Transfer to Capital Reserve		(87)	(101)	(70)
Ordinary dividends		(333)	(290)	(233)
Transfer from capital reserve		1	22	—
Stock buyback		—	—	(409)
Capitalisation of reserves		—	—	(5)
Exchange adjustments		21	(48)	172
Preference stock buyback		(247)	—	—
Transfer from revaluation reserve		45	—	—
Tax effect of disposal of revalued property		(2)	—	—
At March 31	36	2,143	1,850	1,536
Revaluation reserve				
At April 1		252	168	16
Revaluation of property		—	85	152
Exchange adjustments		1	(1)	—
Transfer to revenue reserve on sale of property		(45)	—	—
At March 31	36	208	252	168
Total stockholders' funds		4,200	3,830	3,305

The notes on pages F-11 to F-97
form an integral part of these consolidated financial statements

BANK OF IRELAND GROUP

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2002	2001 (restated)	2000
		Year ended March 31, (in € millions)		
Net cash flow from operating activities	44	3,783	2,069	548
Dividend received from associated undertaking		10	8	—
Returns on investment and servicing of finance	44	(183)	(189)	(122)
Taxation		(153)	(142)	(192)
Deposit Interest Retention Tax		—	(39)	—
Capital expenditure and financial investment	44	(2,427)	(1,127)	(310)
Acquisitions and disposals	44	(244)	(228)	(10)
Equity dividends paid		(271)	(210)	(176)
Financing	44	(253)	660	(92)
Increase in cash in the year		262	802	(354)

The notes on pages F-11 to F-97 form an integral part of these consolidated financial statements

NOTES ON THE FINANCIAL STATEMENTS

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements 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 2001 and the European Communities (Credit Institutions: Accounts) Regulations, 1992 and with applicable accounting standards. The accounts are drawn up in euro (€) and except where otherwise indicated are expressed in millions. Costs, assets and liabilities are inclusive of irrecoverable value added taxes, where appropriate. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The Group has adopted the transitional arrangements for FRS 17, ‘‘Post Retirement Benefits’’ and the related disclosures are detailed in Note 37. FRS 18 ‘‘Accounting Policies’’, FRS 19 ‘‘Deferred Tax’’ and UITF 33 ‘‘Obligations in Capital Instruments’’ were adopted during the year. The adoption of FRS 18 did not result in any changes being made to the Group’s accounting policies. The effect of FRS 19 and UITF 33 are set out in Note 2.

1.2 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.

1.3 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into euro 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 euros 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.

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

	31 March 2002			31 March 2001		
	Closing	Average	Hedge	Closing	Average	Hedge
€/US$	0.8724	0.8804	—	0.8832	0.9053	0.9962
€/Stg£	0.6130	0.6145	0.6487	0.6192	0.6145	0.6145

1.4 Income Recognition

Interest income is recognised as it accrues. Interest is accounted for on a cash receipts basis where the recovery of such interest is considered to be remote. 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.

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES (continued)

1.5 Mortgage Incentives

Mortgage interest discounts below the cost of funds and cashbacks are capitalised in other assets 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 period of the clawback and early redemption penalty period.

1.6 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.

1.7 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 using mid-market values, 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 and included in dealing profits. 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.

1.8 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. 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.

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES (continued)

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.

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.

1.9 Capital Instruments

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

1.10 Pensions

In accordance with SSAP 24, 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.

1.11 Tangible Fixed Assets

Properties held by the Group are stated at valuation. All freehold and long leasehold premises are revalued every 5 years with an interim revaluation in year 3. Computer and other equipment is stated at cost less depreciation. 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 material, accordingly this property is not depreciated. Depreciation on adaptation works on freehold and leasehold property is based on an estimated useful life subject to a maximum period of 15 years or the remaining period of the lease. Computer and other equipment is depreciated by equal annual instalments over its estimated useful life subject to a maximum period of 10 years.

1.12 Provision for Bad and Doubtful Debts

Group policy is to provide for bad and doubtful debts to reflect the losses inherent in the loan portfolio at the balance sheet date. There are two types of provisions, specific and general.

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES (continued)

Specific provisions are made for loans and advances when the Group consider that the credit-worthiness of a borrower has deteriorated such that the recovery of the whole or part of an outstanding advance is in serious doubt. The amount of the specific provision is equivalent to the amount necessary to reduce the carrying value of the advance to its expected ultimate net realisable value. The calculation of specific provisions is inherently subjective and is based on the Group's assessment of the likelihood of default and the estimated loss arising to the Group in that instance. The assessments are performed on an individual basis and take into account factors such as the financial condition of the borrower, nature and value of collateral held and the costs associated with obtaining repayment and realisation of collateral.

For a number of the Group's retail portfolios, which comprise small balance homogeneous loans, specific provisions are calculated based on formulae driven approaches taking into account factors such as the length of time that payments from borrowers are overdue and historic loan loss experience.

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. Grading systems are used to rate the credit quality of borrowers. Part of the general provision is calculated by reference to the underlying grade profile of the loan book. The non-designated specific provision which is an integral part of the Group's general loan loss provisioning methodology is calculated based on estimated rates of loss taking cognisance of historic loss experience by loan type/sector and the prevailing economic climate.

The aggregate specific and general provisions which are made during the year, less amounts released and net of recoveries of loans previously written off, are charged against profits for the year. Loans and advances are stated on the balance sheet net of aggregate specific and general provisions.

1.13 Deferred Taxation

Deferred taxation is recognised on all timing differences where the transaction or event that gives rise to an obligation to pay more tax in the future or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted by the balance sheet date. Deferred taxation is not provided in respect of timing differences arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into and it is unlikely that the gain will be rolled over. On adoption of FRS 19, the Group has changed its policy in respect of deferred taxation, and restated prior year results accordingly.

1.14 Scrip Dividend

Stock issued in lieu of cash dividends, under the Stock Alternative Scheme, is issued at a value equivalent to the cash element, net of Dividend Witholding Tax where applicable, of the dividend foregone.

1.15 Investments in Associated Undertakings and Joint Ventures

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. Investments in joint ventures are stated at cost together with the appropriate share of post — acquisition reserves.

1.16 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

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES (continued)

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.

1.17 Goodwill

Goodwill is a premium arising on acquisition which represents the excess of cost over fair value of the Group's share of net tangible assets acquired. Premiums arising on acquisitions of subsidiary undertakings occurring after March 31, 1998 are capitalised as assets on the balance sheet and amortised on a straight line basis over their estimated useful economic lives. Goodwill on acquisitions prior to 31 March 1998 was charged against reserves in the year of acquisition and in the event of a subsequent disposal the goodwill would be written back and reflected in the profit and loss account.

1.18 Life Assurance Operations

The Group accounts for the value of the shareholder's interest in long-term assurance business using the embedded value method of accounting. The embedded value is comprised of the net tangible and financial assets of the life assurance business, including any surpluses retained within the long-term business fund and the present value of its in-force business. The value of the shareholder's interest in in-force business is calculated annually in consultation with independent actuaries. The calculation projects future surpluses and other net cash flows, attributable to the shareholder arising from business written up to the balance sheet date, using prudent best estimates of economic and actuarial assumptions, as set out in Note 26, and discounting the result at a rate which reflects the shareholder's overall required return. The value is computed in accordance with bases accepted in the life assurance market.

Changes in embedded value, which are determined on a post tax basis, are included in the profit and loss account. For the purposes of presentation the change in this value is grossed up for tax at the effective tax rate.

During the year, the method for projecting fund related future margins for unit-linked assets was changed from using smoothed market values to using actual market values. This change in accounting policy does not have a material impact on the current or prior year results and accordingly no prior period adjustment was made.

The assets held within the long-term business funds are legally owned by Bank of Ireland Life Holdings plc, however the shareholder will only benefit from ownership of these assets to the extent that surpluses are declared or from other cashflows attributable to the shareholder. Reflecting the different nature of these assets, they are classified separately on the Group's balance sheet as ''Life assurance assets attributable to the policyholders'' with a corresponding liability to the policyholders also shown. Investments held within the long-term business funds are set out in Note 26. Property is valued at open market value as determined by independent professional advisors every year, while securities are valued at mid-market value.

2 PRIOR YEAR ADJUSTMENTS

A) FRS 19: DEFERRED TAX

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

As a consequence of adopting FRS 19, the financial statements at 31 March 2000 have been restated leading to a decrease in deferred taxation of €26 million. Tax on profit on ordinary activities for the year ended 31 March

2 PRIOR YEAR ADJUSTMENTS (continued)

2000 has decreased by €3 million, resulting in an increase in profit after tax and profit attributable to ordinary stockholders of the same amount.

The result of the change in policy for the year ended March 31, 2001 is to decrease the tax on profit on ordinary activities by €6 million, resulting in an increase in profit after tax and profit attributable by the same amount.

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

B) UITF 33: OBLIGATIONS IN CAPITAL INSTRUMENTS

The Group adopted UITF 33 which was effective for accounting periods ending on or after March 23, 2002. Previously the 7.4% guaranteed step-up callable preferred securities issued by BOI UK Holdings plc were treated as ‘‘Outside Interest — non equity’’ under FRS 4 ‘‘Capital Instruments’’ and included as part of our overall capital with the interest costs being treated as a distribution and included as an after tax cost. The interest cost of €44 million, (2001: €3 million, 2000: nil) is now included as part of interest payable in the profit and loss account and the outstanding balance is included in subordinated liabilities in the balance sheet.

3 SEGMENTAL ANALYSIS

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

Following a reorganisation announced in January 2002, Corporate & Treasury has become Wholesale Financial Services which now excludes Banking GB and Northern Ireland and includes Private Banking. Asset and Wealth Management now excludes Private Banking. Bristol & West has become UK Financial Services and now includes Banking GB and Northern Ireland. The analysis for 2001 and 2000 has been restated accordingly.

The geographic segments have been changed and the analysis for 2001 and 2000 has been restated accordingly.

3 SEGMENTAL ANALYSIS (continued)

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

(a) Geographical segment

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

	2001 (restated)			
	Republic of Ireland	United Kingdom	Rest of World	Total
	(in € millions)			
Turnover	2,501	2,639	177	5,317
Profit before exceptional item	813	282	36	1,131
Group Transformation Program				(93)
Grossing up(1)				(46)
Profit before taxation				992
Net assets	2,274	1,404	152	3,830
Total assets(2)	57,039	37,739	2,304	97,082

	2000 (restated)			
	Republic of Ireland	United Kingdom	Rest of World	Total
	(in € millions)			
Turnover	1,931	1,952	131	4,014
Profit on ordinary activities before exceptional item	699	257	23	979
Grossing up(1)				(59)
Profit before taxation				920
Net assets	1,713	1,283	309	3,305
Total assets(2)	46,846	36,084	2,753	85,683

3 SEGMENTAL ANALYSIS (continued)

(b) Business class

	2002						
	Retail Republic of Ireland	BOI Life	Wholesale Financial Services	UK Financial Services	Asset and Wealth Management	Group and Central	Total
	(in € millions)						
Net interest income	787	—	306	554	4	(20)	1,631
Other income(3)	228	122	317	284	224	56	1,231
Total operating income	1,015	122	623	838	228	36	2,862
Administrative expenses	646	—	243	490	102	101	1,582
Provision for bad and doubtful debts	48	—	25	30	—	(1)	102
Profit before exceptional item	321	122	355	318	126	(64)	1,178
Group Transformation Program							(37)
Grossing up(1)							(56)
Profit before taxation							1,085
Net assets	865	82	570	1,609	123	951	4,200
Total assets(2)	23,427	6,028	43,538	33,338	930	5,767	113,028

	2001 (restated)						
	Retail Republic of Ireland	BOI Life	Wholesale Financial Services	UK Financial Services	Asset and Wealth Management	Group and Central	Total
	(in € millions)						
Net interest income	704	—	216	532	7	—	1,459
Other income(3)	206	131	299	247	220	28	1,131
Total operating income	910	131	515	779	227	28	2,590
Administrative expenses	586	—	215	434	94	58	1,387
Provision for bad and doubtful debts	34	—	17	21	—	—	72
Profit before exceptional item	290	131	283	324	133	(30)	1,131
Group Transformation Program							(93)
Grossing up(1)							(46)
Profit before taxation							992
Net assets	733	71	451	1,385	117	1,073	3,830
Total assets(2)	19,449	5,305	38,573	30,575	1,020	5,051	99,973

3 SEGMENTAL ANALYSIS (continued)

	Retail Republic of Ireland	BOI Life(4)	Wholesale Financial Services	UK Financial Services	Asset and Wealth Management	Group and Central	Total
	2000 (restated)						
	(in € millions)						
Net interest income	602	—	212	467	6	1	1,288
Other income(3)	208	107	181	173	193	52	914
Total operating income	810	107	393	640	199	53	2,202
Administrative expenses	555	—	166	331	79	36	1,167
Provision for bad and doubtful debts	26	—	10	21	—	(1)	56
Profit before exceptional item	229	107	217	288	120	18	979
Grossing up(1)							(59)
Profit before taxation							920
Net assets	611	68	451	1,230	95	850	3,305
Total assets(2)	19,076	4,520	31,321	28,974	1,506	2,778	88,175

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

(2) Total assets include intra-group items of €21,036 million (2001: €18,207 million, 2000: €17,666 million) in geographic segments and €25,703 million (2001: €21,098 million, 2000: €20,158 million) in business class.

(3) Other income includes income from associates.

4 ACQUISITIONS

(a) MX Financial Holdings Limited

On July 31, 2001, the acquisition of MX Financial Holdings Limited (formerly Willis National Holdings Limited), the parent company of MX Moneyextra Financial Solutions Limited (formerly Willis National Limited), was completed for a cash consideration of Stg£41.4 million (€67.4 million) including incidental costs. The results of this business have been consolidated in full from the date of acquisition. On the October 1 MX Moneyextra Financial Solutions Limited acquired the business and trade of Moneyextra Limited. The assets acquired were employed within the business of Moneyextra Financial Solutions Limited and managed on a unified basis. It is therefore not feasible to identify and report separately the results of the acquired business from July 31, 2001.

4 ACQUISITIONS (continued)

As analysed below the acquisition gave rise to goodwill on consolidation of Stg£33.3 million (€54.2 million) which has been capitalised and will be written off to the profit and loss account over its estimated useful life of 20 years.

There were no fair value adjustments to the consolidated balance sheet of Willis National Holdings Limited at July 31, 2001 which was as follows:

	Stg£m	€ million
Loans and advances to banks	8.8	14.3
Other assets	3.3	5.4
Other liabilities	(4.0)	(6.5)
Net assets acquired	8.1	13.2
Goodwill	33.3	54.2
	41.4	67.4
Consideration	40.0	65.1
Costs of acquisition	1.4	2.3
	41.4	67.4

The consolidated profit after tax for Willis National Holdings Limited for the period from January 1 to July 31, 2001 was Stg£0.7 million (Year ended December 31, 2000: Stg£0.7 million).

(b) Chase de Vere Investments plc

On September 11, 2000, Bank of Ireland announced that its wholly owned subsidiary, Bristol & West plc (“Bristol & West”) completed the acquisition of Chase de Vere Holdings Limited (formerly M R Edge Holdings Limited), the parent company of Chase de Vere Investments plc. The acquisition was effective from August 1, 2000 and the results of this business have been consolidated in full from the date of acquisition.

The present value of the expected total cost of the acquisition is Stg£122.3 million (€200.1 million). This comprises initial consideration of Stg£112.8 million (€184.6 million) including incidental expenses, and deferred consideration of Stg£9.5 million, (€15.5 million). The deferred consideration can range from nil to Stg£22.5 million (€36.8 million) dependent on the performance of Chase de Vere investments plc over the three year period to December 31, 2002.

As analysed below the acquisition gave rise to goodwill on consolidation of Stg£112.9 million (€184.7 million) which, has been capitalised and will be written off to the profit and loss account over its estimated useful life of 20 years.

There were no fair value adjustments to the consolidated balance sheet of Chase de Vere Holdings Limited August 1, 2000 which was as follows:

	Stg£m	€ million
Loans and advances to banks	9.7	15.9
Loans and advances to customers	2.1	3.4
Other assets	3.0	4.9
Other liabilities	(5.4)	(8.8)

4 ACQUISITIONS (continued)

	Stg£m	€ million
Net assets acquired	9.4	15.4
Goodwill	112.9	184.7
	122.3	200.1
Consideration	119.6	195.7
Costs of acquisition	2.7	4.4
	122.3	200.1

The consolidated profit after tax for Chase de Vere Holdings Limited for the period from January 1, 2000 to July 31, 2000 was Stg£4.9 million (€8.0 million) (Year ended December 31, 1999: Stg£2.6 million)

A summarised consolidated profit and loss account for the period from August 1, 2000 to March 31, 2001 is as follows:

	Stg£m	€ million
Net interest expense	(3.9)	(6.4)
Other income	21.2	34.5
Operating expenses	(14.8)	(24.1)
Operating profit	2.5	4.0

Bristol & West have included in net interest income Stg£4.4 million (€7.2 million), of finance costs incurred due to the acquisition.

(c) Moneyextra Limited and Moneyextra Mortgages Limited

Moneyextra Limited

On December 27, 2000 the Group's subsidiary Moneyextra Limited (formerly Great Western Financial Services Limited) acquired the business of the Business 2 Customer (''B2C'') division of Moneyextra plc for a cash consideration of Stg£25.9 million (€41.5 million). The results of this business have been consolidated in full from the date of acquisition. The assets acquired were employed within the business of Moneyextra limited and managed on a unified basis. It is therefore not feasible to identify and report separately the results of the acquired business from December 27, 2000. The net assets acquired, being tangible fixed assets, were stg£0.2 million (€0.3 million). There were no fair value adjustments made to the assets acquired.

	Stg£m	€ million
Net assets acquired	0.2	0.3
Goodwill	25.7	41.2
	25.9	41.5
Consideration	25.4	40.7
Costs of acquisition	0.5	0.8
	25.9	41.5

The goodwill on acquisition has been capitalised and will be written off to the profit & loss account over its estimated useful life of 10 years.

4 ACQUISITIONS (continued)

Only certain assets of Moneyextra plc were acquired, being its B2C division. In these circumstances it is not practical to provide details of profits or recognised gains and losses for B2C division of Moneyextra plc for periods before acquisition.

Moneyextra Mortgages Limited

On December 27, 2000 Bristol & West plc completed the purchase of Moneyextra Mortgages Limited for a cash consideration of stg£0.6 million (€1.0 million). The goodwill on acquisition of stg£0.6 million (€1.0 million) has been capitalised and will be written off to the profit and loss account over its estimated useful life of 10 years. There were no fair value adjustments to the assets acquired. The results of the business have been consolidated in full from the date of acquisition. The effect of the results on the Group is not material.

5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended March 31,		
	2002	2001	2000
		(in € millions)	
Loans and advances to banks	314	345	164
Loans and advances to customers	3,105	3,134	2,371
Finance leasing	138	140	89
Instalment credit	80	77	57
	3,637	3,696	2,681

6 INTEREST PAYABLE

	Year ended March 31,		
	2002	2001	2000
		(restated) (in € millions)	
Interest on subordinated liabilities	154	147	92
Other interest payable	2,324	2,568	1,668
	2,478	2,715	1,760

7 OTHER OPERATING INCOME

		Year ended March 31,		
	Note	2002	2001	2000
			(in € millions)	
Profit on disposal of investment securities		2	—	39
Profit on disposal of tangible fixed assets		22	17	23
Securitisation servicing fees	17	11	7	8
Other income		39	40	42
		74	64	112

8 OPERATING EXPENSES

	Note	Year ended March 31, 2002	2001	2000
		(in € millions)		
Staff Costs:				
— wages and salaries		787	685	584
— social security costs		72	55	47
— pension costs		39	16	11
— staff stock issue		8	16	14
— severance packages		2	1	2
		908	773	658
Operating lease rentals:				
— property		20	9	10
— equipment		1	1	1
Other administrative expenses		498	474	379
Total administrative expenses		1,427	1,257	1,048
Depreciation and amortisation:				
— freehold and leasehold property	24	15	14	14
— computer and other equipment	24	125	109	105
— amortisation of goodwill	23	15	7	—
Total depreciation and amortisation		155	130	119
Total operating expenses		1,582	1,387	1,167

Details of Directors' remuneration are set out in the Remuneration Report in Note 43 on pages F-66 to F-72.

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 2002 the charge represents 2% of eligible employees' basic salary (2001: 3.5%, 2000: 3.5%).

Auditors' remuneration (including VAT)

	Notes	2002 ROI	2002 Overseas(i)	2002 Total	2001 Total	2000 Total
			(in € millions)			
Audit and assurance services						
Statutory audit (including expenses)	(ii)	1.2	0.8	2.0	1.9	1.6
Other audit and assurance services	(iii)	1.2	0.5	1.7	1.2	1.2
		2.4	1.3	3.7	3.1	2.8
Other services						
Transaction services	(iv)	0.6	0.1	0.7	0.0	0.8
Taxation services		1.4	1.1	2.5	2.2	1.3
Consultancy	(v)	2.0	6.3	8.3	5.7	0.1
Other services		0.1	0.1	0.2	0.2	0.4
		4.1	7.6	11.7	8.1	2.6
Total		6.5	8.9	15.4	11.2	5.4

8 OPERATING EXPENSES (continued)

The Audit Committee has reviewed the level of fees and is satisfied that it has not affected the independence of the auditors.

(i) Fees to overseas auditors principally consist of fees to PwC in the United Kingdom.

(ii) Statutory audit fees include €0.2 million to Arthur Andersen who are the auditors of a subsidiary company, Davy Stockbrokers.

(iii) Other audit and assurance services consist primarily of fees in connection with reporting to regulators, SEC filings, letters of comfort and the Interim Statement review.

(iv) Transaction services costs relate primarily to financial due diligence assignments.

(v) Consultancy fees relate primarily to work under taken as part of the Group Transformation Programme (see Note 10). It is Group policy to subject all major consultancy assignments to a competitive tender process.

9 EMPLOYEE INFORMATION

In the year ended March 31, 2002 the average full time equivalents was 18,438 (2001:17,356, 2000: 16,400) and categorised as follows in line with the business classes as stated in Note 3 on page F-16 and the details for 2001 have been restated accordingly.

	2002	2001	2000
Retail Republic of Ireland	7,702	7,927	7,556
BOI Life	1,097	1,050	975
Wholesale Financial Services	1,663	1,583	1,280
UK Financial Services	5,369	4,729	4,466
Asset and Wealth Management	662	639	649
Group and Central	1,945	1,428	1,474
	18,438	17,356	16,400

The staff costs in Note 8 are exclusive of staff costs relating to the life assurance business. The contribution from the life assurance business shown in the Consolidated Statement of Income on page F-4 is net of these staff costs.

10 GROUP TRANSFORMATION PROGRAM

The Group's cost reduction program is continuing and a charge of €37 million before tax (€30 million after tax) (2001: €93 million before tax, €72 million after tax) has been recognised in the year to March 31, 2002 for additional severance and implementation costs for the ongoing transformation projects.

11 TAXATION

	2002	2001 (restated)	2000 (restated)
		(in € millions)	
The Group			
Current Tax			
Irish Corporation tax			
Current year	129	95	101
Prior years	—	(4)	(3)
Double taxation relief	(20)	(24)	(23)
Foreign tax			
Current year	50	88	81
Prior years	(9)	—	—
	150	155	156
Deferred taxation			
Domestic	7	40	39
Foreign	7	(6)	(2)
	14	34	37
Associated undertakings and joint ventures	1	1	—
	165	190	193

The tax charge for the year, at an effective rate of 15.2% is lower than the standard Irish Corporation tax rate mainly because of relief arising from tax based lending and the International Financial Services Centre 10% tax rate.

	2002	2001 (restated)	2000 (restated)
		(in € millions)	
The deferred taxation charge arises from:			
Leased assets	12	25	36
Own assets	(4)	6	—
Short term timing differences	6	3	1
	14	34	37

11 TAXATION (continued)

The reconciliation of current tax on profit on ordinary activities at the standard Irish Corporation tax rate to the Group's actual current tax charge for the years ended March 31, 2002, 2001 and 2000 is shown as follows:

	2002	2001	2000
		(restated)	(restated)
		(in € millions)	
Profit on ordinary activities before tax multiplied by the weighted standard rate of Corporate tax in Ireland of 19% (2001: 23%, 2000: 27%)	206	228	249
Effects of:			
Expenses not deductible for tax purposes	7	7	17
Foreign earnings subject to different rates of tax	22	13	—
Tax exempted income and income at a reduced Irish tax rate	(62)	(55)	(70)
Capital allowances in excess of depreciation	(8)	(31)	(36)
Other deferred tax timing differences	(6)	(3)	(1)
Other prior year adjustments	(9)	(4)	(3)
Current tax charge	150	155	156

12 DEPOSIT INTEREST RETENTION TAX

The Bank has reached agreement with the Revenue Commissioners that the sum of €39 million is in full and final settlement of the Bank of Ireland Group's liability for arrears of DIRT (Deposit Interest Retention Tax) including interest and penalties to March 31, 2001. Of the aggregate amount, the sum of €4 million was previously provided.

13 DIVIDENDS

	Year ended March 31,		
	2002	2001	2000
		(in € millions)	
Equity Stock:			
2002			
On units of €0.64 Ordinary Stock in issue Interim dividend 11.6c	117		
Proposed final dividend 21.4c	216		
2001			
On units of €0.64 Ordinary Stock in issue Interim dividend 9.4c		94	
Final dividend 19.6c		196	
2000			
On units of €0.64 Ordinary Stock in issue			
Interim dividend 7.36c			73
Final dividend 16.14c			160
	333	290	233

Holders of Bank of Ireland Ordinary Stock are entitled to receive such dividends out of the profits of the Bank as are available by law for distribution. The Court may, without obtaining prior stockholder approval declare and pay to the stockholders such interim dividends as appear to the Court to be justified by the profits of the Bank. Final dividends must be approved by the stockholders at a general meeting.

13 DIVIDENDS (continued)

No Ordinary Stock dividend can be declared or interim dividend paid unless the dividend on any outstanding preference stock most recently payable shall have been paid in cash.

	Year ended March 31,		
	2002	2001	2000
	(in € millions)		
Non Equity Stock:			
2002			
On units of €1.27 of Non-Cumulative Preference Stock, Dividend €1.5237	10		
On units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg£1.2625	7		
2001			
On units of IR£1 of Non-Cumulative Preference Stock, Dividend IR£ 1.2p		16	
On units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg£1.2625p		10	
2000			
On units of IR£1 of Non-Cumulative Preference Stock, Dividend IR£1.2p			16
On units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg£1.2625p			9
	17	26	25

Dividend payments on Non Cumulative Preference Stock are accrued.

14 EARNINGS PER UNIT OF €0.64 ORDINARY STOCK

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

	2002	2001 (restated)	2000 (restated)
Basic			
Profit attributable to Ordinary Stockholders	€894.5 million	€731.3 million	€692.5 million
Weighted average number of shares in issue	1,005.6 million	996.8 million	1,013.6 million
Basic earnings per share	89.0c	73.4c	68.3c

The calculation of alternative earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders before the Group Transformation Programme, the DIRT settlement for 2001 and goodwill amortisation divided by the weighted average Ordinary Stock in issue.

	2002	2001 (restated)
Alternative		
Basic	89.0c	73.4c
Group Transformation Programme	3.0c	7.2c
DIRT settlement	—	3.2c
Goodwill amortisation	1.4c	0.7c
Alternative earnings per share	93.4c	84.5c

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

14 EARNINGS PER UNIT OF €0.64 ORDINARY STOCK (continued)

	2002	2001 (restated)	2000 (restated)
Diluted			
Profit attributable to Ordinary Stockholders	€894.5 million	€731.3 million	€692.5 million
Average number of shares in issue	1,005.6 million	996.8 million	1,013.6 million
Effect of all dilutive potential Ordinary Stock	9.6 million	8.9 million	5.9 million
	1,015.2 million	1,005.7 million	1,019.5 million
Diluted earnings per share	88.1c	72.7c	67.9c

15 CENTRAL GOVERNMENT AND OTHER ELIGIBLE BILLS

	At March 31, 2002	At March 31, 2001
	(in € millions)	
Investment securities		
— government bills and similar securities	6	5
— other eligible bills	12	—
Other securities		
— government bills and similar securities	61	71
	79	76

16 LOANS AND ADVANCES TO BANKS

	At March 31, 2002	At March 31, 2001
	(in € millions)	
Funds placed with Central Bank of Ireland	101	84
Funds placed with other central banks	814	632
Funds placed with other banks	7,470	7,399
	8,385	8,115
Repayable on demand	1,863	1,914
Other loans and advances to banks by remaining maturity		
— 3 months or less	5,068	4,010
— 1 year or less but over 3 months	1,420	1,723
— 5 years or less but over 1 year	16	468
— over 5 years	18	—
	8,385	8,115

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

17 LOANS AND ADVANCES TO CUSTOMERS

(a) Loans and advances to customers

	At March 31, 2002	At March 31, 2001
	(in € millions)	
Loans and advances to customers	53,559	48,187
Loans and advances to customers — finance leases	2,450	2,471
Hire purchase receivables	1,068	919
	57,077	51,577
Provision for bad and doubtful debts	(500)	(430)
	56,577	51,147
Repayable on demand	2,304	2,234
Other loans and advances to customers by remaining maturity		
— 3 months or less	2,340	2,454
— 1 year or less but over 3 months	4,522	3,206
— 5 years or less but over 1 year	12,309	11,297
— over 5 years	35,602	32,386
	57,077	51,577

The loans accounted for on a non-accrual basis at March 31 2002, amounted to €331 million (2001: €315 million).

(b) Securitisation and loan transfers

The Group has sold the following pools of mortgages.

Year	Securitisations	Notes	Mortgages	Presentation in accounts	Value € million
1993	Private placements with UK financial Institutions	(ii), (v)	Residential	Consolidated	158
1993	Residential Property Securities No. 3 plc (RPS3)	(i),(ii)	Residential	Linked	396
1994	Residential Property Securities No. 4 plc (RPS4)	(i),(iii)	Residential	Linked	816
1997	Residential Property Securities No. 5 plc (RPS5)	(i),(iii)	Residential	Linked	489
2000	Liberator Securities No. 1 plc	(iv)	Residential	Linked	500
2000	Shipshape Residential Mortgages No. 1 plc (SS1)	(vi)	Residential	Linked	490

The Group repurchased the outstanding balance on the 1992 private placement on February 19, 2002.

All the issued shares in the above companies, excluding the private placements, are held by Trusts. The Group does not own directly or indirectly any of the share capital of these companies or their parent companies.

Under the terms of separate agreements, the Group continues to administer the mortgages, for which it receives fees and income. 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.

The Group is not obliged, nor intends to support any losses in respect of the sold mortgages, other than as detailed below.

17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Securitisation and loan transfers (continued)

Repayment of the funding will be made solely from the cashflows generated by the underlying mortgage portfolios. This is clearly stated in the agreements with the providers of the funding. 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. Substantially all of any residue is payable to the Group.

Notes

(i) These companies issued Mortgage Backed Floating Rate Notes ('Notes') to finance the purchase of the mortgage pools. Loan facilities have been made available by the Group to finance certain issue related expenses and loan losses arising on the pools of mortgages sold. The loans are repayable when all Notes have been redeemed subject to the issuer having sufficient funds available.

The companies have hedged their interest rate exposure to fixed rate mortgages using interest exchange agreements with financial institutions including Bank of Ireland and Bank of Ireland Home Mortgages Limited.

The companies are incorporated under the Companies Acts 1985 and are registered and operate in the UK.

(ii) 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% of the original sale proceeds.

(iii) 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 5% of the original sale proceeds.

(iv) The company is incorporated under the Irish Companies Acts 1963 to 2001 and is registered and operates in the Republic of Ireland.

(v) Under the terms of the agreements relating to the private placements, the Group has agreed to support losses to a maximum of Stg£1.2 million. The providers of finance have agreed that they will seek no further recourse to the Company above this amount.

(vi) Under the terms of this issue, the Group is not obliged to repurchase any of the assets or to transfer in any additional assets, except in respect of individual mortgages in breach of warranty.

A summarised profit and loss account for the periods to March 31, 2002, 2001 and 2000 for RPS3, RPS4, RPS5, Liberator Securities No. 1, SS 1 and the private placement of €236 million is set out below:

	At March 31,		
	2002	2001	2000
	(in € millions)		
Interest receivable	77	99	55
Interest payable	(67)	(89)	(50)
Fee income	2	2	4
Deposit income	4	4	3
Operating expenses	(5)	(9)	(4)
Profit for the financial period	11	7	8

17 LOANS AND ADVANCES TO CUSTOMERS (continued)

(c) Concentration of exposure to credit risk

The Group's exposure to credit 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 53% of the total loans and advances to customers, 28% of the loans and advances in the Republic of Ireland and 76% in the United Kingdom.

(d) Leasing and hire purchase

	At March 31,	
	2002	2001
	(in € millions)	
Amount receivable by remaining maturity		
— within 1 year	1,059	724
— 5 years or less but over 1 year	1,184	1,352
— over 5 years	1,275	1,314
	3,518	3,390

The cost of assets acquired for finance leases and hire purchase contracts, net of grants received or receivable, amounted to €1,052 million (2001: €1,136 million).

Aggregate amounts receivable including capital repayments during the year in respect of finance leases and hire purchase contracts amounted to €1,061 million (2001: €1,344 million).

18 PROVISION FOR BAD AND DOUBTFUL DEBTS

	Year ended March 31,		
	2002	2001	2000
	(in € millions)		
At April 1,	430	398	359
Exchange adjustments	4	(8)	22
Charge against profits	102	72	56
Amounts written off	(55)	(49)	(57)
Recoveries	19	17	18
At March 31,	500	430	398
All of which relates to loans and advances to customers			
Provisions at March 31,			
— specific	159	123	115
— general	341	307	283
	500	430	398

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 €167 million (2001: €160 million, 2000: €141 million) and a non designated element, for prudential purposes of €174 million (2001: €147 million, 2000: €142 million). The non designated element will be offset, in certain pre-defined circumstances, against specific loan losses as they crystallise in future years.

19 DEBT SECURITIES

	At March 31, 2002			
	Book Value	Gross Unrealised Gains	Gross Unrealised Losses	Fair Value
	(in € millions)			
Issued by Public Bodies				
Investment securities				
— government securities	674	33	(14)	693
Other securities				
— government securities	1,938			1,938
— other public sector securities	—			—
	1,938			1,938
Issued by Other Issuers				
Investment securities				
— bank and building society certificates of deposit	728	—	—	728
— other debt securities	6,886	71	(33)	6,924
	7,614	71	(33)	7,652
Other securities				
— bank and building society certificates of deposit	31			31
— other debt securities	628			628
	659			659
	10,885	104	(47)	10,942

19 DEBT SECURITIES (continued)

	At March 31, 2001			
	Book Value	Gross Unrealised Gains	Gross Unrealised Losses	Fair Value
	(in € millions)			
Issued by Public Bodies				
Investment securities				
— government securities	173	11	—	184
Other securities				
— government securities	1,754			1,754
— other public sector securities	14			14
	1,768			1,768
Issued by Other Issuers				
Investment securities				
— bank and building society certificates of deposit	453	—	—	453
— other debt securities	5,153	25	(4)	5,174
	5,606	25	(4)	5,627
Other securities				
— bank and building society certificates of deposit	13			13
— other debt securities	969			969
	982			982
	8,529	36	(4)	8,561

	Year ended March 31,	
	2002	2001
	(in € millions)	
Investment securities		
listed	7,226	4,709
unlisted	1,062	1,070
	8,288	5,779
Other securities		
listed	2,213	2,533
unlisted	384	217
	2,597	2,750
Unamortised premiums and discounts on investment securities	(2)	(1)

Income from listed and unlisted investments amounted to €436 million (2001: €448 million, 2000: €337 million).

19 DEBT SECURITIES (continued)

Investment securities' movements	Cost	Discount/ (Premium)	Carrying Value
		(in € millions)	
At April 1, 2001	5,826	(47)	5,779
Exchange adjustments	48	—	48
Acquisitions	4,855	—	4,855
Disposals and redemptions	(2,394)	—	(2,394)
At March 31, 2002	8,335	(47)	8,288

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
Analysed by remaining maturity:		
Due within one year	2,446	2,157
Due one year and over	8,439	6,372
	10,885	8,529

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 €2,756 million (2001: €1,413 million).

Debt securities with a market value of €2,800 million (2001: €2,689 million) were pledged as collateral to cover settlement risk for securities' transactions.

20 EQUITY SHARES

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
At April 1	144	15
Net increase during the year	—	129
Net decrease during the year	(125)	—
At March 31	19	144

21 INTERESTS IN ASSOCIATED UNDERTAKINGS

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
At April 1	14	14
Increase in investments	5	5
Decrease in investments	(8)	(12)
Retained profits	5	7
At March 31	16	14

In presenting details of the associated undertakings of the 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.

22 INTEREST IN JOINT VENTURES

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
At April 1	9	0
Acquisitions	—	9
Retained profits/losses	(5)	—
At March 31	4	9

23 INTANGIBLE FIXED ASSETS

	The Group 2002	The Group 2001
	(in € millions)	
Cost		
At April 1	234	9
Goodwill arising on acquisitions during the year	57	227
Exchange adjustments	2	(2)
At March 31	293	234
Amortisation		
At April 1	7	—
Charge for year	15	7
At March 31	22	7
Net Book Value	271	227

The details relating to the acquisition of MX Financial Holdings Limited are set out in Note 4.

24 TANGIBLE FIXED ASSETS

	Freehold land and buildings	Leases of 50 years or more unexpired	Leases of less than 50 years unexpired	Computer and other equipment	Finance lease assets	Payments on account and assets in the course of construction	Total
				(in € millions)			
Cost or valuation							
At April 1, 2001	577	110	54	946	12	—	1,699
Exchange adjustments	2	—	—	2	—	—	4
Additions	21	—	17	223	—	70	331
Disposals	(17)	(84)	—	(26)	—	—	(127)
Acquisition of subsidiary	—	—	—	3	—	—	3
At March 31, 2002	583	26	71	1,148	12	70	1,910
Accumulated depreciation and amortisation							
At April 1, 2001	—	—	—	542	7	—	549
Exchange adjustments	—	—	—	1	—	—	1
Disposals	—	—	—	(14)	—	—	(14)
Charge for year	7	—	7	125	1	—	140
At March 31, 2002	7	—	7	654	8	—	676
Net book value							
At March 31, 2002	576	26	64	494	4	70	1,234
At March 31, 2001	577	110	54	404	5	—	1,150

Property and Equipment

A revaluation of all Group property, with the exception of property identified as surplus to requirements under the Group Transformation Programme, was carried out as at March 31, 2001. All freehold and long leasehold (50 years or more unexpired) commercial properties were valued by Jones Lang LaSalle as external valuers, who also reviewed the valuation carried out by the Bank's professionally qualified staff of all other property. The valuation was undertaken in accordance with the requirements of FRS 15 and the Appraisal & 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 March 31, 2002 on a historical cost basis the cost of group property would have been included at €449 million (2001: €510 million) less accumulated depreciation €69 million (2001: €55 million). The Group occupies properties with a net book value of €612 million (2001: €625 million) in the course of carrying out its own activities.

24 TANGIBLE FIXED ASSETS (continued)

In the year to March 31, 2002 salary and other costs of €83 million (2001: €44 million) 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 ranging between five and ten years.

	Year ended March 31,	
	2002	2001
	(in € millions)	
Tangible fixed assets leased	52	107

	Year ended March 31,	
	2002	2001
	(in € millions)	
Future capital expenditure		
— contracted but not provided in the accounts	21	39
— authorised by the Directors but not contracted	11	37

Rentals payable in 2002 under non-cancellable operating leases amounted to €51 million (2001: €44 million). Of this amount €5 million (2001: €2 million) relates to leases expiring within one year, €8 million (2001: €9 million) relates to leases expiring in two to five years and €38 million (2001: €33 million) relates to leases expiring after five years, split between property €51 million and equipment €nil.

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

Year ended March 31	Payable	Receivable
	(in € millions)	
2003	51	3
2004	47	3
2005	43	2
2006	41	2
2007	39	2
Thereafter	614	10

The obligations under finance leases amount to €5.3 million (2001: €6.4 million) of which €0.9 million (2001: €1.1 million) is due within one year, €3.7 million (2001: €3.7 million) is due after more than one year but within five years and €0.7 million (2001: €1.6 million) is due after five years.

25 OTHER ASSETS

	Year ended March 31,	
	2002	2001
	(in € millions)	
Sundry debtors	967	1,420
Foreign exchange and interest rate contracts	777	796
Value of life assurance business in force	443	368
Other	130	143
	2,317	2,727

26 LIFE ASSURANCE BUSINESS

The life assurance assets attributable to policyholders consist of:

	2002	2001
	(in € millions)	
Property	381	377
Fixed interest securities	1,598	1,469
Other securities	3,325	2,770
Bank balances and cash	275	311
Income receivable	57	58
Other assets	30	31
Other liabilities	(11)	(29)
	5,655	4,987

The net assets attributable to stockholders from the life assurance business are analysed as follows:

	2002	2001
	(in € millions)	
Long term assurance business		
Net tangible assets of life companies including surplus	260	211
Value of life assurance business in force	443	368
	703	579
Increase in net tangible assets of life companies including surplus	49	43
Increase in value of life assurance business in force	75	86
Profit after tax	124	129

The net assets above of €703 million is before payment of dividend, €20 million to the Governor and Company of the Bank of Ireland and other capital movements €20 million.

Value of in-force business

The principal assumptions used in the calculation of shareholders' value of in-force business are:

	2002	2001
Risk adjusted discount rate (net of tax)	11%	11%
Gross investment return	6.5%	6.5%

26 LIFE ASSURANCE BUSINESS (continued)

Mortality Rates	Based on actual experience
Lapse Rates	Based on actual experience on each block of business.
Asset Values	The value of unit-linked assets used to project future management charges is based on actual market values. Assets supporting the solvency margin are not discounted.

The prudent best estimates are reviewed annually and are adjusted to reflect material change in recent actual experience.

Embedded Value Profits:

The profit, derived using the Embedded Value method, is analysed into five categories:

- A contribution from new business, comprising the additional value added after providing for the return equal to the risk adjusted discount rate on capital employed in writing the new business;
- A contribution from in-force business at the beginning of the year, comprising interest at the risk adjusted discount rate on the value of in-force business together with the effect of any deviations in experience compared with the assumptions, excluding any investment variance;
- Investment earnings on the net assets attributable to shareholders;
- Investment variance, which represents the difference between the actual and expected return on unit-linked assets and the impact this has on management charges in the current and future years. In 2002 this variance also includes the effect of the cessation of smoothing of the investment return.
- Changes in assumptions and exceptional items expected to be non-recurring.

Premium Income Analysis

The table below sets out the levels of gross premiums and new business written for 2002 and 2001.

	Individual		Group	
	Life	Pensions	Contracts	Total
	(in € millions)			
Gross premiums written — 2002				
Recurring premiums	308	197	11	516
Single premiums	404	198	23	625
Total gross premiums written	712	395	34	1,141
Gross premiums written — 2001				
Recurring premiums	260	154	10	424
Single premiums	599	118	25	742
Total gross premiums written	859	272	35	1,166
Gross new business premiums written — 2002				
Recurring premiums	148	77	2	227
Single premiums	404	198	23	625
Total gross new business written	552	275	25	852

26 LIFE ASSURANCE BUSINESS (continued)

	Individual			
	Life	Pensions	Group Contracts	Total
	(in € millions)			
Gross new business premiums written — 2001				
Recurring premiums	78	61	3	142
Single premiums	599	118	25	742
Total gross new business written	677	179	28	884

27 DEPOSITS BY BANKS

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
Deposits by Banks	12,583	11,664
of which:		
Domestic	10,900	10,217
Foreign	1,683	1,447
	12,583	11,664
Repayable on demand	3,476	2,711
Other deposits by remaining maturity		
— 3 months or less	6,542	6,263
— 1 year or less but over 3 months	2,514	1,789
— 5 years or less but over 1 year	32	487
— over 5 years	19	414
	12,583	11,664

28 CUSTOMER ACCOUNTS

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
Current accounts	8,924	7,499
Demand deposits	22,854	16,924
Term deposits and other products	18,638	20,754
Other short-term borrowings	695	453
	51,111	45,630
of which:		
Non interest bearing current accounts		
Domestic	6,115	5,049
Foreign	769	689
	6,884	5,738

28 CUSTOMER ACCOUNTS (continued)

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
Interest bearing current accounts and short term borrowings		
Domestic	20,094	17,391
Foreign	24,133	22,501
	44,227	39,892
Repayable on demand	31,767	24,842
Other deposits with agreed maturity dates or periods of notice, by remaining maturity		
— 3 months or less	12,477	12,457
— 1 year or less but over 3 months	3,331	4,699
— 5 years or less but over 1 year	2,549	2,900
— over 5 years	987	732
	51,111	45,630

29 DEBT SECURITIES IN ISSUE

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
Bonds and medium term notes by remaining maturity		
— 3 months or less	23	—
— 1 year or less but over 3 months	227	—
— 5 years or less but over 1 year	2,889	2,644
Other debt securities in issue by remaining maturity		
— 3 months or less	2,227	1,731
— 1 year or less but over 3 months	997	476
— 5 years or less but over 1 year	11	165
	6,374	5,016

30 OTHER LIABILITIES

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
Current taxation	151	153
Notes in circulation	785	605
Foreign exchange and interest rate contracts	720	786
Sundry creditors	1,017	1,460
Other	744	736
Dividends	216	196
	3,633	3,936

30 OTHER LIABILITIES (continued)

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.

31 DEFERRED TAXATION

	Year ended March 31, 2002	Year ended March 31, 2001 (restated)
	(in € millions)	
Taxation treatment of capital allowances:		
— finance leases	125	113
— equipment used by group	11	20
Other short term timing differences	(47)	(61)
	89	72
At April 1, as previously reported	72	86
Prior year adjustment — prior to April 1, 2000	—	(26)
Prior year adjustment — year ended March 31, 2001	—	(6)
	72	54
Charge for year	14	40
Other movements	3	(22)
As at March 31,	89	72

No account is taken of the liability to taxation which could arise if property was disposed of at its book value, as rollover relief is expected to be available.

32 OTHER PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions obligations	Group Transformation Programme	Other	Total
		(in € millions)		
At April 1, 2001	69	55	72	196
Exchange adjustments	—	—	1	1
Provisions made	33	15	5	53
Provisions utilised	(9)	(33)	(41)	(83)
Provisions released	—	(3)	(7)	(10)
Share of provisions of subsidiaries acquired	—	—	2	2
At March 31, 2002	93	34	32	159

33 SUBORDINATED LIABILITIES

	Year ended March 31, 2002	2001 (restated)
	(in € millions)	
Undated Loan Capital		
Bank of Ireland		
US$150m Undated Floating Rate Primary Capital Notes	170	168
Bank of Ireland UK Holdings plc		
€600 million 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	593	593
Bristol & West	202	200
Stg£75m 13⅜% Perpetual Subordinated Bonds	965	961
Dated Loan Capital		
Bank of Ireland		
Stg£100m 9.75% Subordinated Bonds 2005	163	161
US$175m Subordinated Floating Rate Notes 2007	201	198
Stg£200m Subordinated Floating Rate Notes 2009	326	323
€750 million 6.45% Subordinated Bonds 2010	747	747
Bristol & West		
Stg£75m 10¾% Subordinated Bonds 2018	122	120
	1,559	1,549
	2,524	2,510
Repayable		
in 1 year or less	—	—
Between 2 and not more than 5 years	163	162
5 years or more	1,396	1,387
	1,559	1,549

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

On 7 March 2001 Bank of Ireland UK Holdings plc (the Issuer) issued €600 million 7.4% Guaranteed Step-up Callable Perpetual Preferred Securities (the Preferred Securities) which have the benefit of a subordinated guarantee by the Bank.

The Preferred Securities are perpetual securities and have no maturity date. However, they are redeemable in whole or in part at the option of the Issuer subject to the prior consent of the Central Bank of Ireland and of the Bank, at their principal amount together with any outstanding payments on 7 March 2011 or any coupon payment date thereafter.

The Preferred Securities bear interest at a rate of 7.40% per annum to 7 March 2011 and thereafter at a rate of three month EURIBOR plus 3.26% per annum, reset quarterly.

The rights and claims of the holder of the Preferred Securities are subordinated to the claims of the senior creditors of the Issuer or of the Bank (as the case may be) in that no payment in respect of the Preferred Securities or the guarantee in respect of them shall be due and payable except to the extent that the Issuer or the Bank (as

33 SUBORDINATED LIABILITIES (continued)

applicable) is solvent and could make such payment and still be solvent immediately thereafter. Upon any winding up of the Issuer or the Bank, the holders of the Preferred Securities will rank pari passu with the holders of the most senior class or classes of preferences shares or stock (if any) of the issuer or of the Bank then in issue and in priority to all other shareholders of the Issuer and of the Bank.

The Bristol & West 13⅜% perpetual subordinated bonds have a nominal value of Stg£75m and were revalued as part of the fair value adjustments on acquisition.

The Bank issued Stg£100m 9.75 per cent Subordinated Bonds due 2005 on March 21, 1995. The Bank set up a Stg£500 million Euro Note Programme ("the Programme") in July 1995 and issued Stg£200 million Subordinated Floating Rate Notes due 2009 on February 11, 1997. The Programme was increased to Stg£1 billion in July 1997 and the Bank issued US$175 million Subordinated Floating Rate Notes due 2007 on September 4, 1997. On November 9, 1999 the Programme was redenominated from sterling to euro and increased to €4 billion. On February 10, 2000 the Bank issued €600 million 6.45 per cent Subordinated Bonds due 2010. On January 22, 2001 the Bank issued an additional €150 million 6.45 per cent subordinated bonds due 2010 which are fungible and form a single series with the €600 million issued in February 2000. The Bonds and Notes constitute unsecured obligations of the Bank subordinated in right of payments to the claims of depositors and other unsubordinated creditors of the Bank and rank pari passu without any preference among themselves. In April 2001 the programme was increased from €4 billion to €8 billion.

Interest rates on the floating rate and fixed rate subordinated liabilities (accommodated through swaps) 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.

34 MINORITY INTEREST — NON EQUITY

	Year ended March 31, 2002	2001
	(in € millions)	
Bristol & West		
Stg£50.4m 8⅛% Non-Cumulative Preference Shares of Stg£1 each	82	81
	82	81

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.

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 May 15 and November 15 each year. Bank of Ireland Group holds 35.8% of these shares.

34 MINORITY INTEREST — NON EQUITY (continued)

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.

35 CAPITAL STOCK

	Year ended March 31, 2002	Year ended March 31, 2001
	(in € millions)	
Authorised		
1,500m units of €0.64 of Ordinary Stock	960	960
8m units of Non-Cumulative Preference Stock of US$25 each	229	226
100m units of Non-Cumulative Preference Stock of Stg£1 each	163	162
100m units of Non-Cumulative Preference Stock of €1.27 each	127	127
	1,479	1,475
Allotted and fully paid		
Equity		
1,007.6m units of €0.64 of Ordinary Stock	645	641
42.6m units of €0.64 of Treasury Stock	27	29
Non equity		
1.9m units of Non-Cumulative Preference Stock of Stg£1 each	3	8
3.0m units of Non-Cumulative Preference Stock of €1.27 each	4	13
	679	691

The weighted average Ordinary Stock in issue at March 31, 2002, used in the earnings per unit of Ordinary Stock calculation, excludes the Treasury Stock which does not represent Ordinary Stock in issue, (See Note 14), 42,557,815 units of Treasury Stock remained as at March 31, 2002. This Treasury Stock does not rank for dividend.

Movements in issued Ordinary Stock

At April 1, 2001	1,001,288,093
Stock issued in lieu of dividends	3,786,222
Stock options	2,455,672
Non pre-emptive issue	27,687
At March 31, 2002	1,007,557,674

During the year the total Ordinary Stock in issue increased from 1,001,288,093 units of nominal value of €0.64 each to 1,007,557,674 units of nominal value of €0.64 each as follows:

3,786,222 units of Ordinary Stock were issued in July 2001 to those holders of Ordinary Stock who elected, under the Stock Alternative Scheme, to receive additional units of Ordinary Stock at a price of €11.05 per unit, instead of all or part of the cash element of their 2000/2001 Final Dividend, by the re-issue of units of Treasury Stock.

35 CAPITAL STOCK (continued)

Also in July 2001, following approval of the stockholders at the Annual General Court, 27,687 units of stock were allotted to stockholders in a non pre-emptive manner to eliminate fractions of stock and to ''round up'' existing holdings of fractional units of Ordinary Stock to the nearest whole unit.

During the year 2,446,062 units of Ordinary Stock were issued to option holders on the exercise of their options under the terms of the Senior Executive Stock Option Scheme at prices ranging between €1.436 and €8.933, by the re-issue of units of Treasury Stock.

During the year 9,610 units of Ordinary Stock were issued to Sharesave option holders on the exercise of their options under the terms of the Sharesave Scheme (''SAYE Scheme') at a price of €5.40, by the re-issue of units of Treasury Stock.

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

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 euro Preference Stock (formerly the Irish Pound Preference Stock) will be payable in euro in a gross amount of €1.523686 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 holders of Preference Stock 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 holders of Ordinary Stock.

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 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.

During the year 3,123,910 units of the Sterling Preference Stock and 7,473,402 units of euro Preference Stock were bought back by the Bank at a cost of €261 million. As at March 31, 2002 1,876,090 units of Sterling Preference Stock and 3,026,598 units of euro Preference Stock were in issue.

Use of Ordinary Stock in employee stock schemes

(a) 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 this 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 Scheme to enable them to acquire units of Ordinary Stock on behalf of the Scheme participants. The amount set aside is related to overall Group performance assessed both in terms of real growth in earnings per share (''EPS'') and how that real growth in EPS compares with that

35 CAPITAL STOCK (continued)

(a) Employee Stock Issue Scheme (continued)

experienced by a peer group of Irish and UK financial institutions. 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. The maximum distribution under the Schemes is 4% of a participant's salary. To-date, annual distributions under the Schemes have ranged between nil and 3.5% of each participant's salary.

(b) Sharesave Scheme ("SAYE Scheme")

At the 1999 Annual General Court the Stockholders approved the establishment of a SAYE Scheme. Under this Scheme, which has an Irish and UK version in order to conform with the relevant revenue legislation in both jurisdictions, all employees of the Bank and of certain subsidiaries are eligible to participate provided they are employed by the Bank on the day that the invitation to participate issues and on the day that the grant of options is made. This Scheme was launched in February 2000 and options to purchase units of Ordinary Stock were granted to participating employees at an option price of €5.40 which represented a 20% discount to the then market price. As at May 1, 2002 there are outstanding options under the scheme over 13,326,453 units of Ordinary Stock (1.32% of the issued ordinary capital) these options are ordinarily exercisable, provided the participant's savings contracts are complete, between May 2003 and May 2007.

(c) Stock Option Scheme

Options to subscribe for units of Ordinary Stock are granted under the terms of the Stock Option Scheme. The original scheme was approved by the Stockholders at the Annual General Court in July 1986 and its successor 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 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. The performance condition for options granted in 1996, up to and including 1999 have been satisfied. Options may not be transferred or assigned and may be exercised only between the third and tenth anniversaries of their grant. During the year 75,000 options lapsed. The market price of the Bank's Ordinary Stock at March 31, 2002 was €12.41 (2001: €9.41) and the range during the year to March 31, 2002 was €7.85 to €12.61. Outstanding options under the Stock Option Scheme are exercisable at prices ranging between €0.982 to €11.05 between now and November 2011. At March 31, 2002, options were outstanding in respect of 6,645,742 units, 0.66% of the stock in issue (2001: 8,180,804 units).

(d) Long Term Performance Stock Plan

This Plan, approved by the Stockholders in 1999 links the number of units of stock receivable by participants, to the Group's Total Shareholder Return (''TSR''). TSR represents stock price growth plus dividends.

Each year selected key senior executives participating in the Plan receive a conditional award of a number of units of Ordinary Stock. (The maximum value of these units may not exceed 40% of the executive's salary at the

35 CAPITAL STOCK (continued)

(d) Long Term Performance Stock Plan (continued)

time of the award). The proportion of these units which actually vest in the executive on the 3rd anniversary of the date of the original award is based on the Bank's TSR relative to other companies as follows:

- Before any proportion of a conditional award may vest, the cumulative growth in the Group's EPS must exceed the annual CPI plus 5%, compounded over the three years from the date of the award.
- Provided this condition has been satisfied, the proportion of the award which vests after 3 years is based on the Group's TSR relative to other companies both in a peer group of Irish and UK financial institutions and in relation to the FTSE-100 companies as follows:

LEVEL OF VESTING AS A % OF AWARD				
TSR ranking relative to Peer Group	**% Vesting**	**TSR ranking relative to FTSE 100**	**% Vesting**	**Total %**
1st or 2nd	50%	Top Decile	50%	100%
3rd or 4th	40%	Top Quartile	40%	80%
5th (Median)	25%	Median to Top Quartile	25%	50%
Below Median	Nil	Below Median	Nil	Nil

- Additionally 80% of stock which vests in an executive must be held for a further two years following which, provided the executive is still employed by the Group, he or she will be awarded additional units of stock not exceeding 20% of the units which had vested and were held. If the original units which vested continue to be held for a further 5 years (ie 10 years from the date of the original conditional award) and the executive remains in the employment of the Group, he will be awarded a further 30% of the units which originally vested and were held.

As at March 31, 2002 conditional awards totalling 644,825 units of stock were outstanding to the current participants of this plan.

(e) Limitations on Employee Stock Issue and Stock Option Schemes

All of the above stock issue and stock option schemes are subject to a range of flow rate controls approved by the Stockholders and which conform to current institutional investor guidelines.

36 RESERVES

	At March 31, 2002	At March 31, 2001
	(in € millions)	
Stock premium account		
Opening balance	726	679
Premium on issue of capital stock	7	9
Premium on stock alternative scheme issue	39	40
Exchange adjustments	1	(2)
Closing balance	773	726
Capital reserve		
Opening balance	311	232
Transfer from revenue reserves	73	101
Transfer to revenue reserves	(1)	(22)
Capital Redemption Reserve Fund(1)	14	—
Closing balance	397	311
Profit and loss account		
Opening balance	1,850	1,510
Prior year adjustments	—	26
	1,850	1,536
Profit retained	489	340
Exchange adjustments	21	(48)
Transfer to capital reserves	(14)	—
Preference Stock buyback	(247)	—
Transfer from revaluation reserve	45	—
Tax effect of disposal of revalued property	(2)	—
Transfer from capital reserve	1	22
Closing balance	2,143	1,850
Revaluation reserve		
Opening balance	252	168
Revaluation of property	—	85
Exchange adjustments	1	(1)
Transfer to revenue reserves on sale of property	(45)	
Closing balance	208	252

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

37 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.

The Group has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by this standard. Accounting for pensions under FRS 17 will not be mandatory for the

37 PENSION COSTS (continued)

Group until year ended 31 March 2004 and prior to this, phased transitional disclosures are required by this standard and these additional disclosures are set out in (b).

(a) SSAP 24 Pension disclosures

An independent actuarial valuation of the Bank of Ireland Staff Pensions Fund (the main scheme) was carried out by Watson Wyatt, consulting actuaries as at 31 March, 2001 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 March 31, 2001 was €2,762.6 million and the actuarial value of the net assets, after allowing for expected future increases in earnings and pensions, represented 119 percent of the benefits that had accrued to members. The surplus is being corrected by charging to the surplus the cost of pension augmentations and by the Bank ceasing its contributions to the scheme until at least the next actuarial valuation, which will be carried out as at March 31, 2004. The accounting treatment that has been adopted in accordance with SSAP 24 is as follows:-

- the actuarial surplus is being spread over the average remaining service lives of current employees;
- a provision of €73 million (2001: €54 million) in regard to the main scheme is included in the accounts being the excess of the accumulated pension charge over the amount funded;
- the amortisation of the surplus gives rise to a net cost of €19 million in relation to the main scheme, compared to a net credit of €2.5 million in 2001.

The total pension charge for the Group in respect of the year ended March 31, 2002 was €39 million (2001: €16 million).

(b) FRS 17 Pension disclosures

The additional disclosures required by FRS 17 in relation to the defined benefit plans in the Group are set out below.

Major assumptions	Weighted average
	%
Rate of general increase in salaries	3.26%
Rate of increase in pensions in payment	2.91%
Rate of increase to deferred pensions	2.5%
Discount rate for scheme liabilities	6.0%
Inflation rate	2.5%

37 PENSION COSTS (continued)

(b) FRS 17 Pension disclosures (continued)

The expected long term rate of returns and market value of the assets of the material defined benefit plans at March 31, 2002 were as follows:-

	Market value (in € millions)	Expected long term rate of return
Equities	2,484	7.5%
Bonds	579	5.5%
Property	329	6.5%
Other	89	4.5%
Total market value of schemes' assets	3,481	
Present value of schemes' liabilities	2,908	

	(in € millions)
Aggregate deficits in schemes	(30)
Aggregate surplus in schemes	603
Overall surplus in schemes	573
Related deferred tax liability	67
Net pension asset	506

If the above amounts had been recognised in the accounts, the net assets and profit and loss account reserves at March 31, 2002, would be as follows:-

	(in € millions)
Net assets of the Group excluding pension asset	4,200
Net pension asset	506
Net assets of the Group including pension asset	4,706
Profit and loss account reserve excluding pension asset	2,143
Pension reserve	506
Profit and loss account reserve including pension asset	2,649

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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”).

Details of the objectives, policies and strategies arising from the Group's use of financial instruments, including derivative financial instruments and market risk exposures presented in Item 11 — “Market Risk” on pages 82 to 90 (up to and including the paragraphs on operational risk), excluding the following sections entitled Country/Bank Limits, Review, Provisions and allowances for loan losses on pages 85 and 86.

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

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.

The underlying principal amounts and replacement cost, by residual maturity of the Group's over-the-counter and other non-exchange traded derivatives are presented in the table below. This table does not include exchange traded contracts which are included in the following Trading Instruments table and Non Trading Derivatives table.

	March 31, 2002				March 31, 2001
	Within one Year	One to five years	Over five years	Total	Total
	(in € millions)				
Underlying Principal Amount:					
Exchange Rate Contracts	7,832	3,249	347	11,428	14,263
Interest Rate Contracts	29,920	24,640	10,298	64,858	46,819
Equity Contracts	518	1,777	564	2,859	2,360
Replacement Cost					
Exchange Rate Contracts	347	138	48	533	549
Interest Rate Contracts	155	296	147	598	583
Equity Contracts	44	14	—	58	121

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

	March 31, 2002			March 31, 2001
	Financial	Non-Financial	Total	Total
	(in € millions)			
Exchange Rate Contracts	460	73	533	549
Interest Rate Contracts	519	79	598	583
Equity Contracts	58	—	58	121
	1,037	152	1,189	1,253

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

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 March 31, 2002 and 2001:

	2002		
	Underlying Principal Amount(1)	Fair Value	Average Fair Value
	(in € millions)		
Interest rate contracts:			
Interest rate swaps	47,002		
in a favourable position		447	488
in an unfavourable position		(368)	(399)
Interest rate caps, floors & options held	4,305		
in a favourable position			
in an unfavourable position		3	8
Interest rate caps, floors & options written			
in a favourable position	3,514		
in an unfavourable position			
Forward rate agreements		(2)	(2)
in a favourable position			
in an unfavourable position	1,438		
		1	1
Financial futures		(1)	(1)
in a favourable position			
in an unfavourable position	1,161		
		—	—
		—	—
	57,420	80	
Foreign exchange contracts:			
Forward foreign exchange			
in a favourable position	6,163		
in an unfavourable position		41	50
		(49)	(73)
	6,163	(8)	
	63,583		

(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.

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	2001		
	Underlying Principal Amount(1)	Fair Value	Average Fair Value
	(in € millions)		
Interest rate contracts:			
Interest rate swaps	32,720		
in a favourable position		425	323
in an unfavourable position		(347)	(246)
Interest rate caps, floors & options held	5,009		
in a favourable position		15	24
in an unfavourable position		—	—
Interest rate caps, floors & options written	3,765		
in a favourable position		—	—
in an unfavourable position		(2)	(2)
Forward rate agreements	1,876		
in a favourable position		1	1
in an unfavourable position		(2)	(1)
Financial futures	1,854		
in a favourable position		—	—
in an unfavourable position		—	—
	45,224	90	
Foreign exchange contracts:			
Forward foreign exchange	9,623		
in a favourable position		111	145
in an unfavourable position		(123)	(138)
	9,623	(12)	
	54,847		

(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.

	At March 31,		
	2002	2001	2000
	(in € millions)		
Dealing profits			
Securities and interest rate contracts	28	69	18
Foreign exchange contracts	26	31	25
Equity contracts	11	1	1
Total	65	101	44

Dealing profits include the profits and losses arising on the purchase, and sale or revaluation of trading instruments. It excludes the interest receivable and the related funding cost of holding such instruments, and also excludes the administrative expenses of trading activities.

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Non Trading Derivatives

The Group has significant business activities in a range of currencies.

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.

The following tables represent the underlying principal amounts, average maturities and fair values by class of instrument utilised for non trading activities for the Group at March 31, 2002 and 2001.

	March 31, 2002				
	Underlying Principal Amount	Weighted Average Maturity	Weighted Average Receive Rate	Weighted Average Pay Rate	Fair Value
	€m	in Years	%	%	€m
Interest Rate Contracts:					
Interest Rate Swaps					
— receive fixed					
1 year or less	5,911	0.33	3.82	3.55	52
1-5 years	2,637	2.42	1.01	3.10	54
5-10 years	728	6.33	1.25	2.93	3
Interest Rate Swaps					
— pay fixed					
1 year or less	728	0.34	3.43	4.20	(7)
1-5 years	1,356	2.03	2.31	4.30	(115)
5-10 years	568	5.68	2.47	4.90	(32)
Over 10 years	754	15.44	3.33	5.60	(17)
Interest Rate Swaps					
— pay and receive floating					
1 year or less	50	0.67	3.11	3.22	—
1-5 years	261	2.88	3.29	3.07	7
5-10 years	189	6.61	3.94	3.89	4
Over 10 years	446	28.71	4.00	3.44	3

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	March 31, 2002				
	Underlying Principal Amount	Weighted Average Maturity	Weighted Average Receive Rate	Weighted Average Pay Rate	Fair Value
	€m	in Years	%	%	€m
Forward Rate Agreements loans					
1 year or less	8	0.99	—	5.28	—
Interest Rate Caps					
1 year or less	33	0.33	7.29	1.12	—
1-5 years	172	4.0	6.09	0.0	—
Interest Rate Floors					
1-5 years	20	0.54	1.22	4.22	—
1-5 years	—	—	—	—	—
	13,861				(48)

	March 31, 2002		
	Underlying Principal Amount	Weighted Average Maturity	Fair Value
	€m	in Years	€m
Exchange Rate Contracts:			
Forward Foreign Exchange			
1 year or less	1,558	0.17	281
1-5 years	155	1.70	—
Currency Swaps			
1 year or less	286	0.50	8
1-5 years	2,887	1.90	62
5-10 years	257	6.29	14
Over 10 years	89	11.95	17
Currency Options			
1 year or less	19	0.43	—
	5,251		382
Equity and Commodity Contracts:			
Equity Index Linked Contracts held			
1 year or less	518	0.42	61
1-5 years	1,777	3.03	(172)
5-10 years	564	5.48	(99)
	2,859		(210)
	21,971		124

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	March 31, 2001				
	Underlying Principal Amount	Weighted Average Maturity	Weighted Average Receive Rate	Weighted Average Pay Rate	Fair Value
	€m	in Years	%	%	€m
Interest Rate Contracts:					
Interest Rate Swaps					
— receive fixed					
1 year or less	2,593	0.4	4.9	5.1	36
1-5 years	2,116	2.7	2.2	5.5	31
5-10 years	462	5.9	1.0	5.1	1
Interest Rate Swaps					
— pay fixed					
1 year or less	782	0.4	5.6	7.0	(8)
1-5 years	842	3.7	6.3	7.5	(68)
5-10 years	245	6.6	5.2	6.4	(17)
Over 10 years	901	15.6	5.0	5.8	(38)
Interest Rate Swaps					
— pay and receive floating					
1 year or less	74	0.1	7.1	5.5	1
1-5 years	210	2.9	5.3	5.3	1
5-10 years	183	6.8	5.4	2.5	9
Over 10 years	490	29.8	4.6	4.8	2
Interest Rate Caps					
1 year or less	11	0.9	7.8	—	11
1-5 years	37	1.7	3.6	—	17
5-10 years	5	5.6	8.0	—	5
Interest Rate Floors					
1-5 years	44	2.2	—	—	—
Other interest contracts					
1 year or less	3	0.5	5.5	10.6	—
	8,998				(17)

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	March 31, 2001		
	Underlying Principal Amount	Weighted Average Maturity	Fair Value
	€m	in Years	€m
Exchange Rate Contracts:			
Forward Foreign Exchange			
1 year or less	1,559	0.2	251
1-5 years	90	2.2	5
Currency Swaps			
1 year or less	801	0.4	(77)
1-5 years	2,566	3.3	68
5-10 years	361	6.7	18
Over 10 years	59	13.0	16
Currency Options			
1 year or less	101	0.3	—
	5,537		281
Equity and Commodity Contracts:			
Equity Index Linked Contracts Held			
1 year or less	378	0.5	99
1-5 years	1,613	2.9	15
5-10 years	369	5.7	(48)
	2,360		66
	16,895		330

The carrying value of derivatives is included in the balance sheet under prepayments and accrued income or accruals and deferred income depending on whether the carrying value is an asset or a liability.

Reconciliation of movements in notional amounts of interest rate, exchange rate and equity index linked instruments.

	Interest Rate Swaps	FRA's	Currency Swaps	Forward Foreign Exchange	Equity Index Linked
			(in € millions)		
At April 1, 2001	8,905	—	3,786	1,649	2,360
Exchange adjustments	48	—	14	(7)	11
Additions	24,678	8	2,249	10,238	883
Maturities/amortisation's	(19,959)	—	(2,518)	(7,677)	(380)
Cancellations	(34)	—	(12)	(3,111)	—
At March 31, 2002	13,638	8	3,519	1,092	2,874

All figures are translated at the closing exchange rate.

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Unrecognised Gains and Losses on Derivative Hedges

Gains and losses on instruments used for hedging are recognised in line with the underlying items which are being hedged. The unrecognised net losses on instruments used for hedging as at March 31, 2002 were €297 million (2000/01: gain €25 million)

The net gains expected to be recognised in 2002/2003 is €45 million (2001/02: gain €41 million) and thereafter the net losses expected to be recognised are €342 million (2001/02: €16 million).

The net gains recognised in 2001/02 in respect of previous years were €41 million (2000/01: €465 million) and the net losses arising in 2001/02 which were not recognised in 2001/02 were €281 million (2000/01: loss €179 million).

Non Trading Derivative Deferred Balances

The table below summarises the deferred gains and losses at March 31, 2002.

	Deferred		Total net deferred
	Gains	Losses	gains/(losses)
	(in € millions)		
As at April 1, 2001	7.5	(2.7)	4.8
Gains and losses arising in previous years that were recognised in the year ended March 31, 2002	2.6	(1.5)	1.1
Gains and losses arising before April 1, 2001 that were not recognised in the year ended March 31, 2002	4.9	(1.2)	3.7
Gains and losses arising in the year ended March 31, 2002 that were not recognised in that year	1.5	(2.5)	(1.0)
As at March 31, 2002	6.4	(3.7)	2.7
Of which:			
Gains and losses expected to be recognised in the year ended March 31, 2003	2.6	(1.8)	0.8

39 INTEREST RATE REPRICING GAP — NON TRADING BOOK

The table below provides an indication of the repricing mismatch in the non Trading Books at March 31, 2002. For the major categories of assets and liabilities, this ‘gap’ table shows the volumes maturing in selected maturity bands, taking account of any amortisation of principal. Items are allocated to time bands by reference to the earlier of the next interest rate repricing date and the maturity date.

The tables show actual on-balance sheet volumes and net off-balance sheet amounts. In the case of undrawn fixed rate lending where the Group is effectively committed in price terms and there is a high degree of predictability in relation to the expected drawdown — notably in relation to the mortgage pipeline — the expected volumes have been included as off balance sheet items in the table.

39 INTEREST RATE REPRICING GAP — NON TRADING BOOK (continued)

Non Trading Interest Rate Repricing — Total

	March 31, 2002						
	Not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than five years	Over five years	Non interest bearing	Total
	(in € millions)						
Assets							
Central Government bills and other eligible bills	67	—	—	—	—	12	79
Loans and advances to banks	6,791	779	575	45	—	124	8,314
Loans and advances to customers	35,712	2,778	4,932	10,392	2,645	260	56,719
Debt securities and equity shares	6,174	525	220	1,523	352	32	8,826
Other assets	812	—	—	—	3	3,542	4,357
Total assets	49,556	4,082	5,727	11,960	3,000	3,970	78,295
Liabilities							
Deposits by banks	9,331	1,193	1,712	79	19	1	12,335
Customer accounts	38,331	1,775	1,845	1,926	166	6,867	50,910
Debt securities in issue	5,215	507	456	195	1	—	6,374
Other liabilities	177	44	—	80	168	3,099	3,568
Subordinated liabilities	1,609	—	—	—	915	—	2,524
Minority interests and shareholders' funds	—	—	—	—	—	4,373	4,373
Total liabilities	54,663	3,519	4,013	2,280	1,269	14,340	80,084
Net amounts due from/to Group units	1,480	(187)	(553)	(1,354)	9	2,272	1,667
Off balance sheet items	1,027	1,548	(636)	(3,566)	1,537	—	(90)
Interest rate repricing gap	(2,600)	1,924	525	4,760	3,277	(8,098)	(212)
Cumulative interest rate repricing gap	(2,600)	(676)	(151)	4,609	7,886	(212)	
Euro							
Cumulative interest rate repricing gap March 31, 2002	(3,608)	(2,569)	(2,258)	1,359	3,253	(233)	
Sterling							
Cumulative interest rate repricing gap March 31, 2002	1,763	1,699	2,214	3,302	4,602	150	

39 INTEREST RATE REPRICING GAP — NON TRADING BOOK (continued)

Non Trading Interest Rate Repricing — Total

	March 31, 2001						
	Not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than five years	Over five years	Non interest bearing	Total
	(in € millions)						
Assets							
Central Government bills and other eligible bills	71	—	—	—	—	5	76
Loans and advances to banks	5,819	922	801	511	7	16	8,076
Loans and advances to customers	31,378	2,491	3,783	10,485	2,961	170	51,268
Debt securities and equity shares	4,565	441	186	808	250	278	6,528
Other assets	501	—	—	396	—	3,105	4,002
Total assets	42,334	3,854	4,770	12,200	3,218	3,574	69,950
Liabilities							
Deposits by banks	8,662	1,151	637	487	413	151	11,501
Customer accounts	34,393	3,140	1,666	1,546	204	4,541	45,490
Debt securities in issue	4,108	170	307	431	—	—	5,016
Other liabilities	484	22	21	27	160	2,539	3,253
Subordinated liabilities	1,598	—	—	—	319	—	1,917
Minority interests and shareholders' funds	—	—	—	396	593	3,488	4,477
Total liabilities	49,245	4,483	2,631	2,887	1,689	10,719	71,654
Net amounts due from/to Group units	1,531	(306)	(98)	(955)	(476)	2,070	1,766
Off balance sheet items	2,219	(1,840)	114	(2,185)	1,695	—	3
Interest rate repricing gap	(3,161)	(2,775)	2,155	6,173	2,748	(5,075)	65
Cumulative interest rate repricing gap	(3,161)	(5,936)	(3,781)	2,392	5,140	65	
Euro							
Cumulative interest rate repricing gap March 31, 2001	(3,840)	(3,376)	(2,405)	294	1,497	(436)	
Sterling							
Cumulative interest rate repricing gap March 31, 2001	23	(2,161)	(1,448)	1,999	3,483	826	

40 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has estimated fair value wherever possible using market prices or data available for instruments with characteristics either identical or similar to those of the instruments held by Group. In certain cases, however, including some advances to customers, there are no ready markets. Accordingly, various techniques have been developed to estimate what the approximate fair value of such instruments might be. These estimation techniques are necessarily extremely subjective in nature and involve assumptions which are based upon management's view of market conditions at March 31, 2002 which may not necessarily be indicative of any subsequent fair value. Furthermore, minor changes in the assumptions used could have a significant impact on the

40 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

resulting estimated fair values, and, as a result, readers of these financial statements are advised to use caution when using this data to evaluate the Group's financial position.

The concept of fair value assumes realisation of financial instruments by way of a sale. However, in many cases, particularly in respect of lending to customers, the Group intends to realise assets through collection over time. As such the fair values calculated do not represent the value of the Group as a going concern at March 31, 2002.

The following table represents the carrying amount and the fair value of both the trading and non trading financial assets and liabilities as at March 31, 2002 and 2001.

	2002		2001	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
	(in € millions)			
Financial instruments held for trading				
Debt securities	2,090	2,090	2,174	2,174
Equity shares	15	15	140	140
Derivative Financial Instruments				
Interest rate contracts	80	80	90	90
Foreign exchange contracts	(8)	(8)	(12)	(12)
Non trading financial instruments				
Assets				
Cash and balances at central banks(1)	569	569	256	256
Items in course of collection(1)	554	554	708	708
Central government bills and other eligible bills(1)	79	79	76	76
Loans and advances to banks	8,385	8,398	8,115	8,149
Loans and advances to customers	56,577	56,754	51,147	51,572
Securitisation and loan transfers(1)	142	142	141	141
Debt securities	8,795	8,852	6,355	6,387
Equity shares	4	4	4	4
Own shares	27	528	29	424
Liabilities				
Deposits by banks	12,583	12,609	11,664	11,904
Customer accounts	51,111	50,918	45,630	45,803
Debt securities in issue	6,374	6,379	5,016	5,046
Items in course of transmission(1)	152	152	178	178
Subordinated liabilities	2,524	2,621	2,510	2,569
Minority interests: non equity	82	96	81	96
Derivative financial instruments				
Interest rate contracts		(48)		(17)
Exchange rate contracts		382		281
Equity and commodity contracts		(210)		66

(1) The fair value of these financial instruments is equal to the carrying value. These instruments are either carried at market value, or have minimal credit losses and are either short term in nature or reprice frequently.

40 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

In December 1991, the U.S. Financial Accounting Standards Board (''FASB'') issued Statement of Financial Accounting Standards No. 107, ''Disclosure About Fair Value of Financial Instruments'' requiring disclosure of the fair value of financial instruments (both on and off-balance sheet) for which it is practicable to estimate such value.

Wherever possible, the Group has estimated fair value using market prices or data available for instruments with characteristics either identical or similar to those of the instruments held by Group. In certain cases, however, including some advances to customers, there are no ready markets. Accordingly, various techniques have been developed to estimate what the approximate fair value of such instruments might be. These estimation techniques are necessarily extremely subjective in nature and involve assumptions which are based upon management's view of market conditions at March 31, 2002 which may not necessarily be indicative of any subsequent fair value. Furthermore, minor changes in the assumptions used could have a significant impact on the resulting estimated fair values, and, as a result, readers of these financial statements are advised to use caution when using this data to evaluate the Group's financial position.

Intangible assets, such as the value of the Group's branch network and long-term relationships with its depositors (core deposits intangible) and other customers are not considered by the FASB to constitute financial instruments for purposes of SFAS No. 107. The Group, however, believes the value of such assets to be significant. Certain other assets and liabilities are likewise excluded from the scope of SFAS No. 107. Further, the concept of fair value assumes realization of financial instruments by way of a sale. However, in many cases, particularly in respect of lending to customers, the Group intends to realize assets through collection over time. As such the fair values calculated for the purposes of reporting under SFAS No. 107 do not represent the value of the Group as a going concern at March 31, 2002.

The following notes summarise the methods and assumptions used in estimating the fair values of financial instruments shown above.

1. Loans and Advances to Banks

The Group places funds with Banks. Several different techniques are employed, as considered appropriate, in estimating the fair value of loans and advances. The carrying amount of variable rate loans is considered to be at market value. The fair value of fixed rate loans was calculated by discounting expected cash flows using market rates where practicable, or rates currently offered by other financial institutions with similar characteristics.

2. Loans and Advances to Customers

The Group provides lending facilities of varying rates and maturities to corporate and personal customers. Several different techniques are employed as considered appropriate in estimating the fair value of loans and advances.

Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type. Each loan category is further segmented into fixed and variable rate interest terms and by performing and nonperforming categories.

The carrying amount of variable rate loans was considered to be at market rate if there was no significant change in the credit risk of the borrower.

The fair value of fixed rate loans is estimated by discounting future cash flows using market rates for similar loans with the same residual maturities, offered by the Group including an adjustment, where necessary to reflect the fact that the credit risk on a proportion of the loan has changed.

40 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

3. Debt Securities and Equity Shares

The fair value of listed debt securities and equity shares is based on market prices received from external pricing services or bid quotations received from external securities dealers.

The estimated value of unlisted debt securities and equity shares is based on the anticipated future cashflows arising from these items.

4. Own Shares

The fair value of the own shares are based on the stock market price at year end.

5. Deposits by Banks

The fair value of other borrowings is based on the discounted cash flows using market rates applicable for similar types of borrowing arrangements.

6. Customer Accounts

The fair value of current accounts, short-term borrowings, deposit accounts payable on demand and variable rate deposits are equal to their carrying value. The fair value of all other deposits, which are not repriced frequently is estimated based on the discounted value of the contractual cash flows. The discount rate is estimated using market rates for deposits with similar remaining maturities.

7. Debt Securities in issue

The carrying value of short-term debt securities in issue approximate to their fair values. Fair values of other debt securities in issue are based on quoted market prices where available, otherwise by discounting anticipated cash flows.

8. Subordinated Liabilities

The estimated fair value of subordinated liabilities is based on quoted market rates for debt instruments with similar maturities.

9. Financial Instruments with Off-Balance Sheet Risk

Financial instruments with off-balance sheet risk are detailed in Note 38 of the Notes to the Consolidated Financial Statements and include the fair value of these instruments.

10. Life Assurance Assets and Liabilities

Life assurance assets and liabilities attributable to policyholders have not been included in this note in accordance with accounting standards.

41 CONTINGENT LIABILITIES AND COMMITMENTS

The tables below give, for the Group, 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).

41 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

	2002		2001	
	Contract Amount	Risk Weighted Amount	Contract Amount	Risk Weighted Amount
	(in € millions)		(in € millions)	
Contingent Liabilities				
Acceptances and endorsements	86	76	105	98
Guarantees and assets pledged as collateral security				
— Assets pledged	—	—	—	—
— Guarantees and irrevocable letters of credit	1,029	944	946	825
Other contingent liabilities	496	244	528	259
	1,611	1,264	1,579	1,182
Commitments				
Sale and option to resell transactions	—	—	—	—
Other commitments				
— Documentary credits and short-term trade-related transactions	30	10	51	15
— Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	—	—	—	—
— Undrawn note issuance and revolving underwriting facilities	636	—	458	—
— Undrawn formal standby facilities, credit lines and other commitments to lend				
— irrevocable with original maturity of over 1 year	4,487	2,238	3,227	1,490
— revocable or irrevocable with original maturity of 1 year or less (ii)	11,161	—	12,065	—
	16,314	2,248	15,801	1,505

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.

42 GENERAL

(a) The Bank has given guarantees in respect of liabilities and obligations 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 (U.S.) 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,

42 GENERAL (continued)

Florenville Limited, IBI Corporate Finance Limited, Ibidem Limited, Ilios Limited, J & E Davy, J & E Davy Holdings Limited and Louncil 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.

43 DIRECTORS' INFORMATION

This Remuneration Report has been prepared on behalf of the Court of Directors in accordance with the requirements of the Irish Stock Exchange's Combined Code on Corporate Governance.

The Group Remuneration Committee, comprising Laurence Crowley (Chairman), Roy Bailie, Anthony Barry, Richard Burrows, Caroline Marland and Mary Redmond, makes recommendations to the Court on the formulation of policy on the remuneration of executive Directors and approves, on the Court's behalf, specific remuneration packages for each of the executive Directors, the Group Secretary and those senior executives who report directly to the Group Chief Executive ("Senior Executive Group"), which are developed in full consultation with the Governor as Chairman of the Committee and the Group Chief Executive. The remuneration of non-executive Directors is determined by the Court. Directors do not participate in any decisions relating to their own remuneration.

The constitution and operation of the Committee throughout the year complied with the Code of Best Practice Provisions on directors' remuneration in "The Combined Code" of the UK Listing Authority.

Executive Directors' remuneration policy

Group remuneration policy is to ensure that the remuneration arrangements for executive Directors are competitive and designed to attract, retain and motivate executive Directors of the highest calibre, who are expected to perform to the highest standards. Reward policies are aligned with the objective of maximising stockholder value. In determining remuneration levels account is taken of such factors as each individuals' responsibilities and performance and levels of remuneration in comparable organisations both in Ireland and the United Kingdom and the general pay awards made to staff overall.

The reward package for executive Directors

In 2001 the total remuneration package for executive Directors was reviewed by the Group Remuneration Committee with the assistance of external international remuneration consultants. Currently the key elements of the remuneration package for executive Directors are basic salary, a performance related cash bonus, the Long Term Performance Stock Plan, stock options, participation in the Employee Stock Issue and in the Sharesave schemes and membership of a defined benefit pension scheme. These various elements are summarised below:-

- **Base salary** — is payable monthly and is set at a level to recognise an individual's market worth. Salaries are reviewed annually by the Group Remuneration Committee.

- **Performance bonus scheme** — The performance cash bonus scheme is designed to reflect an individual's specific goals and the performance of the Group both in absolute and relative terms. The base level of cash bonus which can be earned under the performance bonus scheme normally ranges for each individual, between nil and 50% of basic salary. This base cash bonus may be reduced, or increased by up to 20%, depending on how Group performance compares with other financial services organisations both in Ireland and the United Kingdom. The level earned by the executive Directors for 2001/2002 is a function of the Remuneration Committee's assessment of each executive Director's

43 DIRECTORS' INFORMATION (continued)

performance against his pre-determined goals for 2001/2002 and the overall performance of the Group in that year both in absolute terms and relative to a comparator group of other financial institutions.

- **Long Term Performance Stock Plan** — In 1999 the Group established a Long Term Performance Stock Plan ("LTPSP") for key senior executives who are best placed to maximise stockholder value. Under this Plan, which is described in more detail in Note 35 on page F-45, conditional awards have been made to the executive Directors as set out in the table on page F-70. As can be seen in Note 35, participants who remain with the Group for a further two years and a further seven years from the date of vesting, will be awarded additional units of stock representing a fraction of the units which vested. In relation to the Group Chief Executive, the Group Remuneration Committee has determined that as part of his total remuneration package, in addition to receiving his vested awards under the LTPSP, he will receive at that time a cash sum equal in value to the then value of the stock which vests in him under the plan.

- **Stock options** — It is policy to grant stock options under the terms of the Stock Option Scheme to executive Directors and senior executives across the Group to encourage identification with stockholders' interests in general. Stock options may not be granted to non-executive Directors. 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.

- **Employee Stock Issue Scheme** — 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.

- **Sharesave** — In 1999 the Group established a Sharesave Scheme ("SAYE scheme"). Under this scheme the executive Directors who participated in the scheme were granted options over units of Ordinary Stock as set out in the table on page F-69.

- **Pensions** — The executive Directors are members of the Bank Staff Pension Plan and have a normal retirement age of 60. This pension plan is contributory at the rate of 2.5% of basic salary and is a defined benefit plan based on an accrual rate of 1/60th of pensionable salary for each year of pensionable service with a maximum of 40/60ths payable at age 60. Of the executive Directors' total remuneration package only their basic salary is pensionable.

Service contracts — Apart from the service contract between the Bank and Michael Soden, Group Chief Executive, no service contract exists between the Bank and any Director which provides for a notice period from the Group of greater than one year. Michael Soden, who was appointed Group Chief Executive Designate on 1 September 2001 and Group Chief Executive on March 1, 2002, has a service contract which provides for a notice period from the Group of one year with the proviso that any such notice may not be served by the Group until September 1, 2002, one year following his initial appointment.

43 DIRECTORS' INFORMATION (continued)

Directors' remuneration 2001/2002 (all figures in €'000's)

	Salary (1)	Court fees (2)	Other fees (3)	Perf. bonus (4)	Other remun. (5)	Benefits (6)	Pension contribs. (7)	Total remun. 2001/2002	Total remun. 2000/2001
Governor									
L G Crowley	247						15	262	178
Deputy Governor									
M P Redmond	67							67	48
Executive Directors									
P M D'Alton (up to 12-31-2001)	224			75	2	16	25	342	399
B J Goggin	298			131	7	18	34	488	397
M A Keane (up to 2-28-2002)	569			256	100	22	8	955	863
M D Soden (from 9-1-2001)	370			191	986	21	42	1,610	
Non -executive Directors									
Lord Armstrong (up to 7-4-2001)		11						11	38
R E Bailie		45						45	38
A D Barry		45						45	46
R Burrows		45	13					58	39
D J Geaney		45						45	20
M A Keane (from 3-1-2002)		5	3					8	
R MacSharry		45						45	38
C Marland (from 4-5-2001)		44						44	
T Moran (from 4-5-2001)		44						44	
P J Molloy (up to 7-4-2001)		11	46					57	90
D O'Brien		45						45	37
Totals	1,775	385	62	653	1,095	77	124	4,171	2,231
Ex gratia payments paid to former Directors/ dependants								496	490

Notes

(1) The Governor and Deputy Governor, as non-executive Officers of the Bank, are not paid Court 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) Includes fees paid by boards of subsidiary companies within the Group and payments relating to chairing Court Committees.

(4) Payments under the performance bonus scheme.

(5) Includes the cash value of Ordinary Stock receivable under the Employee Stock Issue Scheme. On his joining the Group, M D Soden was granted 87,765 units of Ordinary Stock of the Bank at a total cost of €963,444 (this sum is included in the above figure). This stock is held in a nominee account on his behalf and may not be sold until September 2006 at earliest. In the case of M. A. Keane the figure relates to a non-pensionable payment recognising his remaining in employment beyond his normal retirement date.

(6) Benefits include the use of company car, or cash car allowance and interest on any loans at staff rates.

(7) Contributions to defined benefit pension schemes. The fees paid or payable to non-executive Directors appointed post April 1991 are not pensionable.

43 DIRECTORS' INFORMATION (continued)

Stock options held by Directors and Secretary

(a) Executive stock options

Options to subscribe for Ordinary Stock in the Bank granted to, and exercised by, Directors during the year to 31 March 2002 are included in the table below:-

	Date of grant	Earliest exercise date	Expiry date	Exercise price	Options at April 1, 2001 or date of appointment if later	Granted in year	Exercised in year	Market price at exercise date	Options at March 31, 2002
				€				€	
Directors									
B J Goggin	May-31-1993	May-31- 1996	May-31-2003	1.436	85,214		50,000	11.24	35,214
	May-23-1994	May-23-1997	May-23-2004	1.67	80,000				80,000
	Jun-5-1996	Jun-5-1999	Jun-5-2006	2.819	60,000				60,000
	Nov-28-1996	Nov-28-1999	Nov-28-2006	3.241	80,000				80,000
	Jul-13-1999	Jul-13-2002	Jul-13-2009	8.933	20,000				20,000
	May-21-2001	May-21-2004	May-21-2011	11.05		25,000			25,000
					325,214	25,000	50,000		300,214
M A Keane	Nov-27-1997	Nov-27-2000	Nov-27-2007	5.753	110,000		110,000	9.92	0
					110,000	0	110,000		0
M D Soden	Nov-26-2001	Nov-26-2004	Nov-26-2011	10.54	—	181,000	—		181,000
					0	181,000	0		181,000
Secretary									
T H Forsyth	Jun-5-1997	Jun-5-2000	Jun-5-2007	4.529	20,000		20,000	9.92	0
					20,000	0	20,000		0

No other Directors have been granted options to subscribe for units of ordinary stock of the Bank or of other group entities.

(b) Sharesave options

Under the terms of the Sharesave Scheme, options were granted to all participating Group employees on 28 February 2000 at an option price of €5.40 per unit of Ordinary Stock. (This price was set at a discount of 20% of the then market price as permitted by the Rules). The options held under this scheme by the Directors and Secretary are set out below.

Name	Sharesave options granted at February 28, 2000	Sharesave options held at March 31, 2002
Directors:		
B J Goggin	4,262	4,262
M A Keane	2,234	2,234
Secretary:		
T H Forsyth	2,234	2,234

43 DIRECTORS' INFORMATION (continued)

(c) Long Term Performance Stock Plan ("LTPSP")

Conditional awards of units of Ordinary Stock have been made on July 13, 1999, May 25, 2000, and on May 21, and November 26, 2001 to senior executives under the terms of the LTPSP. These awards do not vest in the executives unless demanding performance criteria are achieved (see description of LTPSP in Note 35 on page F-45). The conditional awards of units of Ordinary Stock made to date to the executive Directors are as follows:-

Director	Conditional award 1999	Conditional award 2000	Conditional award 2001	Total conditional awards
B J Goggin	9,605	15,046	10,811	35,462
M D Soden	—	—	23,756	23,756

Changes in the directorate during the period

	Executive Directors		Non-executive Directors and Officers	
Number at 31 March 2001	3		10	
Changes during year	+ M D Soden	(9/11/2001)	+ C Marland	(4/5/2001)
	– P M D'Alton	(12/31/2001)	+ T Moran	(4/5/2001)
	– M A Keane	(2/28/2002)	– Lord Armstrong	(7/4/2001)
			– P J Molloy	(7/4/2001)
			+ M A Keane	(3/1/2002)
Number at March 31, 2002	2		11	
Average number during 2001/2002				
(2000/2001)	3.25(3)		10.75 (11.6)	

Directors' pension entitlements

Set out below are details of the pension benefits earned by the Directors during the year ended March 31, 2002.

	(a) Additional pension earned in the year	(b) Increase in transfer value	(c) Accrued pension entitlement at March 31, 2002
	€000s	€000s	€000s
Executive Directors			
M A Keane(1)	19.0	323	432.9
P M D'Alton(2)	12.5	144	81.6
B J Goggin	19.4	219	160.4
M D Soden(3)	5.3	69	5.3
Non-executive Officer			
L G Crowley	1.5	19	17.5

(1) M A Keane retired as an executive of the Group on February 28, 2002.

(2) P M D'Alton resigned from the Group on December 31, 2001.

(3) M D Soden joined the Group on September 1, 2001.

43 DIRECTORS' INFORMATION (continued)

Column (a) above is the increase in pension build up during the year. Column (b) is the additional capital value of column (a) which could arise if the pension were to be transferred to another pension plan on the Director leaving the Group and is based on factors supplied by the actuary in accordance with actuarial guidance notes GN11 (ROI), less each Director's contributions.

Column (c) is the aggregate pension entitlement based on each Director's pensionable service with the Group at March 31, 2002, or at date of leaving if earlier, but payable at normal retirement age.

Executive Directors have the option to pay additional voluntary contributions to their pension plan; neither the contributions nor the resulting benefits are included in the above table.

Directors' interests in stock

In addition to their interests in the Ordinary Stock through their holding of stock options and the conditional awards of stock they have received under the LTPSP as set out above, the interests of the Directors and Secretary in office at March 31, 2002, and of their spouses and minor children, in the stocks issued by the Bank are set out below:

	UNITS OF €0.64 OF ORDINARY STOCK	
	As at March 31, 2002 Beneficial	As at April 1, 2001(1) Beneficial
DIRECTORS		
R E Bailie	1,041	1,026
A D Barry	38,198	38,181
R Burrows	34,411	34,069
L G Crowley	29,914	29,039
D J Geaney	7,363	7,278
B J Goggin	124,207	73,370
M A Keane	1,189,280	1,078,443
R MacSharry	1,249	1,231
C A Marland	1,000	1,000
T J Moran	1,015	1,000
D O'Brien	201,000	201,000
M P Redmond	2,132	2,102
M D Soden	88,765	88,765
SECRETARY		
T H Forsyth	108,396	87,595

(1) or at date of appointment if later.

There have been no changes in the stockholdings of the above Directors and Secretary between March 31, 2002 and May 15, 2002.

Apart from the interests set out above and in the previous section, 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 March 31, 2002.

43 DIRECTORS' INFORMATION (continued)

Transactions with Directors

The aggregate amounts outstanding and the number of persons concerned, as at March 31, 2002 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 connected persons are shown below:

	Aggregate Amount Outstanding		Number of Persons	
	2002	2001	2002	2001
	€	€		
Directors				
Loans to executive Directors on terms similar to staff loans	294,542	271,852	1	3
Other loans on normal commercial terms	30,310,332	30,995,692	10	12
Quasi-loans and credit transactions	—	—	None	None
	30,604,874	31,267,544		
Connected Persons				
Loans to connected persons	91,344	107,374	4	3
Quasi-loans and credit transactions	—	—	None	None
	91,344	107,374		

44 NOTES TO THE CASH FLOW STATEMENT

(i) Gross Cashflows

	2002	2001	2000
		(restated) (in € millions)	
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating Profit	1,121	1,078	919
Decrease/(increase) in accrued income and prepayments	27	(117)	(24)
(Decrease)/increase in accruals and deferred income	(99)	170	(98)
Provisions for bad and doubtful debts	102	72	56
Loans and advances written off net of recoveries	(36)	(32)	(39)
Depreciation and amortisation	155	130	119
Interest charged on subordinated liabilities	154	147	92
Other non-cash movements	(1)	3	(26)
Profit on disposal of fixed assets	(22)	(17)	(23)
Net cash flow from trading activities	1,401	1,434	976
Net decrease/(increase) in collections/transmissions	129	(137)	(61)
Net (increase) in loans and advances to banks	(216)	(421)	(2,836)
Net (increase) in loans and advances to customers	(5,217)	(7,236)	(6,055)
Net increase in deposits by banks	899	1,425	3,037
Net increase in customers accounts	5,224	5,389	4,468
Net increase in debt securities in issue	1,309	2,260	2,084
Net decrease/(increase) in non-investment debt and equity securities	290	(335)	(914)
Net decrease/(increase) in other assets	422	(690)	209
Net (decrease)/increase in other liabilities	(432)	477	(210)
Exchange movements	(26)	(97)	(150)
NET CASH FLOW FROM OPERATING ACTIVITIES	3,783	2,069	548
Returns on investment and servicing of finance			
Interest paid on subordinated liabilities	(157)	(146)	(87)
Preference dividends paid	(17)	(26)	(25)
Dividends paid to minority shareholders in subsidiary undertakings	(9)	(10)	(7)
Issue expenses on outside interest — non equity	—	(7)	(3)
	(183)	(189)	(122)

44 NOTES TO THE CASH FLOW STATEMENT (continued)

	2002	2001 (restated)	2000
		(in € millions)	
Capital expenditure and financial investment			
Net (purchases) of investment debt and equity securities	(2,231)	(915)	(258)
Purchase of tangible fixed assets	(331)	(253)	(207)
Sale of tangible fixed assets	135	41	155
	(2,427)	(1,127)	(310)
Acquisitions and disposals			
Investments in associated undertakings	(5)	(5)	(1)
Sale of Associated undertaking	—	4	—
Acquisition of Group undertakings	(246)	(227)	—
Net cash balances of Group undertakings acquired	7	—	—
Purchase of minority interest in subsidiary	—	—	(9)
	(244)	(228)	(10)
Financing			
Issue of capital stock (net of issue expenses)	8	11	14
Repayment of subordinated liabilities	—	(98)	(264)
Issue of subordinated liabilities	—	150	600
Issue of outside interest — non equity	—	600	—
Preference Stock buyback	(261)	—	—
Redemption of Bristol & West preference stock	—	(3)	—
Stock buyback	—	—	(442)
	(253)	660	(92)

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

	Cash and Balances at Central Banks	Loans and Advances to Banks Repayable on Demand	Total Cash
		(in € millions)	
2002			
At April 1, 2001	256	1,914	2,170
Cash flow	313	(51)	262
Foreign exchange movement	—	—	—
At March 31, 2002	569	1,863	2,432
2001			
At April 1, 2000	210	1,189	1,399
Cash flow	47	755	802
Foreign exchange movement	(1)	(30)	(31)
At March 31, 2001	256	1,914	2,170

44 NOTES TO THE CASH FLOW STATEMENT (continued)

(iii) Analysis of changes in financing

	Capital Stock (including stock premium)	Subordinated Liabilities (restated)	Minority Interest — Non Equity
		(in € millions)	
2002			
At April 1, 2001	1,417	2,510	81
Effect of foreign exchange differences	—	13	1
Cash flow	8	—	—
Stock alternative scheme issue	41	—	—
Capital movement on buyback of Preference Stock	(14)	—	—
Other non cash movements	—	1	—
At March 31, 2002	1,452	2,524	82
2001			
At April 1, 2000	1,369	1,866	87
Effect of foreign exchange differences	(3)	(2)	(3)
Cash flow	11	645	(3)
Stock alternative scheme issue	44	—	—
Capitalisation of reserves	—	—	—
Other non cash movements	(4)	1	—
At March 31, 2001	1,417	2,510	81

(iv) MX Financial Holdings Limited acquisition

	€m
Net assets acquired	13
Goodwill	54
	67
Satisfied by:	
Cash	67

(v) Chase de Vere Acquisition

	€m
Net assets acquired	15
Goodwill	185
	200
Satisfied by:	
Cash	185
Deferred consideration	15
	200

44 NOTES TO THE CASH FLOW STATEMENT (continued)

(vi) Moneyextra Acquisition

	€ million
Net assets acquired	—
Goodwill	42
	42
Satisfied by:	
Cash	42

An analysis of net assets is set out in Note 4.

45 RELATED PARTY TRANSACTIONS

(a) Subsidiary, Associated Undertakings and Joint Ventures

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 had a balance outstanding at March 31, 2002 of €0.1 million for processing transactions on behalf of Cashback Limited.

The Group provides and receives from its associated undertakings and joint ventures certain banking and financial services. The amount due from associated undertakings and joint ventures as at March 31, 2002 was €33 million.

(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 37.

(c) Directors

Directors' emoluments and details of transactions between Directors and the Group are set out in the Remuneration Report on pages F-66 to F-72. Additionally, fees of €51,027 in the year to March 31, 2002 (2001: €904,502), were paid to Arthur Cox, Solicitors, for legal services supplied to the Group while Mary Redmond, Director and Deputy Governor, was a partner there up to June 30, 2001.

(d) Securitisation

RPS3, RPS4, RPS5, SS1 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. As at March 31, 2002 the net amount owed from RPS3 was €0.1 million (2001: €0.1 million), RPS4 was €0.2 million (2001: €1.0 million) and Liberator was €0.3 million (2001: €1.0 million). The net amount due to RPS5 was €0.1 million while in 2001 the net amount due from RPS5 was €0.2 million and the amount due to SS1 was €0.2 million and due from SS1 was €1.6 million in 2001.

46 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	At March 31,	
	2002	2001
	(in € millions)	
Denominated in euro	38,313	34,311
Denominated in currencies other than euro	49,012	44,564
Total Assets	87,325	78,875
Denominated in euro	39,588	35,481
Denominated in currencies other than euro	47,737	43,394
Total Liabilities	87,325	78,875

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

47 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	
Freehold and long leasehold property is maintained in a state of good repair and it is considered that residual values are such that depreciation is not significant, accordingly this property is not depreciated.	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 the financial statements.
Software Development Costs	
The Group capitalises costs incurred internally in developing computer software for internal use. Expenditure is amortised over its estimated useful life ranging between 5 and 10 years.	AICPA SOP 98-1 requires certain costs incurred in respect of software for internal use to be capitalised and subsequently amortised. The SOP was applicable for the first time in the year to March 31, 2000 and is not applied retrospectively.

47 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 capitalised and amortised over its estimated useful economic life.	Goodwill arising on acquisitions of subsidiary undertakings prior to June 30, 2001 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.
Goodwill arising on the acquisition of subsidiary undertakings prior to March 31, 1998 was written off directly to reserves in the year of acquisition.	Goodwill on acquisitions post June 30, 2001 is capitalised on the Balance Sheet and is subject to an annual review for impairment.
Goodwill arising on acquisitions of subsidiary undertakings occurring after March 31, 1998 is capitalised as an asset on the balance sheet and amortised over its estimated useful economic life.	
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, less provision for any diminution in value and (ii) other securities, which 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 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 to maturity, 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.

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Pensions	
Contributions to the Group's defined benefit schemes are charged to the profit and loss account so as to spread the expected cost of pensions calculated in accordance with the advice of qualified actuaries, on a systematic basis over the employees working lives. Variations from the regular cost are spread over the average remaining service life of relevant employees.	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. Recognition of a liability when the accumulated benefit obligation exceeds the fair value of assets is also required. The pension related elements of voluntary leaving and voluntary early retirement programmes are expensed in the year in which they are awarded. The impact of this pronouncement has been included in the GAAP reconciliation in respect of the main Bank of Ireland and Bristol & West pension plans.
Long-term Assurance Policies	
Income from long term assurance business consists of surpluses attributable to stockholders 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.	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 are not recognised by the Group under US GAAP. 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.

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
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. 140, not qualifying for derecognition are presented as gross amounts on the balance sheet. Under SFAS No. 140, 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.
Finance lease receivables	
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 cashflows.	Gross earnings are allocated to give rise to a level of return on the investment without taking account of tax payments and receipts.
Hedges	
Gains or losses arising on hedges of anticipated transactions are taken to the profit and loss account in accordance with the accounting treatment of the underlying transaction.	Gains or losses arising from hedges of anticipated transactions, unless firmly committed are reflected in the income statement.
Derivatives	
Where a derivative is documented and evidenced as reasonably expected to match or eliminate risk from a transaction, hedge accounting is applied. Profits or losses on the derivative are included in the relevant income or expense category in the profit and loss account. Derivatives which are not hedge accounted are recorded at fair value, with the change recorded in the profit and loss account.	FAS 133 requires all derivatives to be recorded at fair value. If certain conditions are met, then the derivative may be designated as a hedge. In many cases, Bank of Ireland match internal hedges with third party derivatives on an aggregate rather than an individual basis which largely offset the overall risk to the group. These hedges do not meet the criteria under FAS 133 to qualify as fair value, cash flow or foreign exchange hedges. For this reason, such contracts are restated at market value for the purposes of the US GAAP reconciliation.

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Loan Origination Fees	
Certain loan fees are recognised when received.	Loan origination fees net of direct loan origination costs are deferred and recognised as an adjustment to the yield on the related loan or facility.
Group Transformation	
A provision for Group Transformation costs is recognised in accordance with FRS12 when a constructive obligation to transfer economic benefit as a result of a past event exists at the balance sheet date.	Costs of the Group Transformation Programme are recognised when incurred.

Future Developments

Financial Reporting Standard 17, "Retirement Benefits" ("FRS 17")

In November 2000, FRS 17 was issued by the UK Accounting Standards Board. The standard sets out the requirements for accounting for retirement benefits. It requires that scheme assets are valued at fair value and scheme liabilities are measured using the projected unit method. The pensions charge in the profit and loss account is to consist of three elements, the current service cost and the net of the expected return on pension assets and the interest cost of the pension liabilities. Actuarial gains or losses are to be recognized through the statement of total recognized gains or losses and not amortized through the profit and loss account. The full impact of FRS 17 on Bank of Ireland has not yet been determined. In June 2002, the Accounting Standards Board has delayed the implementation of this accounting standard.

SFAS No. 141 — "Business Combinations"

SFAS No. 141 was issued in June 2001. All business combinations included in the scope of this Statement are to be accounted for using the purchase method of accounting. Additionally, this Statement requires that an intangible asset be recognized as an asset apart from goodwill if it arises from contractual or legal rights. If an intangible asset does not arise from contractual or other legal rights, it shall be recognized as an asset apart from goodwill only if it is separable; that is, capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented, or exchanged. The provisions of this Statement are effective for all business combinations initiated after June 30, 2001. Bank of Ireland Group adopted the provisions of SFAS No. 141 in July 2001 and will implement it for all future business combinations. The issuance of the new statement did not have an impact on Bank of Ireland Group during in the year ended March 31, 2002.

SFAS No. 142 — "Goodwill and Other Intangible Assets"

SFAS No. 142, was issued in June 2001. This Statement addresses financial accounting and reporting for intangible assets acquired individually or with a group of other assets (but not those acquired in a business combination) at acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. Goodwill and intangible assets that have indefinite useful lives will not be amortized but rather will be tested at least annually for impairment at the reporting unit level. Intangible assets that have finite lives will continue to be amortized over their useful lives.

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

The provisions of this Statement are effective with fiscal years beginning after December 15, 2001. The Group adopted the provisions of this Statement on April 1, 2002. The future impact of this statement could result in income statement volatility under US GAAP due to the potential recognition of impairment losses for goodwill, as opposed to the reduction of goodwill through recurring amortization.

SFAS No. 143 — "Accounting for Asset Retirement Obligations"

SFAS No. 143 was issued in June 2001. This Statement requires that the fair value of an obligation associated with an asset retirement be recorded in the period in which it is incurred, if a reasonable estimate can be made. The costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over the useful life of the asset. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after June 15, 2002. Bank of Ireland will implement the provisions of this Statement beginning April 1, 2003. The impact of adopting the requirements of this Standard on the Group is not expected to be material.

SFAS No. 144 — "Accounting for the Impairment or Disposal of Long-Lived Assets"

SFAS No. 144 was issued in August 2001. This Statement addresses financial accounting and reporting for the impairment or disposal of ling-lived assets. SFAS No. 144 primarily applies to all recorded long-lived assets that are held for use, or that will be disposed of. Long-lived assets include capital lease assets of lessors subject to operating leases, long-term prepaid assets, and intangible assets that are amortized. A long-lived asset or group to be held and used should be tested for recoverability whenever events or changes in circumstances indicate that it's carrying amount may not be recoverable. An impairment loss should be recognised only if the carrying amount of the asset or group is not recoverable. The impairment loss is measured as the excess of the carrying amount of an asset or group over its fair value. The asset or group should be measured at the lower of its carrying amount at the date of reclassification or fair value less costs to sell. The provisions of this Statement are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. The Group are still considering the impact of this statement.

SFAS No. 145 — "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections".

SFAS 145 was issued in April 2002. It rescinds FASB Statement No. 4 (FAS 4), "Reporting Gains and Losses from Extinguishment of Debt", FASB Statement No. 64 (FAS 64), "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements" and FASB Statement No. 44, "Accounting for Intangible Assets of Motor Carriers" as well as making several other technical corrections to existing pronouncements. The impact of adopting the requirements of this standard on the Group is not expected to be material.

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Net Income

	2002	2001 (restated)	2000 (restated)
		(in € millions)	
Net income under Irish GAAP (Group profit attributable to ordinary stockholders as originally presented)	895	725	690
Prior year adjustment	—	6	3
Net income under Irish GAAP as restated	895	731	693
Depreciation	(3)	(4)	(7)
Software development costs	6	8	10
Goodwill	(33)	(35)	(33)
Pension costs	(58)	9	11
Long-term assurance policies	(78)	(82)	(72)
Group Transformation Programme	(21)	55	—
Leasing	(7)	—	—
Other	(19)	—	2
Deferred tax effect on these adjustments	58	7	24
Derivatives (FAS 133) transition adjustment	4	—	—
Derivatives (FAS 133) adjustment	(77)	—	—
Net income under US GAAP	667	689	628
Earnings per unit of €0.64 Ordinary Stock under US GAAP			
basic	66.3c	69.1c	62.0c
diluted	65.7c	68.5c	61.6c

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Total Stockholders' Funds

	2002	2001 (restated)
	(in € millions)	
Total stockholders' funds including non equity interests under Irish GAAP as originally presented	4,200	3,798
Prior year adjustment	—	32
Total stockholders funds including non equity interest as restated	4,200	3,830
Property less related depreciation	(349)	(346)
Software development costs	(9)	(15)
Goodwill	460	489
Debt securities — available for sale	38	28
Pension costs	101	159
Long-term assurance policies	(370)	(287)
Dividends	216	196
Leasing	(7)	—
Other	(19)	22
Group Transformation Programme	34	55
Deferred taxation on these adjustments	58	10
Derivatives (FAS 133) adjustment	(73)	—
Consolidated stockholders' funds including non equity interests under US GAAP	4,280	4,141

Consolidated Total Assets

	2002	2001 (restated)
	(in € millions)	
Total assets under Irish GAAP	87,325	78,875
Property less related depreciation	(349)	(346)
Goodwill	499	528
Software development costs	(9)	(15)
Debt securities — available for sale	38	28
Pension costs	106	164
Acceptances	86	105
Long-term assurance policies	(370)	(287)
Other	(79)	(57)
Securitised assets	836	1,088
Derivatives (FAS 133) adjustment	692	—
Total assets under US GAAP	88,775	80,083

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Total Liabilities and Stockholders' Funds

	2002	2001 (restated)
	(in € millions)	
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	87,325	78,875
Stockholders' funds (US GAAP adjustment)	80	311
Dividends	(216)	(196)
Borrowings related to securitised assets	836	1,088
Acceptances	86	105
Other	7	(12)
Leasing	7	—
Group Transformation Programme	(34)	(55)
Deferred taxation on these adjustments	(81)	(33)
Derivatives (FAS 133) adjustment	765	—
Total liabilities and stockholders' funds including non equity interests under US GAAP	88,775	80,083

As detailed in Note 2, the group has adopted the provisions of FRS 19 and now provides deferred taxation in full on all temporary differences existing at the Balance Sheet date. In accordance with the transitional arrangements, the effect of this standard has been reflected in the Irish GAAP accounts by means of a prior year adjustment.

(1) Pensions

Pensions accounting in the U.S. has to apply to the provisions of SFAS No. 87 "Employers' Accounting for Pensions". It differs from Irish GAAP with regard to certain assumptions primarily with regard to asset valuation and actuarial cost methods. The Group has adopted SFAS No. 87 "Employers' Accounting for Pensions" as amended by SFAS 132 "Employers Disclosures about Pensions and Other Post-Retirement Benefits" in preparing its U.S. GAAP information.

The impact of this pronouncement has been included in the GAAP reconciliation in respect of the main Bank of Ireland Pension Plan and the Bristol & West Group Pension Plan. In 2002, these plans make up approximately 87%, (2001: 88%, 2000: 91%) of Bank of Ireland Group's plans in terms of assets and actuarial liabilities. The components of the pensions expense for these plans which arise under SFAS No. 87 are estimated to be as follows:

	Year Ended March 31,		
	2002	2001	2000
	(in € millions)		
Service cost	72	61	59
Cost of special termination benefits	96	55	15
Interest cost	132	120	92
Expected return on plan assets	(203)	(207)	(155)
Net amortization and deferral	(16)	(31)	(20)
	81	(2)	(9)

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

A weighted average expected rate of return of 7% on the plan assets of both schemes was used in determining the net periodic pension cost for the year ended March 31, 2002 (2001: 7% and 2000: 7%).

Actuarial assumptions used in determining the projected benefit obligation at March 31, 2002 included a weighted average discount rate of 6% (2001: 6% and 2000: 6%) and a weighted average increase in future compensation expense of 3.1% (2001: 3.5% and 2000: 3.5%). Pensions are further discussed in Note 37.

During 2000, 2001 and 2002 the Group offered a voluntary leaving and a voluntary retirement program in which eligible participants in the Bank of Ireland's main pension plans received accelerated and enhanced benefits if they elected to leave or retire under the programs. The voluntary retirement program was accounted for under SFAS No. 88, ''Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits'' and a cost of €96 million in 2002, €55 million in 2001 and €15 million in 2000 was recorded.

The main Bank of Ireland Pension Plans had investments which included the following at March 31, 2002 and 2001:

	At March 31,	
	2002	2001
	(in € millions)	
Interest in property occupied by Bank of Ireland	126	128
Bank of Ireland €0.64 Ordinary Stock	107	96
Bank of Ireland preference stock	Nil	4
Bank of Ireland 6.45% Subordinated Bonds 10.02.2010	Nil	1
Bank of Ireland 7.4% Guaranteed Step-up Callable Perpetual Preferred Securities	2	2

There were 8,627,956 units (2001: 10,142,210 units) of the Bank's Ordinary Stock, shares nil (2001: 168,020) of the Bank's Preference Shares, €nil 2001: €1,530,000) Bank of Ireland 6.45% Subordinated Bonds 10.02.2010 and €1,502,000 (2001: €1,502,000) Bank of Ireland 7.4% Guaranteed Step up Callable Perpetual Preferred Securities included in the Bank's pension assets for the year ended March 31, 2002. The total gross dividend paid in cash on these investments was €3.2 million (2001: €3.3 million). In addition, the Group rents property from the pension fund. The annual rent payable thereon, which is at arms length rates, amounted to €6.9 million.

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

The following is a reconciliation of benefit obligation, the change in the plan assets during the year and an analysis of the funded status of the plans during the three years ended March 31, 2002.

	2002	2001	2000
		(in € millions)	
Change in projected benefit obligation			
Projected benefit obligation at April 1	2,243	2,032	1,845
Service cost (net of members contributions)	72	61	59
Interest cost	132	120	92
Members contributions	9	7	8
Liability change	(11)	(5)	(6)
Actuarial gain/(loss)	(67)	34	68
Special termination benefits	96	55	15
Benefits paid	(70)	(61)	(49)
Projected benefit obligation at March 31	2,404	2,243	2,032
Change in plan assets			
Fair value of plan assets at April 1	2,921	2,973	2,551
Actual return	139	(7)	459
Employer contribution	10	8	4
Members contribution	9	7	8
Benefits paid	(71)	(60)	(49)
Fair value of plan assets at March 31	3,008	2,921	2,973
Change in funded status			
Funded status at March 31	604	678	941
Unamortised net gain	(573)	(575)	(847)
Unamortised net asset at transition	(10)	(11)	(12)
Prepaid (accrued) pension cost recognised in balance sheet at year end	21	92	82

(2) Cashflow Statements

The consolidated cash flow statement on page F-10 has been completed in accordance with Financial Reporting Standard 1 (revised) (FRS1) which was issued by the U.K. Accounting Standards Board in 1996.

The objective and principles of FRS 1 are similar to those set out in SFAS 95. The principal differences between the standards relate to classification. Under FRS 1, the Group presents its cash flows for (i) operating activities; (ii) returns on investment and servicing of finance; (iii) taxation; (iv) capital expenditure and financial investment; (v) acquisitions and disposals; (vi) equity dividends paid and (vii) financing. SFAS 95 requires only three categories of cash flow activity, namely (i) operating; (ii) investing and (iii) financing. In addition FRS 1 (revised 1996) defines cash as cash and balances at central banks and loans and advances to banks repayable on demand. SFAS 95 defines cash as being inclusive of cash equivalents which are short term highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

The classification of cash flows under FRS 1 generally differs from that under SFAS 95 as follows: (i) returns on investment and servicing of finance and taxation would be included as operating activities;

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

(ii) capital expenditure and financial investment, acquisitions and disposals would be included as investing activities; and (iii) equity dividends paid would be included as a financing activity.

(3) Deferred Taxation

In accordance with SFAS No. 109, ''Accounting for Income Taxes'', the components of deferred taxation in the balance sheet at March 31, 2002 and 2001 are as follows:

	At March 31, 2002	At March 31, 2001 (restated)
	(in € millions)	
Deferred tax liabilities		
Accelerated capital allowances:		
on finance leases	125	113
on equipment used by the Group	11	20
Total	136	133
Deferred tax assets		
Reserve for loan and lease loss	33	41
Loss carry forwards	4	—
Minimum tax credits	1	1
Other	14	20
Total	52	62
Deferred tax asset valuation allowance	(5)	(1)
Net deferred tax assets	47	61
Net deferred tax liabilities	89	72

(4) Impaired Loans

Bank of Ireland has reviewed SFAS No's. 114 and 118 Accounting by Creditors for Impairment of a Loan. SFAS No. 114 applies only to impaired loans, the measurement of which is primarily based upon the present value of expected future cash flows discounted at the loan's effective interest rate. In certain instances this measurement may reflect the loan's observable market value, or the fair value of the collateral if the loan is collateral dependent. Smaller balance homogeneous consumer loans that are collectively evaluated for impairment, are outside the scope of SFAS No. 114, as are debt securities and leases. The Group has determined, using the net present value method, that it had no material effect on the reconciliation of net income and shareholders funds between Irish and U.S. GAAP.

Smaller balance homogenous loans are defined as all loans, irrespective of balance size, in the Group's credit card division, finance companies and its UK residential mortgage company. The distinguishing feature is that in each case, the Loan Loss Provision is generated automatically based on arrears experience.

Within the Bank, a loan is automatically deemed to be impaired when based on current information and events, it is probable that the Bank will be unable to collect all amounts due (principal and contractual interest), according to the terms of the contractual agreement. Such loans are classified as Credit Grade 6 (Provision Required) or Grade 7 (Write-Off). In addition, certain Credit Grade 5 loans (Unacceptable Risk) where there is no

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

loan loss immediately identifiable but where there is doubt regarding the collectability of principal and interest out into the future are also classified as impaired.

All loans classified as Credit Grade 6 (Provision Required) or Grade 7 (Write-Off), and where the loan balance was less than €300k/Stg£250k as at March 31, 2002, were aggregated for evaluation purposes. It is practice in Ireland and the United Kingdom to delay write-off of debt until the realization of collateral or alternative recovery action has been completed, or the required full or partial write-off can be predicted with a high degree of certainty. When management determines that a full or partial write-off on a loan is appropriate, the amount of the write-off is applied against the specific provision and the debt reduced to its estimated realizable value. Amounts which are written off on the Group's books must continue to be subject to the same diligence in collection effort as is applied to other loan balances. Interest on Credit Grade 6 (Provision Required) and Grade 7 (Write-Off) loans is accounted for on a cash receipts basis.

Under the Bank's policies for interest income recognition, the Bank records cash receipts on loans that are impaired as a reduction to the principal balance.

At March 31, 2002, the Group's net investment in impaired loans amounted to €50.0 million (2001: €66.8 million) of which €34.9 million (2001: €42.3 million) was after specific provisions of €97.1 million (2001: €76.7 million).

The average level of such impaired lending during the year was approximately €145.3 million (2001: €137.2 million).

(5) Stock Compensation Plan

The Bank operates a number of stock option schemes. Further details are set out in Note 35.

The Group has elected to follow APB 25 in accounting for these schemes. Had a fair value basis of accounting for these schemes been applied, as outlined in SFAS No 123, based on fair values at the grant dates, proforma net income and proforma basic earnings per share under US GAAP would have been, €661 million for March 31, 2002 (2001: €681 million and 2000: €626 million) and 65.7c (2001: 68.3c and 2000:61.8c) respectively.

The following table summarises the number of options outstanding under the Senior Executive Scheme and weighted average exercise price:

	Year Ended March 31,			
	2002		2001	
	Number	Weighted Average exercise price	Number	Weighted Average exercise price
Outstanding at beginning of year	8,180,804	4.6037	10,681,326	3.1765
Granted in year	986,000	10.9290	1,021,150	7.3271
Exercised in year	2,446,062	3.528	3,416,672	3.3965
Lapsed in year	75,000	9.5045	105,000	7.9535
Outstanding at end of year	6,645,742	5.8828	8,180,804	4.6037

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

The following table summarises information about the Executive Stock Options Scheme outstanding at March 31, 2002.

	Number Outstanding at March 31, 2002	Weighted Average Remaining Contractual Life	Number Exercisable at March 31, 2002
Exercise price (€ cent)			
0.982	319,556	3 mths	319,556
1.436	143,686	1 yr 2 mths	143,686
1.670	195,000	2 yr 2 mths	195,000
1.834	100,000	2 yr 8 mths	100,000
2.111	280,000	3 yr 2 mths	280,000
2.819	1,062,000	4 yr 3 mths	1,062,000
3.241	80,000	4 yr 8 mths	80,000
4.529	935,000	5 yr 3 mths	935,000
5.753	535,100	5 yr 8 mths	535,100
8.264	258,000	6 yr 2 mths	258,000
8.933	720,000	7 yr 4 mths	—
8.430	80,250	7 yr 8 mths	—
6.960	805,000	8 yr 2 mths	—
9.150	171,150	8 yr 8 mths	—
11.050	727,000	9 yr 2 mths	—
10.540	234,000	9 yr 8 mths	—

The Sharesave Scheme ("SAYE Scheme") was launched in February 2000 and as a result options over 15,527,008 units of Ordinary Stock (1.6% of the Issued Ordinary Stock) were granted to participating employees at an option price of €5.40, which represented a 20% discount to the then market price. The outstanding options under the Scheme, which stood at 13,326,456 at March 31, 2002 and 14,530,120 at March 31, 2001 are exercisable, provided the participant's savings contracts are complete, between May 2003 and May 2007.

As at March 31, 2002 conditional awards totalling 644,825 units of stock (2001: 460,817 units of stock) were outstanding to the current participants of the Long Term Performance Stock Plan.

The significant weighted average assumptions used to estimate the fair values of the options granted were a risk free rate of return of 4.54% (2001: 5.05%, 2000: 4.1%), expected volatility of 35.65% (2001: 33.5%, 2000: 24.7%) and a dividend yield for the sector of 1.78% (2001: 2.35%,2000: 2.2%). An expected life of 5 years was used in the case of the senior executive Stock Option Scheme. The expected life of the Sharesave scheme options was expected to approximate the period of the savings contracts.

(6) Earnings per share

Basic earnings per share (EPS) under U.S. GAAP differs from Irish GAAP only to the extent that income calculated under U.S. GAAP differs from that calculated under Irish GAAP.

Diluted EPS measures the effect that existing options would have on the Basic EPS if they were to be exercised, by increasing the number of ordinary shares. Under U.S. GAAP, the number of increased shares is reduced by the number of shares that could be bought (using the average market price in the year) with the assumed exercise proceeds (actual proceeds arising on exercise plus unamortised compensation costs, where

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

appropriate). Any options that are antidilutive are excluded from this calculation. (An option is antidilutive when the deemed proceeds is greater than the market price used in the above calculation, there were no antidilutive options in the current or prior year).

	2002			2001		
	Income	Share No	Per-share Amount	Income	Share No	Per-share Amount
	€m	(in millions)	Cent	€m	(in millions)	Cent
Basic EPS						
Approximate net income (US GAAP) available to ordinary stockholders	667	1005.6	66.3c	689	996.8	69.1c
Effect of dilutive securities employee share options		9.6			8.9	
Diluted EPS	667	1015.2	65.7c	689	1,005.7	68.5c

	2000		
	Income	Share No	Per-share Amount
	€m	(in millions)	Cent
Basic EPS			
Approximate net income (US GAAP) available to ordinary stockholders	628	1,013.6	62.0c
Effect of dilutive securities employee share options		5.9	
Diluted EPS	628	1,019.5	61.6c

(7) Alternative Presentation of Consolidated Statement of Income

The Group's share of profits of the life assurance company Bank of Ireland Life has been included under other operating income in the Consolidated Statements of Income. The income statement of the life assurance businesses, if consolidated under U.S. GAAP, would be consolidated within the Group figures on a line by line basis.

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

The following summary consolidated statements of income illustrates this presentation.

	At March 31, 2002	At March 31, 2001 (restated)
	(in € millions)	
Net interest income	1,595	1,423
Other income	1,289	1,190
Total income	2,884	2,613
Total operating expenses	1,763	1,535
Operating profit	1,121	1,078
Income from associated undertakings	1	7
Profit on ordinary activities before exceptional items	1,122	1,085
Group Transformation Programme	(37)	(93)
Profit before tax	1,085	992
Taxation on profit on ordinary activities	165	190
Profit on ordinary activities after tax	920	802
Deposit Interest Retention Tax	—	35
Profit for the financial year	920	767
Minority interest		
— equity	2	3
— non-equity	6	7
Non cumulative preference stock dividends	17	26
Profit for financial year attributable to holders of ordinary stock	895	731

(8) Alternative presentation of the Consolidated Balance Sheet

The long-term assurance assets and liabilities of the life assurance business have been classified under separate headings in the consolidated Balance Sheet. Under U.S. GAAP the Balance Sheet of the Life Assurance business would be consolidated with Group figures.

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

The following consolidated Balance Sheet illustrates this presentation.

	At March 31, 2002	At March 31, 2001
	(in € millions)	
Assets:		
Cash and balances at Central Banks	569	256
Items in the course of collection from banks	554	708
Central government and other eligible bills	79	76
Loans and advances to banks	8,660	8,426
Loans and advances to customers	56,577	51,147
Securitization and loan transfers	1,106	1,414
Less: non-returnable amounts	964	1,273
	142	141
Debt securities	12,483	9,998
Equity shares	3,344	2,914
Own Shares	27	29
Interest in associated undertakings	16	14
Interest in joint ventures	4	9
Intangible Fixed Assets	271	227
Tangible fixed assets	1,615	1,527
Other assets	2,336	2,729
Prepayments and accrued income	648	674
Total Assets	87,325	78,875

47 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

	At March 31, 2002	At March 31, 2001 (restated)
	(in € millions)	
Liabilities:		
Deposits by banks	12,583	11,664
Customer accounts	51,111	45,630
Debt securities in issue	6,374	5,016
Items in the course of transmission to banks	152	178
Other liabilities	9,072	8,727
Proposed dividends — equity	216	196
Accruals and deferred income	672	770
Provision for liabilities and charges		
deferred taxation	89	72
other provisions for liabilities and charges	159	196
Subordinated liabilities	2,524	2,510
Minority interest		
equity	91	5
non-equity	82	81
Called up capital stock	679	691
Stock premium account	773	726
Capital reserve	397	311
Profit and loss account	2,143	1,850
Revaluation reserve	208	252
Total stockholders' funds including non-equity interests	4,200	3,830
Total liabilities	87,325	78,875

48 SFAS NO. 115 "ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES"

The difference between Irish generally accepted accounting principles (IR GAAP) and those applicable in the U.S. (U.S. GAAP) for debt securities are outlined in Note 47 above.

The book value and market value of the debt securities are analyzed as follows:

	At March 31, 2002		At March 31, 2001	
	Book Value	Market Value	Book Value	Market Value
	(in € millions)			
Held to maturity	3,087	3,106	2,289	2,293
Available for sale	5,265	5,303	3,526	3,554
Trading	2,533	2,533	2,714	2,714
Total	10,885	10,942	8,529	8,561

48 SFAS NO. 115 "ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES" (continued)

The following table sets out the amortized cost and market value of the available for sale investment portfolio owned by the Group at March 31, 2002 and 2001.

	Available for Sale Investment Portfolio			
	2002		2001	
	Amortized Cost	Market Value	Amortized Cost	Market Value
	(in € millions)			
Irish government	463	449	60	60
Other European government	270	303	124	134
US Treasury and US Government agencies	—	—	2	2
Mortgage backed obligation of federal agencies	—	—	—	—
Corporate bonds	3,800	3,819	2,864	2,882
Other securities	732	732	476	476
Total	5,265	5,303	3,526	3,554

Proceeds from sales of available for sale securities during the year ended March 31, 2002 were €90 million (2001: €113 million). Gross gains of €2 million (2001: € nil) and gross losses of €nil (2001: €1 million) were realized on those sales. Realized gains and losses on available for sale securities are generally computed using the specific identification method.

The following table shows the maturity distribution of the available for sale investment portfolio at March 31, 2002 based upon amortized cost.

	In One Year or Less	After One Year Through Five Years	After Five Years Through 10 Years	After 10 Years	Total
	(in € millions)				
Irish government	—	—	100	363	463
Other European government	10	246	14	—	270
US Treasury and US Government agencies	—	—	—	—	—
Mortgage backed obligations of federal agencies	—	—	—	—	—
Corporate bonds	617	2,873	310	—	3,800
Other securities	729	—	3	—	732
Total	1,356	3,119	427	363	5,265

48 SFAS NO. 115 "ACCOUNTING FOR CERTAIN INVESTMENTS IN DEBT AND EQUITY SECURITIES" (continued)

The following table sets out the amortized cost and market value of the held to maturity investment portfolio owned by the Group at March 31, 2002 and 2001.

	Held to Maturity Investment Portfolio			
	March 31, 2002		March 31, 2001	
	Amortized Cost	Market Value	Amortized Cost	Market Value
	(in € millions)			
Irish government	—	—	—	—
Other European government	—	—	8	9
U.S. treasury and U.S. government agencies	—	—	1	1
Corporate bonds	3,082	3,101	2,280	2,283
Other securities	5	5	—	—
	3,087	3,106	2,289	2,293

Proceeds from sales of held to maturity securities during the year ended March 31, 2002 were €nil (2001: €26 million). Gross gains of €nil (2001: €1 million) and gross losses of € nil (2001: € nil) were realised on those sales.

The following table shows the maturity distribution of the held to maturity investment portfolio of the Group at March 31, 2002 based upon amortized cost.

	Maturity Distribution of Held to Maturity Investment Portfolio At March 31, 2002				
	In One Year or Less	After One Year Through Five Years	After Five Years Through 10 Years	After 10 Years	Total
	(in € millions)				
Irish government	—	—	—	—	—
Other European government	—	—	—	—	—
U.S. treasury and U.S. government agencies	—	—	—	—	—
Corporate bonds	40	794	1,280	968	3,082
Other securities	—	—	5	—	5
Total	40	794	1,285	968	3,087

49 COMPREHENSIVE INCOME

	At March 31,		
	2002	2001	2000
	(in € millions)		
Net income in accordance with US GAAP	667	689	628
Other comprehensive income net of tax			
Foreign currency translation adjustment	20	(68)	227
Net movement on unrealized gains on debt securities	4	8	(22)
Comprehensive income	691	629	833

50 POST BALANCE SHEET EVENTS (UNAUDITED)

- The Bank of Ireland announced on May 16, 2002 the proposed acquisition by Bank of Ireland Asset Management (''BIAM'), of Iridian Asset Management (''Iridian'), an independent US investment manager with c. €12.1 billion (approximately $11.0 billion) under management. The acquisition gives BIAM a presence in US domestic equities, the biggest product segment of the US investment market, and will facilitate Iridian's development in the US and in other international markets.

  BIAM has agreed to acquire a 61% interest in Iridian for an initial consideration of €196 million (approximately $177 million), plus a contingent deferred payment of up to approximately €24 million (approximately $21 million), based on the performance of the business over the two years following the acquisition. The transaction will be financed from the internal resources of the Bank of Ireland Group. BIAM can acquire the remaining 39% interest over time. This structure will secure the continued involvement of key members of the team that have successfully built the Iridian business to date.

  Iridian is an established and successful manager of US equities for approximately 200 US institutional clients primarily in the foundation, endowment and corporate sectors. Since the firm was founded in 1996, it has established a strong long-term track record in managing mid-cap and large-cap US equities, using a value discipline.

- It was announced on May 23, 2002 that First Rate Enterprises Ltd, a subsidiary of the Bank of Ireland Group, has joined forces with Post Office Ltd (UK) to form a joint venture called First Rate Travel Services.

  The new company will supply foreign currency to 17,500 Post Office branches across the UK and is developing associated travel products and services. The 50:50 joint venture will offer both wholesale and retail currency facilities, combined with a variety of associated travel products and services.

- AIB Group and Bank of Ireland announced on June 18, 2002 that they have informed the European Commission of their intent to create at 50/50 joint venture (JV) technology services company. The JV will combine the two parties' respective IT infrastructures to provide IT services, on a commercial basis, including datacentre operations, networks and desktop management services. Neither Bank will have access to the customer information of the other. The JV will provide services to the Irish and UK divisions of both organisations, as well as to other companies in Ireland and abroad. The formation of the new JV will require Bank of Ireland to exit its current IT joint venture with Perot Systems.

  The specific services that the JV will provide include:

  - Operational services (day to day management of customers' IT infrastructure)
  - Infrastructure implementation services (building new IT infrastructure solutions)
  - Help desk management services, and
  - Business continuation services (back-up facilities)

  The new venture will be based in a single location and various options are currently under consideration.

  The JV will employ 700 people and will have an independent CEO and management team.

BANK OF IRELAND GROUP

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

The Governor and Company of the Bank of Ireland (Registrant)

Date: July 26, 2002

By: __________________________________
Name: Michael D Soden
Title: Group Chief Executive

By: __________________________________
Name: John O'Donovan
Title: Group Chief Financial Officer

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