Report & Accounts
for the year ended 31 March 2003

Bank of Ireland Group

A decade of sustained Growth

Contents

Court of Directors

1 Laurence G Crowley ✦ ●
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 66)

2 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 1 March 2002. Formerly Executive General Manager of Global Business and Personal Financial Services in National Australia Bank. (Age 56)

3 Caroline A Marland
Appointed to the Court in 2001. Director of Burberry Group plc. Former Managing Director of Guardian Newspapers and a former member of the main board of directors of the Institute of Directors in the UK. (Age 57)

4 Roy E Bailie, OBE ❖ ✧
Appointed to the Court in 1999. Chairman of W&G Baird Holdings Ltd. 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)

5 John O'Donovan
Group Chief Financial Officer
Joined the Group in November 2001 as Group Chief Financial Officer. Appointed to the Court in July 2002. Formerly Group Finance Director of Aer Lingus. (Age 51)

6 Donal J Geaney ❖
Appointed to the Court in 2000. Chairman of Automsoft, the Irish Aviation Authority and the National Pensions Reserve Fund Commission. Member of the Board of Directors of BIO (The Biotechnology Industry Organisation) and of The Ireland-United States Council. Member of the Board of The Trinity College Foundation. Patron of Junior Achievement. Senior advisor to Elan Corporation plc. (Age 52)

7 Denis O'Brien ❍
Appointed to the Court in 2000. Former Chairman of ESAT Telecom Group plc. Chairman of 2003 Special Olympics World Summer Games. Chairman, Governing Body National College of Ireland. A director of Oakhill plc, Digicel Ltd and a number of other companies. (Age 45)

8 Thomas J Moran ❖ ✧
Appointed to the Court in 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 Concern Worldwide (U.S.) and of the North American Board of the Michael Smurfit Graduate School of Business at UCD. (Age 50)

9 Mary P Redmond ✧ ❍
Appointed to the Court in 1994 and appointed Deputy Governor from 2000 to September 2002. Consultant Solicitor in Employment Law at Arthur Cox and founder of the Irish Hospice Foundation and of The Wheel, the Community and Voluntary Sector network. (Age 52)

10 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 62)

11 Brian J Goggin
Chief Executive Asset Management 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, Chief Executive Wholesale Financial Services in 2002 and Chief Executive Asset Management Services with effect from 1 April 2003. Appointed to the Court in 2000. (Age 51)

12 Raymond MacSharry ❖ ❍
Appointed to the Court in 1993. A former Minister for Finance and a former EU Commissioner for Agriculture. Chairman of London City Airport Ltd and a director of Ryanair Holdings plc. (Age 65)

13 Richard Burrows ◆ ✧ ✻
Deputy Governor
Appointed to the Court in 2000. Appointed Deputy Governor in October 2002 and Senior Independent Director in February 2003. Joint Managing Director of Pernod Ricard S.A. and Chairman of Irish Distillers Group Ltd. Past President of the Irish Business and Employers Confederation (IBEC). (Age 57)

✻ 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
● Chairman of the Group Nominations Committee
❍ Member of the Group Nominations Committee

Laurence G Crowley Governor

Governor's Statement

A dynamic business with excellent momentum

Bank of Ireland Group has performed well during a testing period for the financial services sector. The sustained weakness in equity markets, which has persisted beyond most expectations, has had a severe impact for two consecutive years on a proportion of the Group's earnings; but we have still succeeded in achieving acceptable profit growth, both in absolute terms and relative to our peers.

Success in such an environment requires a combination of solid growth in business volumes, diligent management of costs and continued attention to asset quality. The Group has delivered in all three respects. In addition, material and sustained benefit will accrue to Stockholders from the capital management initiatives taken during the year which involved re-balancing the capital base by reducing the amount of equity through buying back the Group's stock on the one hand and, on the other, raising less costly debt capital on the wholesale markets.

The trading performance across each of the divisions was satisfactory. There were strong business inflows in retail and wholesale banking, in life assurance and in asset management, although the latter two were impacted negatively by the fall in equity values. The Group has demonstrated resilience in the face of competitive pressures, imagination and innovation in product design and delivery and inventiveness in re-shaping businesses to achieve higher margins and better returns.

Strategies for growth

The Group is ambitious for growth and can demonstrate a decade long track record of asset and profit expansion and exceptional returns to our Stockholders. We have clear strategies in place to maintain this level of performance. We know the markets and segments in which growth can be achieved, we are confident in the skills that management and staff have developed and we know where they can be applied to good effect. These skills continue to deliver strong organic growth, ahead of natural market growth in both domestic and some overseas markets. Indeed, the quality and depth of the Group's management has been a key differentiator and source of competitive advantage for the Group.

Opportunities for transformational growth are few and there are few organisations fitted to grasp them when they arise. I believe that Bank of Ireland had the management capability to realise the Abbey National opportunity and that was why I and the other directors fully supported the approach. However, we were not allowed to examine the business through a due diligence audit and we withdrew. That chapter is now closed. It did not impact on the operational performance of the Group, nor did it diminish or contradict the strategic approach that has produced such excellent results over recent years. The Group will continue to pursue this strategy, which has made it one of Europe's most successful and most profitable financial services companies.

The economic outlook

The true test of any business is its ability to perform satisfactorily through varying economic cycles. The unprecedented strength of the Irish economy in recent years caused some commentators to underestimate and, perhaps, undervalue the success achieved by the Group in its domestic market on the basis that we were over-dependent on untypical growth rates. It is significant that the growth of the Group's business in Ireland has outpaced economic growth and continues to do so. There are some current threats to progress which must be addressed, above EU average inflation and the erosion of competitiveness, and it is clear that Irish growth rates are significantly lower than heretofore. However, the Group has demonstrated clearly that it can deliver very solid performances in a less buoyant economic environment.

Growth rates in our two principal retail and business banking markets, Ireland and the UK, are expected to remain ahead of the EU average throughout the coming year. Both economies have high levels of employment and good domestic demand relative to other European states. Sustained recovery in equity markets is less certain.

Our role in the community

Bank of Ireland is among Ireland's longest established and largest enterprises. While a significant proportion of Group profit is generated from internationally located or internationally focused businesses, we recognise that we have a special position within the Irish economy and we acknowledge the responsibilities that result. These are manifest in many ways, such as in our purchasing policies and in our community support initiatives. Foremost amongst the latter is our sponsorship of the Special Olympics World Games 2003, which commence in Ireland within days of the publication of this report.

The Group has embarked on the development of a formal Corporate Social Responsibility (CSR) programme and has appointed a Corporate Social Responsibility Manager. The programme will encompass the Group's relationships with each of its key stakeholder groupings, including stockholders, customers, staff, government and the wider community. The Group has always aspired to the highest standards of integrity, corporate governance and environmental performance. In the context of a formal CSR programme, these standards will be codified, their application monitored across the Group and performance against them will be measured. They will become an integral performance benchmark at both corporate, business unit and individual employee level.

The Court

I want to acknowledge the continued support of my fellow directors, who have devoted themselves assiduously to their Court duties throughout the year. The increasing complexity of the corporate governance environment has added significantly to the responsibilities placed on directors and, incidentally, to the cost of doing business.

We are fortunate in the mix of skills, experience and achievement across the spectrum of industry, commerce and public affairs that is represented on the Court. These skills continue to be of great value to me and to Group management.

Tony Barry, who retired from the Court during the year, epitomised the best attributes of an effective non-executive director. He brought wise counsel combined with a deep commitment to the welfare of the Group and I thank him for his significant contribution.

John O'Donovan, Group Chief Financial Officer, joined the Court since our last Stockholders' meeting, bringing the number of executive directors to three. He has already proved to be a valuable addition.

Management and staff

I referred earlier to the quality of management in the Group. Clearly, any success that they achieve is derived from the support and skills of employees at every level. The Group has an excellent and committed workforce, and I am pleased, on behalf of the directors and all stockholders, to acknowledge their central contribution to the success of the business.

Laurence G. Crowley
14 May 2003

Michael D Soden Group Chief Executive

Group Chief Executive's Operating & Financial Review

Bank of Ireland Group reports profit on ordinary activities before tax and exceptional items of €1,177 million for the year to 31 March 2003, an increase of 5% on the previous year. Alternative earnings per share (which excludes goodwill amortisation and exceptional items) of 99.2 cent increased by 6%. The Group has proposed a final dividend of 23.8 cent, which, combined with the interim dividend of 13.2 cent, represents a total dividend of 37 cent, an increase of 4 cent or 12% year on year. Profit before taxation, at €1,013 million, compares with €1,085 million for the previous year and is after the exceptional charge of €164 million arising from the withdrawal from certain businesses and reorganisation costs in the UK.

Return on average stockholders' equity, excluding exceptional items, was 22%, the tenth successive year in which the Group has achieved ROE in excess of 20%. The share buy-back programme will enhance ROE in the future.

Capital management is an important strategic priority. Active management of the composition of the capital base and of the allocation of capital to Group units is a key driver of enhanced returns to stockholders and we will seek every opportunity to improve the capital structure of the business. During February 2003, the Group began a rolling share buy back programme and 1.3% of Group stock has been purchased to date. The Group raised approx. Stg£350 million of non-equity tier 1 capital, the cost of which is significantly lower than the cost of equity. Thus, the Group has maintained a very strong capital base, but at a lower cost, adding to stockholder value and generating higher returns in the future.

Capital ratios are very strong with Tier 1 and Total Capital at 8.0% and 11.1% respectively. The Group has considerable capital flexibility – both to continue its share buy-back programme and to pursue suitable opportunities to grow its businesses.

Capital management is complemented by a portfolio management philosophy, which ensures that all Group units meet – or are deemed capable of meeting within an acceptable timeframe - exacting return on capital hurdles. Businesses that cannot do so will be disposed of.

During the year, the Group exited its joint venture with Perot Systems and sold a UK processing operation, Active Business Services. MX Financial Solutions, one of two IFAs operated by the Group in the United Kingdom, was merged with Chase de Vere Investments, which will result in significant cost savings.

Total income increased by 4%, with net interest income growth of 10% being particularly strong, driven by good volume growth and a slight widening of the Group's net interest margin. The growth in net interest income more than compensated for a fall in other income of 3%, due to the downturn in world equity markets, which impacts on the embedded value of our life assurance business, the income earned from assets under management in our funds management business, income from the sale of equity based products and income from our advice based businesses in the UK.

Group costs increased by 5% compared to income growth of 4%. This is a significant improvement on the position that obtained last year when costs were up 14% against income growth of 11%. A sound cost culture has become increasingly evident in the face of a more challenging business environment. A core strategic objective is that every business unit will achieve an independently benchmarked, industry leading cost structure. A number of Group businesses such as Wholesale Financial Services and Asset Management Services are already at or very close to best practice. Others still have some distance to travel but are totally focused on the achievement of our strategic cost objective.

Credit quality in Bank of Ireland Group remains very strong and has shown no material deterioration, despite generally weaker economic conditions. The loan loss charge as a percentage of average loans, at 18 basis points, compares with 19 basis points last year. The loan book remains well diversified with no undue risk concentration.

The international economic environment remained unstable throughout the year, exacerbated towards the year end by the war in Iraq. The consequences for all businesses whose profitability is reliant or partly reliant on equity values have been very severe. In such circumstances, the Group's profit performance in the year under review was a notable achievement.

Although growth rates in the Irish economy are below the levels achieved in earlier years, there was still considerable buoyancy in the economy. This was reflected in excellent volume growth in lending – particularly for residential mortgages. Most importantly, the Group continued to record market share gains in key market segments, gaining customers from other financial institutions for mortgages and other lending and investment products.

The reconfiguration of the Group's businesses in the UK continued. A management reorganisation of the UKFS Division was announced in March 2003 and has been followed by a series of organisational changes designed to maximise returns from the Group's UK businesses. The continued resilience of the British economy, where growth rates are expected to exceed the European average, augurs well for growth prospects in the UKFS Division.

Strategic focus

The Group has a clear four part strategy. While the emphasis on each of the four components may vary depending on opportunity and market circumstances, the Group's general strategic focus has not changed radically and remains fundamentally that which has delivered 10 years of uninterrupted growth and shareholder returns at levels achieved by few among our peers. The strategy is simple, well proven and will continue to deliver growth.

The four principal components of the strategy are:

- Organic Growth
- Mergers & Acquisitions
- Capital Management
- Strategic Cost Management

The first two of these are the engines for growth while the latter two are about running the Group in the most efficient way possible, both from a balance sheet and operating perspective.Underpinning the group strategy are the five Group goals which are:

- an undiminished focus on Ireland and the UK as a source of continued organic growth, especially in market segments in which we have not reached our full potential
- the achievement of an increasing proportion of profits from our international businesses
- a continued drive to increase the proportion of revenues from non-interest income
- the achievement of an industry-leading cost performance in every Group business
- optimisation of the mix of our capital structure and capital allocations to deliver enhanced stockholder returns.

The achievement of our strategic goals is also supported by an excellent credit culture, a commitment to the highest standards of corporate governance and behaviour and a focus on the development of the management and people skills that are essential to progress in the modern financial services environment.

Outlook

While the global economic and equity market backdrop remains very uncertain, we have a business mix, strategies and management that allow us to face the future with confidence. I believe that we can maintain the fine performance track record that is reflected in this year's results.

Business Performance	2002/03 €m	2001/02 €m
Retail Republic of Ireland	375	321
Bank of Ireland Life	87	122
Wholesale Financial Services	389	355
UK Financial Services	352	318
Asset Management Services	113	126
Group & Central	(85)	(64)
Grossing up*	(54)	(56)
Profit before taxation & exceptional items	1,177	1,122

* 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.

Group Executive Committee (left to right)

Des Crowley, Chief Executive, Retail Financial Services RoI
Roy Keenan, Chief Executive, UK Financial Services
Jeff Warren, Group Chief Development Officer
Brian Goggin, Chief Executive, Asset Management Services
Mike Soden, Group Chief Executive
John O'Donovan, Group Chief Financial Officer
Cyril Dunne, Group Chief Information Officer
John Collins, Chief Executive, Retail Businesses
Denis Donovan, Chief Executive, Wholesale Financial Services

Retail Republic of Ireland

Pre-tax profits in Retail Banking in the Republic increased by €54 million or 17% to €375 million. Income increased by 7% and costs by 2%, with loan losses as a percentage of advances slightly lower than last year. This was a good domestic performance against the backdrop of a somewhat weaker economy.

Market share of resources increased, with volumes at year end 9% higher than last year and average growth over the period of 11%.

Lending volumes increased by 17%, with particularly strong growth in residential mortgages, of which Bank of Ireland continues to be the leading provider. The mortgage market was very buoyant throughout the year and the Group achieved further increases in market share. New mortgage volumes were up 49%, with particularly strong growth in investor demand. Year-end balances were 29% higher than last year. Non-mortgage loan demand improved in the final quarter and year-end balances were up 8%.

Net interest margin contracted by 16 basis points, primarily as a result of the narrowing of deposit margins in a historically low interest rate environment and a more rapid growth in lower margin assets.

Taken together, the volume and margin trends resulted in growth in net interest income of 7%.

Non interest income increased by 6%. Insurance commissions, branch fee income and gains from property disposals contributed to the growth.

Loan losses at €51 million were €3 million higher than last year. The loan loss charge as a percentage of advances fell by 2 bps to 28 bps. The quality of the loan books continues to be very strong.

Costs rose by 2%. Salary increases, together with higher pension costs and increased depreciation charges, were ameliorated by savings generated by the Group Transformation Programme and the absence of exceptional costs borne in the prior year for the Euro changeover. The transformation programme is nearing completion and has met its key objectives. The network has been re-configured without any significant disruption to customer service and the principles of Customer Relationship Management have been successfully applied across the Division, with consequent improvements in customer satisfaction. Credit management has been further centralised, allowing greater customer focus in branches.

During the year, the Group announced a material expansion of its ATM network in the Republic of Ireland with the planned installation of 500 additional machines, located, in the main, in retail convenience stores. At year end, some 100 of the new installations had been completed.

Bank of Ireland Life

Bank of Ireland Life, the Group's life and pensions business, had operating profits of €130 million for the year compared with €129 million last year.

The company is now the leading provider of life assurance products to the Irish retail market. This was achieved on the back of an excellent sales performance with overall new business sales, excluding the Government Special Savings Accounts (SSIAs), which have a distorting effect, up 9% year on year.

Sales of regular premium products – also excluding SSIAs - increased by 19%, with pensions sales, underpinned by the Group's strong relative investment performance and service proposition, performing very strongly. Sales of single premium products were impacted by the loss of confidence in world equity markets and fell by 10%, although, within this category, sales of single premium pension products increased by 14%.

Bank of Ireland Life results are summarised below:-

	2002/03 €m	2001/02 €m
New business contribution	55	57
Profit from existing business		
- expected return	56	49
- experience variances	11	12
- operating assumption changes	(2)	1
Return on shareholder funds	10	10
Operating profit	130	129
Investment variance	(49)	(8)
Effect of economic assumption changes	35	31
Sub-total	116	152
Less: income adjustment for certain services provided by Group companies	(29)	(30)
Profit before tax	87	122

The negative investment variance of €49 million reflects the scale of the fall in world equity values, with all of the main indices down substantially for the third successive year.

The effect of changes in economic assumptions is €35 million, of which €22 million arises from the reduction in the discount rate to 10%. The reduction in the Irish corporation tax rate from 16% to 12.5% was the most significant item in the prior year.

While the outlook for equity markets remains uncertain and the short-term challenges facing the life assurance industry are considerable, Bank of Ireland Life is well positioned for further growth based on its exceptional financial strength. The company has 3.4 times the required solvency margin cover, and this will represent an increasingly significant competitive advantage in coming years.

Wholesale Financial Services

Wholesale Financial Services incorporates Corporate Banking, Treasury and International Banking (Treasury), Davy Stockbrokers (Davy), Private Banking, First Rate Enterprises (First Rate) and IBI Corporate Finance (Corporate Finance). Pre-tax profits increased by 10% to €389 million. Total Income, including Share of Associates and Joint Ventures, increased by €49 million or 8% reflecting strong growth of 13% in other income and a more modest 2% growth in net interest income. Cost performance was good, with costs up 5% on last year.

Corporate Banking, which increased its profit by 42%, generated a number of large once-off fees in both its domestic and international businesses. Its lending margin was slightly higher than last year. Treasury had a strong trading performance as interest rates declined to historically low levels, but profits were lower because of the high levels of exceptional trading gains in 2001/02. First Rate, the Group's specialist foreign exchange subsidiary, reported further substantial growth, underpinned by the success of its joint venture with the UK Post Office.

Davy and Private Banking produced very good performances in difficult market conditions while Corporate Finance had an excellent year.

The charge for loan losses was €28 million compared with €25 million the previous year. Loan losses were 21 basis points of average loans, marginally up on last year. The loan book remains well diversified, with good asset quality and no undue risk concentrations.

UK Financial Services

UK Financial Services (UKFS) generated pre tax profits of £228 million (€352 million), an increase of 13% in constant currency. The division contributed 30% of total Group profits, illustrating the extent and significance of the Group's operations in the UK.

Total income increased by £44 million or 8% with net interest income increasing by 14% and other income declining by 2%. The improvement in net interest income reflects the further diversification of the residential mortgage book into non-standard lending and improved savings margins following a decision to avoid the most price sensitive segments of the savings market. Other income decreased by £4 million reflecting difficult trading conditions in the market for investment products. Income growth in the division exceeded cost growth by 1%.

Asset quality remains strong with the loan loss charge declining from 10bp to 7bp year on year.

The UK loan book grew by 5% over the year, with increases in both the residential mortgage and commercial loan books. Non standard loans as a proportion of the total residential mortgage book increased from 16% at the beginning of the year to 24% at year end and represent 18% of the total UK loan book. Resources decreased by 4% over the year.

UKFS operates in four business segments: Personal Lending UK, a specialist provider of secured and unsecured lending products sold to personal customers, predominantly through intermediaries and through the Bristol & West branch network; Northern Ireland, an integrated banking business for personal and business / corporate customers in Northern Ireland; Business Financial Services, predominately the Bank of Ireland branch network in Britain, develops, manufactures and distributes products to corporate customers in Great Britain; and Financial Advice and Savings, incorporating Chase de Vere and Bristol & West Financial Advice & Savings - a branch and direct distribution business.

There was a particularly strong performance from Personal Lending UK, due to its continuing successful product diversification and good cost management. It contributed c.60% of the UKFS profit for the year. Northern Ireland also delivered strong results and continues to achieve very good organic growth. Business Financial Services operates successfully as a specialist business bank in Britain. It has developed expertise in some targeted segments and has gained a material market share in these segments. Both Northern Ireland and Business Financial Services each contributed c.20% of UKFS profits for the year.

Financial Advice and Savings was adversely affected by equity market conditions, which depressed activity in the IFA sector and in the sales of savings and investment products. The savings margin, and consequently savings income, held up well, but non-interest income was sharply down. A rationalisation of the IFA businesses under the Chase de Vere brand, announced in February 2003, will substantially cut costs and create a more diversified and stronger IFA enterprise that is well positioned to benefit from market improvement. The rationalisation gave rise to an exceptional charge of £92 million, which included goodwill impairment of £80 million.

Asset Management Services

In the context of a most difficult operating environment, the Division did very well in delivering pre-tax profits of €113 million - 10% below the previous year. Strong new business inflows combined with rigorous cost management mitigated some of the effects of declining equity values.

The total value of assets under management at Bank of Ireland Asset Management (BIAM) fell from €57.1 billion in March 2002 to €42.7 billion in March 2003, reflecting the weakness in equity markets globally. This was despite net inflows of €6.1 billion - the second best sales performance in the company's history. BIAM won significant new business in Ireland, Japan and Australia during the period.

Profits at Bank of Ireland Securities Services (BOISS) were steady with good levels of new business. Post the year-end, BOISS reached agreement on the sale of its share in the alliance jointly operated with State Street in the IFSC. This followed the acquisition by State Street of the global securities services business of Deutsche Bank in 2002.

The Group completed the acquisition of a 61% interest in Iridian on 6 September 2002, giving it a presence in the biggest product segment of the US investment market, and the Group's share of the results of this business have been consolidated since this date. Since the acquisition was completed, Iridian has made substantial progress in implementing the agreed operating model.

Group & Central

Group & Central which includes earnings on surplus capital and central unallocated costs together with some small business units, had a net cost of €85 million in the current year compared to a cost of €64 million in the previous year. Total income including share of associates in Group & Central reduced by €7 million, mainly as a result of the sale of Active Business Services and lower property gains, offset somewhat by higher earnings on reserves. Costs increased by €13 million as a result of increased operating expenses and expenditure on a range of development projects, offset by the effect of the sale of Active Business Services.

FINANCIAL REVIEW

Analysis of Results

The Group Profit & Loss account for the years ended 31 March 2003 and 2002 are set out below. The results for the previous year have been re-stated in accordance with an amended EU accounts directive, which re-defines certain dealing profits. The effect of the re-statement is a reduction in net interest income of €17 million, with a corresponding increase in other income, but no effect on overall profits.

	31 March 2003 €m	31 March 2002 (restated) €m
Net Interest Income	1,729	1,578
Other Income	1,188	1,227
Total Operating Income	2,917	2,805
Income from associated undertakings & joint ventures	22	1
Operating expenses	1,662	1,582
Provision for bad & doubtful debts	100	102
Profit on ordinary activities before exceptional items	1,177	1,122
Exceptional Items	(164)	(37)
Profit before Taxation	1,013	1,085

The Group's net interest income increased by 10% or €151 million to €1,729 million. A significant part of the increase was due to higher lending volumes, with the Group's average earning assets increasing by 6% during the year. The Group's net interest margin, at 2.38 %, was slightly higher than the previous year.

Group average lending increased by 6%, with Retail Republic of Ireland and UKFS accounting for most of the increase. The Group net interest margin was 7 bps higher than the previous year, with the domestic margin decreasing by 9 bps to 2.65% - mainly attributable to higher wholesale funding - and the foreign or overseas net interest margin increasing by 20 bps to 1.99%, mainly in UKFS. Other income was €1,188 million - lower than the corresponding period by €39 million or 3%. While this income segment bore the main impact of the fall and volatility in equity values, the modest decrease is after the benefits of strong growth in the sale of Group products, the change in the discount rate in Bank of Ireland Life and the profits from the sale of premises and lease disposals.

Income from associated undertakings and joint ventures increased by €21 million in the year and includes the profit contribution from First Rate Travel Services.

Operating Expenses increased by €80 million or 5%. Staff costs rose by 3%, reflecting normal salary increments and the national wage agreements in the Republic of Ireland and continued benefits from the Group Transformation Programme. The increase in administration expenses of 4% and depreciation and goodwill amortisation of 17% is driven by higher volumes and continued investments in the business. The Group cost income ratio for the year was 56%, comparable with the previous year.

The quality of the Group's loan book remains strong despite the various adverse corporate and economic developments during the year. Recent interest rate reductions in the Group's principal markets are a positive factor in underpinning the present robust credit grade profile of the loan portfolio. Loan losses, at €100 million, are slightly lower than last year and represent a charge of 0.18 % of average loans. Balances under provision at €320 million were slightly lower than last year and represent an average coverage ratio of 150%, similar to last year.

Average Earning Assets			Net Interest Margin (including grossing up)	
31 March 2003 €bn	31 March 2002 €bn		31 March 2003 %	31 March 2002 %
42.8	38.4	Domestic	2.65	2.74
31.0	31.5	Foreign	1.99	1.79
73.8	69.9		2.38	2.31

The exceptional charge of €164 million relates to the exit from two businesses, Active Business Services (€12 million) and PS Information Resource (Irl) Ltd (€9 million) and the costs associated with the rationalisation of the UK advice-based businesses (€143 million).

The effective tax rate of 16% is slightly higher than the corresponding year and is impacted by the goodwill impairment in the current year. The benefit of the reduction in Irish Corporation Tax Rate will be offset somewhat over the next three years by the levy on bank profits introduced by the Irish Government: the current year includes a charge of €7 million, being a quarter of the estimated Group share of the levy for this year. The Government has indicated that the levy will not be continued beyond the three year period.

The Group Balance Sheet increased from €87.3 billion to €89.5 billion. Stockholders' funds, at €4,195 million at 31 March 2003, are virtually unchanged from the previous year and include profit attributable to ordinary stockholders of €826 million, the cost of ordinary dividends of €371 million, the stock buyback of €124 million and a reduction of €346 million arising from the retranslation of our net overseas investments. Group capital ratios remain strong with a Tier 1 ratio of 8.0 % and a total capital ratio of 11.1%.

Return on equity before exceptional items was 22% for the year, a continuation of returns which have averaged 24% since 1993.

FRS17 Pension Accounting

Whilst under accounting standard FRS17 the market value of the Group pension schemes assets on 31 March 2003 is, after the related deferred tax asset, €681m less than the present value of the schemes liabilities as determined under FRS17, the independent actuary is satisfied that an interim valuation at 31 March 2003 discloses that the actuarial value of the net assets represented 105% of the benefits that have accrued to the Bank members, after allowing for expected future increases in earnings and pensions, and that the pension fund is in surplus.

Dividend

The Directors have recommended a final dividend of 23.8 cent. The recommended Final Dividend together with the Interim Dividend of 13.2 cent paid in January 2003, results in a total of 37 cent for the year ended 31 March 2003, an increase of 12% on the previous year.

The Group operates a progressive dividend policy based on the medium term outlook as well as earnings in any particular year. Total dividend for the year is covered 2.7 times compared to 2.8 times in the previous year.

The final dividend will be paid on or after 18 July 2003 to Stockholders who are registered as holding ordinary stock at the close of business on 20 June 2003.

Annual General Court

The Annual Report and Accounts and the Notice of the Annual General Court of Proprietors will be posted to Stockholders on 10 June 2003 and the Annual General Court will be held on 9 July 2003.

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 Group has adopted an integrated approach to the oversight and governance of risk management. The Group Risk Policy Committee (GRPC), a sub-committee of the Court of Directors, is responsible for recommending high-level risk policy and risk strategy to the Court for approval and for overseeing management of risk within approved policy parameters.

In turn, the Group Risk Policy Committee delegates specific responsibility for oversight of the principal areas of risk to the following committees:

- Group Credit Committee - all larger credit transactions.
- Group Asset and Liability Committee ("ALCO") - market and liquidity risk.
- Group Operational Risk Committee – operational risk.

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 a 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 37 and the accounting policy is set out on page 51.

It is recognised that certain forms of derivatives can introduce risks which are difficult to measure and control. For this reason, it is Group policy to place clear boundaries on the nature and extent of its participation in derivatives markets and to apply industry and regulatory standards to all aspects of its derivatives activities. In addition, Treasury & International Banking and Davy are the only Group businesses permitted to transact on the Group's behalf in derivatives markets (including forward foreign exchange).

The Group's derivatives activities are governed by policies approved by the Group Risk Policy Committee and, where appropriate, 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 significant change in the nature of the Group's derivatives business is subject to approval depending on materiality, by the Group Risk Policy Committee or the Court of Directors on the recommendation of the GRPC.

Nature of Derivatives 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 (of which the most important are options on interest-rate futures) and over-the-counter. In the case of OTC interest rate options, there are 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 following 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. Such 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

The market and credit risks arising in derivatives are integrated within the Group's overall risk management systems and controls.

CREDIT RISK

Credit Risk reflects the risk that a counterparty will be unable to meet their 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.

These initiatives position the Group for continued prudent loan growth and are also necessary to ensure that the Group meets the requirements of Basel 2. A dedicated team has been established to ensure that the additional work related to the proposed new capital accord will be completed in advance of the implementation date.

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 the Group Credit Committee, which is a sub-committee of the Group Risk Policy Committee, and comprises of Senior Executives some of whom are Executive Directors. 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 the Group Credit Committee.

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 the Group Risk Policy 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 setting 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 the Group Risk Policy Committee on a quarterly basis.

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.

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 Group Risk Policy Committee (GRPC) and, where appropriate, 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, the Group Asset and Liability Committee (ALCO), which is accountable to the GRPC, assigns risk limits to relevant Group businesses and ALCO monitors compliance with these limits. 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.

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 31 March 2003, risk arose predominately from transactions in securities, interest rate swaps and interest rate futures. Positions in forward foreign exchange, FRAs and interest rate options 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 31 March 2003, the Group's average Trading Book VaR amounted to €1.7m. Its lowest Trading Book VaR was €0.8m and its peak was €3.0m. At 31 March 2003, Trading Book VaR was €1.4m.

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 31 March 2003 was €0.9m.

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 and deposit 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 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 interest rate shift. This is supplemented by estimates of maturity mismatch 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.

All of the Group's material banking book exposure is in euro and sterling. At end March, a 1% parallel downward shift in the euro and sterling yield curves would have generated losses in NPV terms of €1.4m and €2.7m, respectively.

The table in Note 38 to the Accounts (page 95) provides an indication of the repricing mismatch in the Non Trading Books at 31 March 2003.

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 31 March 2003, the Group's structural foreign exchange position was as follows:

	31 March 2003 €m
GBP	2,405
USD	248
Total structural FX position	2,653

The positions indicate that a 10% depreciation in the value of the euro against all other currencies at 31 March would result in a gain taken to reserves of €265m.

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

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 the 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 over defined time horizons are the principal basis of liquidity control. The cashflow mismatch methodology involves calculating 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 formulated by the Group Operational Risk Committee and approved by the Group Risk Policy Committee and, where appropriate, by 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.

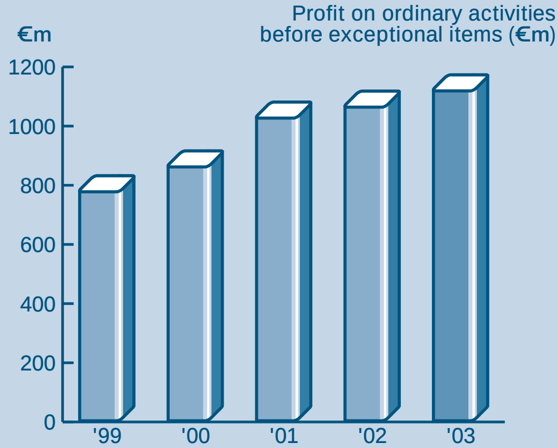
M. D. Soden

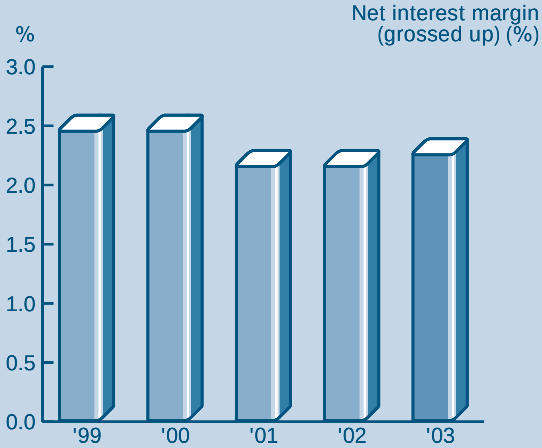
Michael D Soden
Group Chief Executive
14 May 2003

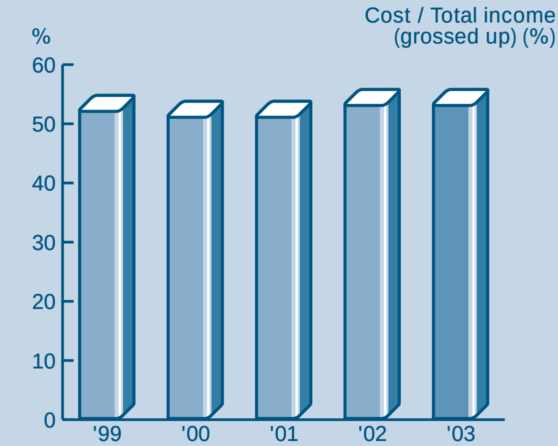
Five Year Financial Summary

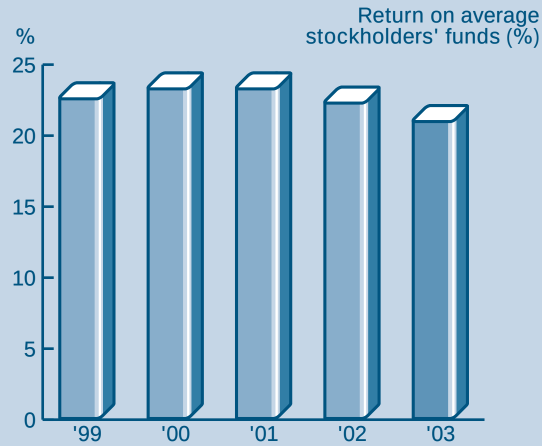
	Year ended 31 March				
	1999(4)	**2000(4)**	**2001**	**2002**	**2003**
	€m	**€m**	**€m**	**€m**	**€m**
PROFIT AND LOSS ACCOUNTS					
Profit on ordinary activities before exceptional items	836	920	1,085	1,122	1,177
Profit on ordinary activities before taxation	1,054	920	992	1,085	1,013
Profit on ordinary activities after taxation	801	724	802	920	850
Earnings per unit of €0.64 ordinary stock	74.5c	68.0c	73.4c	89.0c	82.0c
Dividends per unit of €0.64 ordinary stock (net)	18.41c	23.5c	29.0c	33.0c	37.0c
Alternative earnings per unit of €0.64 ordinary stock (1) (3)	54.3c	-	84.5c	93.4c	99.2c
BALANCE SHEETS					
Minority interests					
- equity	3	5	5	91	54
- non equity	79	87	81	82	73
Subordinated liabilities	1,389	1,866	2,510	2,524	2,703
Total stockholders' funds	2,854	3,279	3,830	4,200	4,195
Assets	54,314	68,017	78,875	87,325	89,505
OPERATING RATIOS	**%**	**%**	**%**	**%**	**%**
Net interest margin (grossed-up)	2.6	2.6	2.3	2.3	2.4
Other income / average earning assets	1.8	1.8	1.8	1.7	1.6
Costs / total income (grossed-up)	55	54	54	56	56
Return on average total assets (2)	1.1	1.2	1.1	1.1	1.1
Return on average stockholders' funds (2)	23.8	24.5	24.5	23.5	22.2
ASSET QUALITY					
Loan loss provisions / loans	1.0	0.9	0.8	0.9	0.8
Annual provisions / average loans	0.2	0.1	0.2	0.2	0.2
CAPITAL ADEQUACY RATIOS					
Tier 1 capital	9.0	7.4	7.8	7.6	8.0
Total capital	13.0	11.8	12.4	11.5	11.1
Equity / assets	4.9	4.5	4.3	4.4	4.3

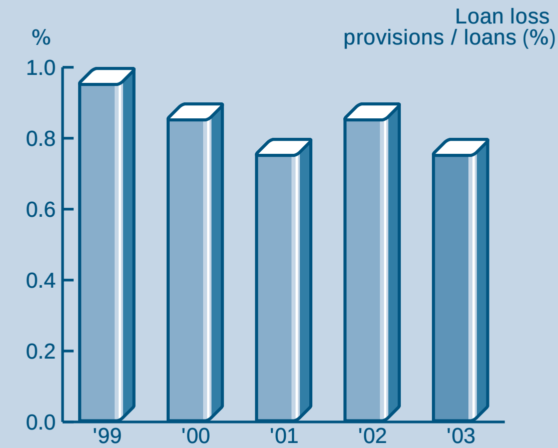
(1) Based on profit attributable to ordinary stockholders before exceptional items and goodwill amortisation.
(2) Ratios for 1999, 2001, 2002 and 2003 are based on the profit attributable to ordinary stockholders before exceptional items.
(3) The alternative earnings per unit of €0.64 ordinary stock for the year ended 31 March 2001 has been restated to take account of goodwill amortisation.
(4) The information in these columns has not been restated for the implementation of FRS 19 as the impact was not material.

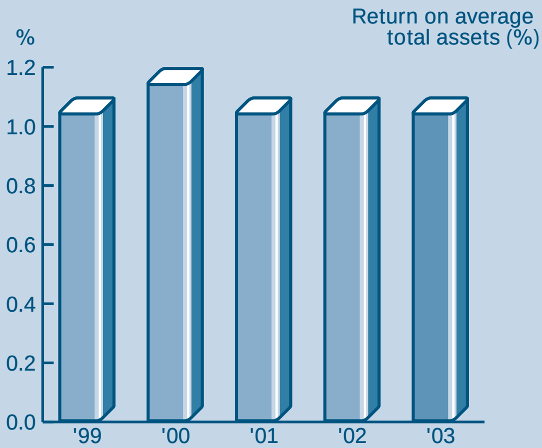

Profit on ordinary activities
before exceptional items (€m)
€m
1200
1000
800
600
400
200
0
'99
'00
'01
'02
'03


Net interest margin
(grossed up) (%)
%
3.0
2.5
2.0
1.5
1.0
0.5
0.0
'99
'00
'01
'02
'03

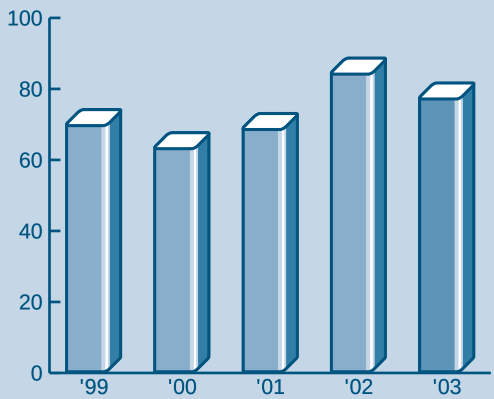

Cost / Total income
(grossed up) (%)
%
60
50
40
30
20
10
0
'99
'00
'01
'02
'03


Return on average
stockholders' funds (%)
%
25
20
15
10
5
0
'99
'00
'01
'02
'03

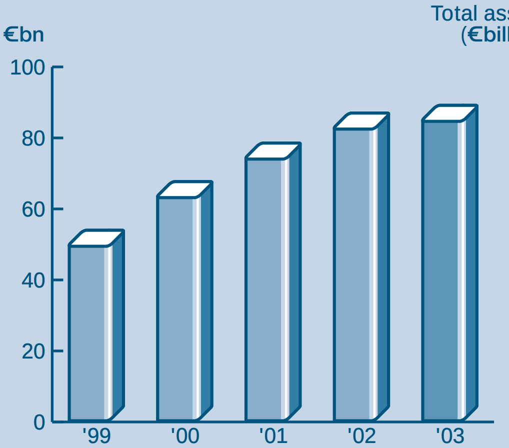

Loan loss
provisions / loans (%)
%
1.0
0.8
0.6
0.4
0.2
0.0
'99
'00
'01
'02
'03


Return on average
total assets (%)
%
1.2
1.0
0.8
0.6
0.4
0.2
0.0
'99
'00
'01
'02
'03

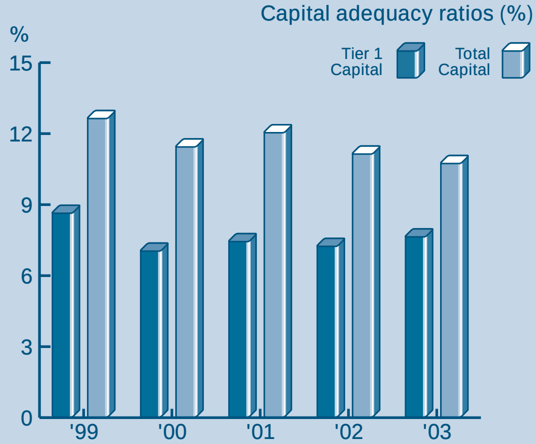
Earnings per unit of ordinary stock (cent)



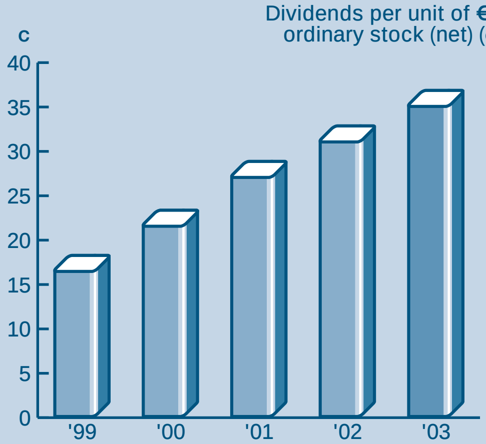
Total assets (€billion)



Capital adequacy ratios (%)



Dividends per unit of €0.64 ordinary stock (net) (cent)



Corporate Governance Statement

The Court of Directors is accountable to the stockholders for corporate governance and continues to be committed to maintaining the highest standards of corporate governance as set out in the "Combined Code"(1). The Directors believe that the Group has complied fully with the provisions of the Code throughout financial year 2002 / 2003. The Directors have considered the many developments in corporate governance over the past year and following the publication in January 2003 of the "Review of the role and effectiveness of non-executive directors" will have regard to the revised provisions of the Combined Code when they become effective.

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;
- as at 14 May 2003, the Court comprises 13 Directors, 10 of whom are non-executive Directors;
- 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; collectively, the Court brings strong and effective leadership to the Group (see short biographical descriptions of each of the Court members on page 3);
- Richard Burrows, as Deputy Governor, was appointed Senior Independent Director in February 2003 on the retirement of Anthony Barry;
- all non-executive Directors are appointed for an initial four year term but maybe asked to stay for a final term of up to a maximum of a further four years;
- 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 designed to familiarise them with the Group's operations, management and governance structures. These cover the functioning of the Court and the role of the key Court Committees. In addition, new Directors are offered an induction programme, including visits to Group businesses and meetings with senior management as appropriate. On an ongoing basis special training/briefing sessions appropriate to the business of the Group are provided to all 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 nine 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 as well as 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.

Note 1 – "The Combined Code: Principles of Good Governance and Code of Best Practice" (the "Code") 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.

COURT COMMITTEES

The Court delegates responsibility for a range of specific issues to different committees, whose terms of reference are reviewed periodically, as set out below. In all cases the Court is kept fully informed of the activities of each committee through formal reports and minutes thereby providing it with an opportunity to have its views taken into account.

Group Audit Committee – The Group Audit Committee, which comprises non-executive Directors only, is responsible for meeting 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 auditors' report, financial reporting including the annual audited accounts and other related matters including monitoring the management of operational risk. The Group Audit Committee is also charged with the responsibility of reviewing the independence, objectivity and effectiveness of the services provided by 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 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. The committee met on six occasions during the year ended 31 March 2003.

Group Remuneration Committee – The Group Remuneration Committee comprises non-executive Directors only. The membership of this committee currently comprises Laurence Crowley (Chairman), Roy Bailie, Richard Burrows, Tom Moran and Mary Redmond, and its responsibilities are set out in the Remuneration Report on pages 33 to 38. The Committee met on four occasions during the year ended 31 March 2003.

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), Raymond MacSharry, Denis O'Brien and Mary Redmond. The Committee met twice during the year ended 31 March 2003.

RELATIONS WITH STOCKHOLDERS

The Group recognises the importance of communicating with its stockholders. It seeks to provide through its Annual Report a balanced, clear assessment of the Group's performance and prospects. The Group also uses its internet website (www.bankofireland.ie) to provide investors with the full text of the Annual and Interim reports, the Form 20-F, (which is filed annually with the US Securities and Exchange Commission) and with copies of slide presentations to analysts and investors relating to the Group's full year and half year results. Additionally the "Investor Information" section on the Group's homepage on the website is updated with all Stock Exchange releases as they are made by the Group.

All stockholders are encouraged to participate in the Annual General Court, the notice of this meeting issuing at least 20 working days before the meeting. At the Annual General Court separate resolutions are proposed on each substantially separate issue and when an issue has been determined at the meeting on a show of hands, the Chairman indicates to the meeting the proportion of proxy votes for and against that resolution to demonstrate what the voting position would have been if the votes of those not in attendance at the meeting were taken into account. It is usual for all Directors to attend the Annual General Court and to be available to meet stockholders both before and after the meeting. In addition a 'Help Desk' facility is available at the meeting to assist stockholders to resolve any issues in relation to their stockholdings.

The Group has an active and well developed Investor Relations programme which involves regular meetings between the Group Chief Executive, members of his senior executive team, the Head of Investor Relations and the Group's principal institutional stockholders and with financial analysts and brokers. All such meetings are governed by procedures to ensure that price sensitive information is not divulged.

INTERNAL CONTROLS

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

The Group's overall control systems include:

- a clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the Court which support the maintenance of a strong control environment;
- appropriate terms of reference for Court committees and sub-committees with responsibility for core policy areas, (see previous section);
- an annual budgeting and monthly financial reporting system for all Group business units, which enables progress against longer-term objectives and annual plan to be monitored, trends to be evaluated and variances to be acted upon;
- a comprehensive set of policies and procedures relating to financial controls, asset and liability management, (including interest, currency and liquidity risk) operational risk and credit risk management, (further details are given in the Operating and Financial Review on pages 9 to 22).

These controls which are embedded within the operations of the Group, are reviewed systematically by Group Internal Audit, which has a Group-wide role. In these reviews, emphasis is focused on areas of greater risk as identified by risk analysis.

The effectiveness of the Group's systems of internal control is assessed on an ongoing basis by the Court and by the Group Audit Committee on behalf of the Court. This involves reviewing the work and the reports of risk management functions such as internal audit, operational risk, compliance, and money laundering and establishing that appropriate action is being taken by management to address issues highlighted. In addition, the reports of the external auditors, PricewaterhouseCoopers, which contain details of any material control issues identified arising from their work as auditors, are reviewed by the Group Audit Committee. After each meeting of the Group Audit Committee its chairman reports orally to the Court on all significant issues considered at the meeting, and the minutes of the meeting are circulated to all members of the Court.

Semi-annually all Group businesses carry out a detailed risk assessment and report to Divisional Management on the effectiveness of their Risk Management System, including controls. Heads of business units are required to certify the accuracy of the self-assessment and the results and action plans arising from this process are reviewed in detail by the Group Audit Committee. Group Internal Audit monitors and reports on management's follow-up on these plans.

Additionally, during the year, in common with other financial institutions, a thorough review of the Group's internal control and risk management systems was completed at the request of the Central Bank. The results of this review, which were determined to be satisfactory, were considered in detail by the Court and were reported to the Central Bank.

Following the end of the financial year the Court reviewed the Group Audit Committee's conclusions in relation to the Group's systems of internal control and also examined the full range of risks affecting the Group and the appropriateness of the internal control structures in place to manage and monitor them. This process involved a confirmation that an appropriate system of internal control was in place throughout the financial year and up to the date of the signing of these accounts. It also involved an assessment of the on-going process for the identification, evaluation and management of individual risks and of the role of the various committees and group risk management functions and the extent to which various significant challenges facing the Group are understood and are being addressed. No material issues emerged from this assessment. The Directors confirm that they have reviewed, in accordance with Turnbull Guidance, the effectiveness of the Group's systems of internal control for the year ended 31 March 2003.

Group Risk Policy Committee – The Group Risk Policy Committee is responsible for recommending high-level risk policy and risk strategy to the Court for approval and for overseeing management of risk within approved policy parameters. It is a sub-committee of the Court and is chaired by Brian Goggin. For further details see page 29.

Group Investment Committee – The Group Investment Committee is responsible for evaluating all material investment / divestment / capital expenditure proposals and approving those within its authority and recommending those outside its authority to the Court. It is also responsible for monitoring the progression of such proposals and ensuring satisfactory delivery of expected benefits. The membership of this Committee which is chaired by Michael Soden, Group Chief Executive, is set out on page 29.

Committees

Committees of the Court

Group Audit
Richard Burrows (Chairman)
Roy E Bailie
Donal J Geaney
Raymond MacSharry
Thomas J Moran

Group Remuneration
Laurence G Crowley (Chairman)
Roy E Bailie
Richard Burrows
Thomas J Moran
Mary P Redmond

Group Nominations
Laurence G Crowley (Chairman)
Raymond MacSharry
Denis O'Brien
Mary P Redmond

Senior Independent Director
Richard Burrows (Deputy Governor)

Sub-Committees of the Court

Group Risk Policy Committee
Brian J Goggin (Chairman) (Court member)
John Clifford
John G Collins
Des Crowley
Denis Donovan
Roy Keenan
Malachy Murphy
John O'Donovan (Court member)
Michael D Soden (Court member)
Jeff R Warren

Group Investment Committee
Michael D Soden (Chairman) (Court member)
John Clifford
John G Collins
Des Crowley
Denis Donovan
Cyril Dunne
Brian J Goggin (Court member)
Roy Keenan
John O'Donovan (Court member)
Jeff R Warren

Report of Directors

The Directors present their report and financial statements for the year ended 31 March 2003.

RESULTS

The Group profit attributable to the Ordinary Stockholders amounted to €826m after Non-Cumulative Preference Stock dividends of €9m, as set out in the consolidated profit and loss account on pages 42 and 43.

DIVIDENDS

The Directors have recommended a Final Dividend of 23.8 cent per unit of €0.64 of Ordinary Stock in respect of the year ended 31 March 2003. The recommended Final Dividend together with the Interim Dividend of 13.2 cent per unit of €0.64 of Ordinary Stock paid in January 2003, results in a total of 37.0 cent for the year ended 31 March 2003 and compares with a total of 33.0 cent for the previous year.

If the recommended Final Dividend is approved by the Ordinary Stockholders at the Annual General Court, the retained profit for the year, after a transfer to capital reserves of €44m, will amount to €411m.

GROUP ACTIVITIES

The Bank and its group undertakings (the "Group") provide an extensive range of banking and other financial services. The Governor's Statement and the Group Chief Executive's Operating and Financial Review on pages 5 to 22 describe the operations and the development of the Group.

CAPITAL STOCK AND SUBORDINATED LIABILITIES

1,007,557,674 units of Ordinary Stock, of nominal value of €0.64 each, were in issue at 1 April 2002.

During the year as a result of the Bank's stock buy-back programme and re-issue of Treasury Stock under staff stock schemes, the total Ordinary Stock in issue decreased to 996,170,626 units of €0.64 each as at 31 March 2003.

Full details of the changes during the year in the capital stock and subordinated liabilities are displayed in Note 34 and Note 32.

DIRECTORS

The names of the members of the Court of Directors as at 14 May 2003 together with a short biographical note on each Director appear on page 3

John O'Donovan was co-opted to the Court on 11 July 2002 and, being eligible, offers himself for re-appointment.

Anthony Barry retired from the Court on 31 January 2003 having reached retirement age.

Roy Bailie, Laurence Crowley, Donal Geaney and Denis O'Brien retire by rotation at the 2003 Annual General Court and being eligible offer themselves for re-election at the Annual General Court.

DIRECTORS' INTERESTS

The interests of the Directors and Secretary, in office at 31 March 2003, and of their spouses and minor children, in the stock issued by the Bank are shown in the Remuneration Report on pages 33 to 38

In relation to the Group's business, no contracts of significance to the Group in which the Directors of the Bank had any interest, subsisted at any time during the year ended 31 March 2003.

SUBSTANTIAL STOCKHOLDINGS

There were 65,419 registered holders of the Ordinary Stock of the Bank at 31 March 2003. An analysis of these holdings is shown on page 115.

As at 30 April 2003 the Bank had received notification of the following substantial interests in its Issued Ordinary Stock:-

NAME	%
Bank of Ireland Asset Management Limited *	5.8

* This stockholding is not beneficially owned by the named company but is 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.

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

CORPORATE GOVERNANCE

Statements by the Directors in relation to the Group's compliance with the Irish Stock Exchange's Combined Code on Corporate Governance and the Group's system of internal controls are set out in the section on Corporate Governance on pages 26 to 28.

The Remuneration Report is set out on pages 33 to 38.

SAFETY, HEALTH AND WELFARE AT WORK ACT 1989

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

ENVIRONMENT

It is Group policy to attach a high priority and commitment to effective environmental protection. The Group continues to review its procedures and pro-actively identify best practices for implementation and is currently assessing proposals to improve its waste management procedures. Working with licensed specialist contractors, the Group proposes to progress its plans in the fiscal year 2003/04 to minimise waste generation and maximise re-use and re-cycling. The Group is also evaluating an environmental management system to coordinate all Group environmental activities and to ensure the realisation of its environmental goals. The Group's Environmental Policy is accessible on the web at www.bankofireland.ie.

POLITICAL DONATIONS

The Electoral Act, 1997 requires companies to disclose all political donations over €5,079 in aggregate made during the financial year to a political party, member of either House of the Oireachtas or representative in the European Parliament, or to any candidate for election to same. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Bank or any of its subsidiaries.

BRANCHES OUTSIDE THE STATE

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

GOING CONCERN AND BOOKS OF ACCOUNT

The Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for the preparation of the accounts.

The Directors ensure that proper books and account records are kept at the Bank's registered office, through the appointment of suitably qualified personnel, the implementation of appropriate computerised systems and the use of financial and other controls over the systems and the data.

AUDITORS

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

Laurence G Crowley Governor	Richard Burrows Deputy Governor

Bank of Ireland, Head Office,
Lower Baggot Street,
Dublin 2.

14 May 2003

Directors' Remuneration

This Remuneration Report has been prepared on behalf of the Court of Directors in accordance with the requirements of the Combined Code on Corporate Governance.

The Group Remuneration Committee, comprising Laurence Crowley (Chairman), Roy Bailie, Richard Burrows, Tom Moran 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.

Directors' remuneration policy

Group remuneration policy is to ensure that the remuneration arrangements for Directors are competitive and designed to attract, retain and motivate Directors of the highest calibre, who are expected to perform to the highest standards.

Reward policies for executive Directors 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.

The reward package for executive Directors

In 2002 the elements of the total remuneration package for executive Directors were reviewed by the Group Remuneration Committee with external assistance from 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-related bonus scheme – The level earned by each executive Director is a function of the Remuneration Committee's assessment of that Director's performance against pre-determined goals and the overall performance of the Group in any year both in absolute terms and relative to a comparator group of other financial institutions, taking into account the norms of the sector in which the individual Director is engaged.

- 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 34 on page 81, conditional awards have been made to the executive Directors as set out in the table on page 37. As can be seen in Note 34, 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. The exercise of all options granted since 1996 is conditional upon earnings per share achieving a cumulative growth of at least 2% per annum compound above the increase in the Consumer Price Index over either the three year period, or if not achieved, the six year period, commencing with the period in which the options are granted. (See also Note 34 on page 81).

- 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 (See also Note 34 on page 81).

- 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 36. (see Note 34 on page 81). Under the scheme, launched in 2000, participants could save for three, five or seven years. The three year scheme matures in May 2003 and it is the Group's intention to invite further participation in due course.

- 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 - No service contract exists between the Bank and any Director which provides for a notice period from the Group of greater than one year.

Directors' remuneration 2002/2003 (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. 2002/2003	Total remun. 2001/2002
Governor									
L G Crowley	292	-	-	-	-	-	20	312	262
Deputy Governor		-	-	-	-	-	-	-	-
M Redmond (to 30.09.2002)	41	-	-	-	-	-	-	41	67
R Burrows (from 01.10.2002)	45	-	-	-	-	-	-	45	-
Executive Directors									
B J Goggin	438	-	-	206	12	38	49	743	488
J O'Donovan (from 11.07.2002)	232	-	-	87	9	20	26	374	
M D Soden	800	-	-	376	20	32	90	1,318	1,610
Non –Executive Directors									
R E Bailie	-	57	-	-	-	-	-	57	45
A D Barry (to 31 January 2003)	-	47	-	-	-	-	-	47	45
R Burrows	-	28	8	-	-	-	-	36	58
D J Geaney	-	57	-	-	-	-	-	57	45
M A Keane	-	57	42	-	-	-	-	99	8
R MacSharry	-	57	-	-	-	-	-	57	45
C A Marland	-	57	-	-	-	-	-	57	44
T Moran	-	57	-	-	-	-	-	57	44
D O'Brien	-	57	-	-	-	-	-	57	45
M Redmond	-	30	-	-	-	-	-	30	-
Totals	1,848	504	50	669	41	90	185	3,387	2,806

	€'000's 2002/2003	€'000's 2001/2002
Ex gratia payments paid to former Directors/Dependants	519	496

Notes
(1) The Governor and Deputy Governor, as non-executive Officers of the Bank, are not paid Court fees but are remunerated by way of non-pensionable 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.
(6) Benefits include the use of a company car, or 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. As the Governor was appointed a director pre April 1991, an element of his salary, equivalent to the standard directors fee, is treated as pensionable

Stock options held by Directors and Secretary

(a) Executive stock options

Options to subscribe for Ordinary Stock in the Bank granted and exercised during the year to 31 March 2003 are included in the table below:-

	Date of grant	Earliest exercise date	Expiry date	Exercise price €	Options at 1 April 2002 or date of appointment if later	Granted in year	Exercised in year	Market price at exercise date €	Options at 31 March 2003
Directors									
B J Goggin	31-May-1993	31-May 1996	31-May-2003	1.436	35,214		35,214	12.96	0
	23-May-1994	23-May-1997	23-May-2004	1.67	80,000		80,000	10.08	0
	5-Jun-1996	5-Jun-1999	5-Jun-2006	2.819	60,000		60,000	10.08	0
	28-Nov-1996	28-Nov-1999	28-Nov-2006	3.241	80,000				80,000
	13-Jul-1999	13-Jul-2002	13-Jul-2009	8.933	20,000				20,000
	21-May-2001	21-May-2004	21-May-2011	11.05	25,000				25,000
	24-Jun-2002	24-Jun-2005	24-Jun-2012	12.50	0	25,000			25,000
					300,214	25,000	175,214	-	150,000
J O'Donovan	26-Nov-2001	26-Nov-2004	26-Nov-2011	10.54	38,000	-	-	-	38,000
	24-Jun-2002	24-Jun-2005	24-Jun-2012	12.50	25,000	-	-	-	25,000
					63,000	-	-	-	63,000
M D Soden	26-Nov-2001	26-Nov-2004	26-Nov-2011	10.54	181,000	-	-	-	181,000
	24-Jun-2002	24-Jun-2005	24-Jun-2012	12.50	-	80,000	-	-	80,000
					181,000	80,000	-	-	261,000
Secretary									
J B Clifford	5-Jun-1996	5-Jun-1999	5-Jun-2006	2.819	60,000	-	-	-	60,000
	25-May-2000	25-May-2003	25-May-2010	6.96	15,000	-	-	-	15,000
	24-Jun-2002	24-Jun-2005	24-Jun-2012	12.50	-	10,000	-	-	10,000
					75,000	10,000	-	-	85,000

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. Under the scheme, launched in 2000, participants could save for three, five or seven years. The three year scheme matures in May 2003.

Name	Sharesave options granted at 28 February 2000	Sharesave options held at 31 March 2003
Directors:		
B J Goggin	4,262	4,262
Secretary:		
J B Clifford	2,234	2,234

(c) Long Term Performance Stock Plan ("LTPSP")
Conditional awards of units of Ordinary Stock have been made on 25 May 2000, 21 May and 26 November 2001 and on 24 June 2002 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 34 on page 81). The conditional awards of units of Ordinary Stock made to date to the executive Directors are as follows:-

Director	Conditional award 2000	Conditional award 2001	Conditional award 2002	Total Conditional award
Director				
B J Goggin	15,046	10,811	13,763	39,620
M D Soden	-	23,756	25,137	48,893
J O'Donovan	-	-	10,055	10,055
Secretary:				
J B Clifford	11,362	6,004	5,703	23,069

Changes in the directorate during the period

	Executive Directors	Non-executive Directors and Officers
Number at 31 March 2002	2	11
Changes during year	+ J O'Donovan (11/7/2002)	- A D Barry (31/1/2003)
Number at 31 March 2003	3	10
Average number during 2002/2003 (2001/2002)	2.75 (3.25)	10.8 (10.75)

Directors' pension entitlements

Set out below are details of the pension benefits earned by the Directors during the year ended 31 March 2003.

Executive Directors	(a) Additional pension earned in the year €000	(b) Increase in transfer value €000	(c) Accrued pension entitlement at 31 March 2003 €000
B J Goggin	75.9	1,028	242.7
J O'Donovan (1)	*5.2	*66	97.0
M D Soden	42.3	697	47.8
Non-executive Officer			
L G Crowley	2.5	39	20.8

(1) J O'Donovan joined the Court on 11 July 2002
* Calculated from date of appointment to Court.

Column (a) above is the increase in pension built 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 31 March 2003, 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 31 March 2003, 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 31 March 2003 Beneficial	As at 1 April 2002[1] Beneficial
Directors		
R E Bailie	1,131	1,041
R Burrows	34,536	34,411
L G Crowley	30,395	29,914
D J Geaney	7,453	7,363
B J Goggin	308,036	124,207
M A Keane	1,191,052	1,189,280
R MacSharry	1,339	1,249
C A Marland	1,090	1,000
T J Moran	1,105	1,015
D O'Brien	201,090	201,000
J O'Donovan	3,000	2,000
M P Redmond	2,263	2,132
M D Soden	89,756	88,765
Secretary		
J B Clifford	38,301	38,301

(1) or at date of appointment if later.

There have been no changes in the stockholdings of the above Directors and Secretary between 31 March 2003 and 14 May 2003.

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 31 March 2003.

Transactions with Directors

The aggregate amounts outstanding and the number of persons concerned, as at 31 March 2003 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	
Directors	2003 €	2002 €	2003	2002
Loans to executive Directors on terms similar to staff loans	210,065	294,542	1	1
Other loans on normal commercial terms	27,397,372	30,310,332	11	10
Quasi-loans and credit transactions	-	-	None	None
	27,607,437	30,604,874		
Connected Persons				
Loans to connected persons	45,588	91,344	2	4
Quasi-loans and credit transactions	-	-	None	None
	45,588	91,344		

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 40 and 41, 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 42 to 110, the Directors have determined that it is appropriate that they continue to be prepared on a going concern basis and consider that in their preparation:-

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

The Directors have a responsibility for ensuring that proper books of account are kept which disclose with reasonable accuracy at any time the financial position of the Bank and which enabled them to ensure that the accounts are prepared in accordance with accounting standards generally accepted in Ireland and to 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 available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the BOI Group website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Ireland governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

Laurence G Crowley	Richard Burrows	Michael D Soden	John B Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Independent Auditors' Report

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

We have audited the accounts on pages 42 to 110. We have also audited the information on risk management and control on pages 17 to 22 and the remuneration report on pages 33 to 38.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for ensuring that the Report and Accounts are prepared in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 39 in the statement of Directors' responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements, auditing standards issued by the Auditing Practices Board applicable in Ireland and the Listing Rules of the Irish Stock Exchange. This report, including the opinion, has been prepared for and only for the Bank's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the Bank balance sheet is in agreement with the books of account. We also report to you our opinion as to:

- whether the Bank has kept proper books of account,
- whether proper returns adequate for the purposes of our audit have been received from branches of the Bank not visited by us,
- whether the Directors' report is consistent with the accounts, and
- whether at the balance sheet date there existed a financial situation, which may require the Bank to convene an Extraordinary General Court.

We also report to you if, in our opinion, information specified by law or the Irish Listing Rules regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the audited accounts. The other information comprises only the Governor's statement, the five-year financial summary, the operating and financial review, the report of the Directors and the corporate governance statement.

We review whether the statement on pages 26 to 28 reflects the Bank's compliance with those provisions of the Combined Code specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to report whether the Directors' statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Bank's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

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

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

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Bank and the Group as at 31 March 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

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

In our opinion, the information given in the Report of the Directors on pages 30 to 32 is consistent with the accounts.

In our opinion, the balance sheet of the Bank on pages 46 and 47 does not show a financial situation which, under the provisions of the Companies (Amendment) Act, 1983, requires the convening of an Extraordinary General Court.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

14 May 2003

Group Profit and Loss Account

for the Year Ended 31 March 2003

	Notes	The Group 2003 €m	The Group 2002 (restated) €m
Interest receivable			
Interest receivable and similar income arising from debt securities		344	343
Other interest receivable and similar income	4	3,347	3,637
Interest payable	5	1,962	2,402
Net interest income		1,729	1,578
Fees and commissions receivable		1,011	1,061
Fees and commissions payable		(140)	(141)
Dealing profits	37	85	81
Contribution from the life assurance business		116	152
Other operating income	6	116	74
Total operating income		2,917	2,805
Administrative expenses	7	1,480	1,427
Depreciation and amortisation	7	182	155
Operating profit before provisions		1,255	1,223
Provision for bad and doubtful debts	16	100	102
Operating profit		1,155	1,121
Income from associated undertakings and joint ventures		22	1
Profit on ordinary activities before exceptional items		1,177	1,122
Group Transformation Programme		-	(37)
Exceptional Items	9	(164)	-
Profit before taxation		1,013	1,085
Taxation	10	163	165
Profit after taxation		850	920

		The Group	
		2003	2002 (restated)
	Notes	€m	€m
Profit after taxation		850	920
Minority interests : equity		9	2
: non equity		6	6
Non-cumulative preference stock dividends	11	9	17
Profit attributable to the Ordinary stockholders		826	895
Transfer to capital reserve	35	44	73
Ordinary dividends	11	371	333
Profit retained for the year		411	489
Earnings per unit of €0.64 Ordinary Stock	12	82.0c	89.0c
Diluted Earnings per unit of €0.64 Ordinary Stock	12	81.2c	88.1c
Alternative Earnings per unit of €0.64 Ordinary Stock	12	99.2c	93.4c

The movement in the reserves is shown in Note 35.

The notes on pages 50 to 110 form part of the accounts.

Laurence G Crowley	Richard Burrows	Michael D Soden	John Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Group Balance Sheet

at 31 March 2003

	Notes	The Group 2003 €m	2002 €m
Assets			
Cash and balances at central banks		679	569
Items in the course of collection from other banks		508	554
Central government and other eligible bills	13	175	79
Loans and advances to banks	14	7,480	8,385
Loans and advances to customers	15	56,887	56,577
Securitisation and loan transfers		794	1,106
Less: non returnable amounts		667	964
		127	142
Debt securities	17	12,337	10,885
Equity shares	18	38	19
Own shares		35	27
Interests in associated undertakings	19	13	16
Interests in joint ventures	20	25	4
Intangible fixed assets	22	266	271
Tangible fixed assets	23	1,209	1,234
Other assets	24	3,841	2,317
Prepayments and accrued income		543	591
		84,163	81,670
Life assurance assets attributable to policyholders	25	5,342	5,655
		89,505	87,325
Liabilities			
Deposits by banks	26	12,617	12,583
Customer accounts	27	48,496	51,111
Debt securities in issue	28	9,652	6,374
Items in the course of transmission to other banks		136	152
Other liabilities	29	5,453	3,633
Accruals and deferred income		541	672
Provisions for liabilities and charges			
- deferred taxation	30	54	89
- other	31	189	159
Subordinated liabilities	32	2,703	2,524
Minority interests			
- equity		54	91
- non equity	33	73	82
Called up capital stock	34	679	679
Stock premium account	35	770	773
Capital reserve	35	436	397
Profit and loss account	35	2,129	2,143
Revaluation reserve	35	181	208
Stockholders' funds including non equity interests		4,195	4,200
Life assurance liabilities attributable to policyholders	25	5,342	5,655
		89,505	87,325

		The Group	
	Notes	2003 €m	2002 €m
Memorandum Items			
Contingent liabilities			
Acceptances and endorsements		81	86
Guarantees and assets pledged as collateral security		1,172	1,029
Other contingent liabilities		508	496
	40	1,761	1,611
Commitments	40	19,050	16,314

The notes on pages 50 to 110 form part of the accounts.

Laurence G Crowley	Richard Burrows	Michael D Soden	John Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Balance Sheet
at 31 March 2003

	Notes	The Bank 2003 €m	The Bank 2002 €m
Assets			
Cash and balances at central banks		674	562
Items in the course of collection		508	554
Central government and other eligible bills	13	2	-
Loans and advances to banks	14	18,409	17,330
Loans and advances to customers	15	35,740	33,372
Securitisation and loan transfers		333	393
Less: non returnable amounts		329	389
		4	4
Debt securities	17	8,432	7,400
Equity shares	18	7	4
Own shares		35	27
Interests in joint ventures	20	9	9
Shares in group undertakings	21	1,541	2,028
Tangible fixed assets	23	900	829
Other assets	24	2,289	1,190
Deferred taxation	30	27	11
Prepayments and accrued income		389	424
		68,966	63,744
Liabilities			
Deposits by banks	26	15,304	14,916
Customer accounts	27	36,216	35,700
Debt securities in issue	28	9,652	6,372
Items in the course of transmission		136	152
Other liabilities	29	3,759	2,356
Accruals and deferred income		296	369
Provisions for liabilities and charges			
- other	31	141	126
Subordinated liabilities	32	1,318	1,607
Called up capital stock	34	679	679
Stock premium account	35	770	773
Capital reserve	35	31	33
Profit and loss account	35	512	496
Revaluation reserve	35	152	165
Stockholders' funds including non equity interests		2,144	2,146
		68,966	63,744

	Notes	The Bank 2003 €m	2002 €m
Contingent liabilities			
Acceptances and endorsements		81	86
Guarantees and assets pledged as collateral security		3,079	4,287
Other contingent liabilities		508	496
	40	3,668	4,869
Commitments	40	14,653	12,566

The notes on pages 50 to 110 form part of the accounts.

Laurence G Crowley	Richard Burrows	Michael D Soden	John Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Other Primary Statements

for the Year Ended 31 March 2003

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.

	Notes	The Group 2003 €m	The Group 2002 €m
Reconciliation of movement in stockholders' funds			
At 1 April		4,200	3,830
Profit attributable to the ordinary stockholders		826	895
Dividends	11	(371)	(333)
		4,655	4,392
Other recognised (losses) / gains		(346)	21
New capital stock subscribed	34, 35	5	48
Preference stock buyback	34	-	(261)
Ordinary stock buyback	34	(124)	-
Goodwill written back on disposal of subsidiary		5	-
At 31 March		4,195	4,200
Stockholders' funds:			
Equity		4,130	4,132
Non equity		65	68
		4,195	4,200

	Notes	The Group 2003 €m	The Group 2002 €m
Statement of total recognised gains and losses			
Profit attributable to the ordinary stockholders		826	895
Exchange adjustments	34, 35	(346)	23
Tax effect of disposal of revalued property		-	(2)
Total recognised gains for the year		480	916
Prior year adjustments		-	32
Total recognised gains since last annual report		480	948

The notes on pages 50 to 110 form part of the accounts.

Laurence G Crowley	Richard Burrows	Michael D Soden	John Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Group Cash Flow Statement
for the Year Ended 31 March 2003

	Notes	The Group 2003 €m	2002 €m
Net cash flow from operating activities	42	1,109	3,783
Dividend received from associated undertaking		-	10
Returns on investment and servicing of finance	42	(181)	(183)
Taxation		(180)	(153)
Capital expenditure and financial investment	42	(1,367)	(2,427)
Acquisitions and disposals	42	(172)	(244)
Equity dividends paid		(349)	(271)
Financing	42	205	(253)
(Decrease)/Increase in cash in the year		(935)	262

The notes on pages 50 to 110 form part of the accounts.

Laurence G Crowley	Richard Burrows	Michael D Soden	John Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Notes on the Financial Statements

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements on pages 42 to 110 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 36.

1.2 Change in Accounting Policy

As now permitted by a recent change in the European Communities (Credit Institutions: Accounts) Regulations, 1992 and in order to present trading revenues in accordance with common practice in treasury and trading book operations, dealing profits now include all profits and losses relating to treasury activities, including interest and dividends arising from long and short positions and funding costs and associated fees receivable and payable. The comparative balances have also been restated. There is no impact on total operating income, costs, profit before tax or stockholders' funds.

1.3 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.

1.4 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 euro 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 2003			31 March 2002		
	Closing	Average	Hedge	Closing	Average	Hedge
€/US$	1.0895	1.0051	-	0.8724	0.8804	-
€/Stg£	0.6896	0.6460	-	0.6130	0.6145	0.6487

1.5 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.

1.6 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.

1.7 Leasing and Installment 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 installment finance transactions, including hire purchase finance, is recognised in proportion to the balances outstanding.

1.8 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.

1.9 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.

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 derivative's 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.

1.10 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.

1.11 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.

1.12 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 installments 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 installments over its estimated useful life subject to a maximum period of 10 years.

1.13 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.

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.

1.14 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.

1.15 Investments in Associated Undertakings and Joint Ventures

Investments in associated undertakings are stated at acquisition cost, 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 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 31 March 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. Goodwill carried in the Group Balance Sheet is subject to impairment review when the carrying amount may not be recoverable and is written down by the amount of any impairment loss identified in the year.

1.18 Life Assurance Operations

The Group accounts for the value of the shareholders' 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 shareholders' 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 25, and discounting the result at a rate which reflects the shareholders' 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.

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 25. Property is valued at open market value as determined by independent professional advisors every year, while securities are valued at mid-market value.

2 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, non interest income and income from associates and joint ventures. 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.

(a) Geographical segment

	2003			
	Republic of Ireland €m	United Kingdom €m	Rest of World €m	Total €m
Turnover	2,621	2,272	148	5,041
Profit before exceptional items	869	319	43	1,231
Exceptional items				(164)
Grossing up [1]				(54)
Profit before taxation				1,013
Net assets	2,373	1,448	374	4,195
Total assets [2]	71,237	38,941	2,224	112,402

	2002 (restated)			
	Republic of Ireland €m	United Kingdom €m	Rest of World €m	Total €m
Turnover	2,751	2,470	128	5,349
Profit before exceptional item	878	268	32	1,178
Group Transformation Programme				(37)
Grossing up [1]				(56)
Profit before taxation				1,085
Net assets	2,418	1,618	164	4,200
Total assets [2]	63,357	42,819	2,185	108,361

2 SEGMENTAL ANALYSIS (continued)

(b) Business class

2003

	Retail Republic of Ireland €m	BOI Life €m	Wholesale Financial Services €m	UK Financial Services €m	Asset Management Services €m	Group and Central €m	Total €m
Net interest income	841	-	294	615	5	1	1,756
Other income	242	87	351	271	233	31	1,215
Total operating income	1,083	87	645	886	238	32	2,971
Administrative expenses	655	-	255	513	125	114	1,662
Provision for bad and doubtful debts	51	-	28	21	-	-	100
Operating Profit	377	87	362	352	113	(82)	1,209
Income from associated undertakings and joint ventures	(2)	-	27	-	-	(3)	22
Profit before exceptional items	375	87	389	352	113	(85)	1,231
Exceptional items							(164)
Grossing up [1]							(54)
Profit before taxation							1,013
Net assets	1,016	88	652	1,467	344	628	4,195
Total assets [2]	28,269	5,728	51,241	31,222	1,611	7,618	125,689
Total Risk Weighted Assets	14,881	-	19,669	19,512	143	422	54,627

2002 (restated)

	Retail Republic of Ireland €m	BOI Life €m	Wholesale Financial Services €m	UK Financial Services €m	Asset Management Services €m	Group and Central €m	Total €m
Net interest income	787	-	289	554	4	(20)	1,614
Other income	228	122	327	284	224	62	1,247
Total operating income	1,015	122	616	838	228	42	2,861
Administrative expenses	646	-	243	490	102	101	1,582
Provision for bad and doubtful debts	48	-	25	30	-	(1)	102
Operating Profit	321	122	348	318	126	(58)	1,177
Income from associated undertakings and joint ventures	-	-	7	-	-	(6)	1
Profit before exceptional item	321	122	355	318	126	(64)	1,178
Group Transformation Programme							(37)
Grossing up [1]							(56)
Profit before taxation							1,085
Net assets	865	82	570	1,609	123	951	4,200
Total assets [2]	23,427	6,028	43,538	33,338	930	5,767	113,028
Total Risk Weighted Assets	13,119	-	18,675	20,394	563	226	52,977

2 SEGMENTAL ANALYSIS (continued)

(1) The Group undertakes tax based transactions at rates which are less than normal market rates in return for tax relief arising from incentives for industrial development and other reliefs. To assist in making valid comparison of pre-tax performance, the analysis of business unit performance is grossed up.
(2) Total assets include intra-group items of €22,897m (2002: €21,036m) in geographic segments and €36,184m (2002: €25,703m) in business class.

3 ACQUISITION

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

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

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

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

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

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

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

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

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

3 ACQUISITION (continued)

A summarised profit and loss account for the period from 6 September 2002 to 31 March 2003 is as follows:

	US$m	€m
Other income	28.9	28.8
Operating expenses	(15.1)	(15.0)
Operating profit	13.8	13.8

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	The Group	
	2003 €m	2002 €m
Loans and advances to banks	208	314
Loans and advances to customers	2,922	3,105
Finance leasing	129	138
Installment credit	88	80
	3,347	3,637

5 INTEREST PAYABLE

	The Group	
	2003 €m	2002 (restated) €m
Interest on subordinated liabilities	156	154
Other interest payable	1,806	2,248
	1,962	2,402

6 OTHER OPERATING INCOME

		The Group	
	Note	2003 €m	2002 €m
Profit on disposal of investment securities		5	2
Profit on disposal of tangible fixed assets		37	22
Profit on disposal of leases		21	-
Securitisation servicing fees	15	9	11
Other income		44	39
		116	74

7 OPERATING EXPENSES

	Note	The Group 2003 €m	2002 €m
Staff Costs:			
- wages and salaries		821	802
- social security costs		67	72
- pension costs		57	39
- staff stock issue		9	8
- severance packages		1	2
		955	923
Operating lease rentals:			
- property		34	20
- equipment		1	1
Other administrative expenses		490	483
Total administrative expenses		1,480	1,427
Depreciation and amortisation:			
- freehold and leasehold property	23	18	15
- computer and other equipment	23	141	125
- amortisation of goodwill	22	23	15
Total depreciation and amortisation		182	155
Total operating expenses		1,662	1,582

Details of Directors' remuneration are set out in the Remuneration Report on pages 33 to 38 .

Staff costs and other administrative expenses in 2002 have been reclassified in line with the current year's classification.
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 2003 the charge represents 2% of eligible employees' basic salary (2002: 2%).

Auditors' remuneration (including VAT)	Notes	2003 ROI €m	Overseas(i) €m	Total €m	2002 Total €m
Audit and assurance services					
Statutory audit (including expenses)	(ii)	1.4	0.8	2.2	2.0
Other audit and assurance services	(iii)	1.6	1.1	2.7	1.7
		3.0	1.9	4.9	3.7
Other services					
Transaction services	(iv)	0.2	0.7	0.9	0.7
Taxation services		1.0	1.8	2.8	2.5
Consultancy		0.3	0.2	0.5	8.3
Other services		0.0	0.0	0.0	0.2
		1.5	2.7	4.2	11.7
Total		4.5	4.6	9.1	15.4

7 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 €0.2m to KPMG 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 and other assignments.

It is Group policy to subject all major consultancy assignments to a competitive tender process.

8 EMPLOYEE INFORMATION

In the year ended 31 March 2003 the average full time equivalents was 18,214 (2002: 18,438), categorised as follows in line with the business classes as stated in Note 2 on page 54.

	The Group	
	2003	2002
Retail Republic of Ireland	7,501	7,702
BOI Life	1,111	1,097
Wholesale Financial Services	1,606	1,663
UK Financial Services	5,566	5,369
Asset Management Services	673	662
Group and Central	1,757	1,945
	18,214	18,438

The staff costs in Note 7 are exclusive of staff costs relating to the life assurance business. The contribution from the life assurance business shown in the Group Profit & Loss account on page 42 is net of these staff costs.

9 EXCEPTIONAL ITEMS

(A) Active Business Services was disposed of, resulting in a loss on disposal of €12.4m.

(B) On 30 September 2002 the Group terminated its joint venture with Perot Systems and reorganised the IT business within the Group and the costs associated with this reorganisation amounted to €8.6m.

(C) Following a fundamental review of the IFA operations in Bristol & West, the Group has decided to combine the operations of two of its subsidiaries, namely Chase de Vere Investments plc and MX Moneyextra Financial Solutions Ltd. The merger and consequent restructuring, was announced by the Group on 24 February 2003 and is planned to be fully effective during the forthcoming year.

The carrying value of the two companies at 31 March 2003 has been compared to their recoverable amounts, represented by their value in use to the Group. As part of this review it has been recognised that the carrying value of goodwill relating to these businesses has been impaired to the extent of Stg£80m (€123.8m). This charge has been calculated by reference to the post tax cash flows that are projected to arise from the merged business over the estimated remaining life of the goodwill, discounted at a rate of 9.5%.

Also included in the exceptional item is Stg£7.8m (€12.1m) in respect of the projected costs of restructure and the write-off of certain fixed assets, Stg£4.6m (€7.1m), representing the difference between their carrying net book value and the cash flows that they are projected to generate following restructure.

10 TAXATION

	The Group 2003 €m	The Group 2002 €m
Current Tax		
Irish Corporation tax		
Current year	108	129
Prior years	17	-
Double taxation relief	(16)	(20)
Foreign tax		
Current year	69	50
Prior years	(13)	(9)
	165	150
Deferred Tax		
Origination and reversal of timing differences	(11)	14
Share of associated undertakings and joint ventures	9	1
	163	165

The tax charge for the year, at an effective rate of 16.1% is higher than the standard Irish Corporation Tax rate mainly because the benefits derived from tax based lending and the International Financial Services Centre reduced rate have been offset by a combination of higher tax rates applying in other jurisdictions, non-deductible goodwill write-off and the new levy on certain financial institutions.

	2003 €m	2002 €m
The deferred taxation (credit) / charge arises from:		
Leased assets	9	12
Own assets	(2)	(4)
Short term timing differences	(18)	6
	(11)	14

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 31 March 2003 and 2002 is shown as follows:

	2003 €m	2002 €m
Profit on ordinary activities before tax multiplied by the weighted standard rate of Corporate tax in Ireland of 15.125% (2002: 19%)	153	206
Effects of:		
Expenses not deductible for tax purposes	5	7
Levy on certain financial institutions	7	-
Foreign earnings subject to different rates of tax	15	22
Non-deductible goodwill impairment	33	-
Tax exempted income and income at a reduced Irish tax rate	(63)	(62)
Capital allowances in excess of depreciation	(7)	(8)
Other deferred tax timing differences	18	(6)
Other prior year adjustments	4	(9)
Current tax charge	165	150

11 DIVIDENDS

	The Bank	
	2003 **€m**	2002 €m
Equity Stock:		
2003		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 13.2c	133	
Proposed final dividend 23.8c	238	
2002		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 11.6c		117
Final dividend 21.4c		216
	371	333

	2003 **€m**	2002 €m
Non Equity Stock:		
2003		
On units of €1.27 of Non-Cumulative Preference Stock, Dividend €1.5237	5	
On units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg£1.2625	4	
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
	9	17

12 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.

	2003	2002
Basic		
Profit attributable to Ordinary Stockholders	€825.9m	€894.5m
Weighted average number of shares in issue	1,007.5m	1,005.6m
Basic earnings per share	82.0c	89.0c

The diluted 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 adjusted for the effect of all dilutive potential Ordinary Stock.

	2003	2002
Diluted		
Profit attributable to Ordinary Stockholders	€825.9m	€894.5m
Average number of shares in issue	1,007.5m	1,005.6m
Effect of all dilutive potential Ordinary Stock	9.6m	9.6m
	1,017.1m	1,015.2m
Diluted earnings per share	81.2c	88.1c

The calculation of alternative earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders before goodwill amortisation and the exceptional items for 2003 and the Group Transformation Programme for 2002 divided by the weighted average Ordinary Stock in issue.

	2003	2002
Alternative		
Basic	82.0c	89.0c
Goodwill amortisation	2.0c	1.4c
Exceptional items:		
Disposal of Active Business Services	1.2c	-
Termination of joint venture	0.8c	-
Restructuring costs	13.2c	-
Group Transformation Programme	-	3.0c
Alternative earnings per share	99.2c	93.4c

13 CENTRAL GOVERNMENT AND OTHER ELIGIBLE BILLS

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Investment securities				
- government bills and similar securities	7	6	-	-
- other eligible bills	-	12	-	-
Other securities				
- government bills and similar securities	168	61	2	-
	175	79	2	-

14 LOANS AND ADVANCES TO BANKS

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Funds placed with Central Bank of Ireland	111	101	63	55
Funds placed with other central banks	39	814	14	786
Funds placed with other banks	7,330	7,470	18,332	16,489
	7,480	8,385	18,409	17,330
Repayable on demand	745	1,863	865	2,263
Other loans and advances to banks by remaining maturity				
- 3 months or less	5,629	5,068	16,274	13,861
- 1 year or less but over 3 months	1,046	1,420	1,233	1,143
- 5 years or less but over 1 year	35	16	37	63
- over 5 years	25	18	-	-
	7,480	8,385	18,409	17,330

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

Amounts include:				
Due from group undertakings				
- unsubordinated			11,127	9,772

15 LOANS AND ADVANCES TO CUSTOMERS

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
(a) Loans and advances to customers				
Loans and advances to customers	53,946	53,559	34,982	32,443
Loans and advances to customers – finance leases	2,226	2,450	566	744
Hire purchase receivables	1,195	1,068	512	545
	57,367	57,077	36,060	33,732
Provision for bad and doubtful debts	(480)	(500)	(320)	(360)
	56,887	56,577	35,740	33,372
Repayable on demand	2,458	2,304	3,490	3,609
Other loans and advances to customers by remaining maturity				
- 3 months or less	2,373	2,340	8,231	7,111
- 1 year or less but over 3 months	4,036	4,522	3,843	3,881
- 5 years or less but over 1 year	12,537	12,309	8,903	8,406
- over 5 years	35,963	35,602	11,593	10,725
	57,367	57,077	36,060	33,732
Amounts include:				
Due from group undertakings				
- unsubordinated			10,262	10,352

The loans accounted for on a non-accrual basis at 31 March 2003 amounted to €141m (2002: €124m) and the provisions thereon amounted to €88m (2002: €77m).

15 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Securitisation and loan transfers

The Group has sold the following pools of mortgages.

Year	Securitisations	Notes	Mortgages	Presentation in accounts	Value €m
1993	Private placements with UK financial Institutions	(ii),(v)	Residential	Consolidated	145
1993	Residential Property Securities No. 3 plc (RPS3)	(i),(ii)	Residential	Linked	363
1994	Residential Property Securities No. 4 plc (RPS4)	(i),(iii)	Residential	Linked	725
1997	Residential Property Securities No. 5 plc (RPS5)	(i),(iii)	Residential	Linked	435
2000	Liberator Securities No. 1 plc	(iv)	Residential	Linked	500
2000	Shipshape Residential Mortgages No. 1 plc (SS1)	(vi)	Residential	Linked	435

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. 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 Act 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£1.2m. 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 period to 31 March 2003 for RPS3, RPS4, RPS5, Liberator Securities No 1 and SS1 is set out below:

	2003 €m	2002 €m
Interest receivable	51	77
Interest payable	(41)	(67)
Fee income	1	2
Deposit income	1	4
Operating expenses	(3)	(5)
Profit for the financial period	9	11

15 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% (2002: 53%) of the total loans and advances to customers, 33% (2002: 28%) of the loans and advances in the Republic of Ireland and 73% (2002: 76%) in the United Kingdom.

(d) Leasing and hire purchase

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Amount receivable by remaining maturity				
- within 1 year	948	1,059	611	625
- 5 years or less but over 1 year	1,430	1,184	428	616
- over 5 years	1,043	1,275	39	48
	3,421	3,518	1,078	1,289

The cost of assets acquired for finance leases and hire purchase contracts, net of grants received or receivable, amounted to €1,029m (2002: €1,052m).

Aggregate amounts receivable including capital repayments during the year in respect of finance leases and hire purchase contracts amounted to €1,183m (2002: €1,061m).

16 PROVISION FOR BAD AND DOUBTFUL DEBTS

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
At 1 April	500	430	360	299
Exchange adjustments	(30)	4	(18)	3
Transfer of provisions from subsidiary	-	-	-	3
Charge against profits	100	102	47	71
Amounts written off	(96)	(55)	(73)	(32)
Recoveries	6	19	4	16
At 31 March	480	500	320	360
All of which relates to loans and advances to customers				
Provisions at 31 March				
- specific	170	159	116	124
- general	310	341	204	236
	480	500	320	360

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 €175m (2002: €167m) and a non designated element, for prudential purposes of €135m (2002: €174m). The non designated element will be offset, in certain pre-defined circumstances, against specific loan losses as they crystallise in future years.

17 DEBT SECURITIES

	The Group			
	At 31 March 2003			
	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Issued by public bodies				
Investment securities				
- government securities	553	56	-	609
Other securities				
- government securities	3,088			3,088
- other public sector securities	-			-
	3,088			3,088
Issued by other issuers				
Investment securities				
- bank and building society certificates of deposit	637	-	-	637
- other debt securities	7,450	102	(56)	7,496
	8,087	102	(56)	8,133
Other securities				
- bank and building society certificates of deposit	65			65
- other debt securities	544			544
	609			609
	12,337	158	(56)	12,439

	The Group			
	At 31 March 2002			
	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
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

17 DEBT SECURITIES (continued)

	The Bank			
	At 31 March 2003			
	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Issued by public bodies				
Investment securities				
- government securities	552	56	-	608
Other securities				
- government securities	2,457			2,457
Issued by other issuers				
Investment securities				
- bank and building society certificates of deposit	637	-	-	637
- other debt securities	4,246	62	(4)	4,304
	4,883	62	(4)	4,941
Other securities				
- bank and building society certificates of deposit	22			22
- other debt securities	518			518
	540			540
	8,432	118	(4)	8,546

	The Bank			
	At 31 March 2002			
	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Issued by public bodies				
Investment securities				
- government securities	630	32	(14)	648
Other securities				
- government securities	1,643			1,643
Issued by other issuers				
Investment securities				
- bank and building society certificates of deposit	728	-	-	728
- other debt securities	3,803	24	(5)	3,822
	4,531	24	(5)	4,550
Other securities				
- bank and building society certificates of deposit	-			-
- other debt securities	596			596
	596			596
	7,400	56	(19)	7,437

17 DEBT SECURITIES (continued)

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Investment securities				
- listed	7,316	7,226	5,090	4,756
- unlisted	1,324	1,062	345	405
	8,640	8,288	5,435	5,161
Other securities				
- listed	3,330	2,213	2,695	1,914
- unlisted	367	384	302	325
	3,697	2,597	2,997	2,239
Unamortised premiums and (discounts) on investment securities	7	(2)	7	(2)

Income from listed and unlisted investments amounted to €344m (2002: €343m).

	The Group		
Investment securities' movements	Cost €m	Discount/ (Premium) €m	Carrying Value €m
At 1 April 2002	8,335	(47)	8,288
Exchange adjustments	(810)	1	(809)
Acquisitions	3,305	-	3,305
Disposals and redemptions	(2,112)	-	(2,112)
Reclassifications	(33)	-	(33)
Amortisation	-	1	1
At 31 March 2003	8,685	(45)	8,640

17 DEBT SECURITIES (continued)

	The Bank		
Investment securities' movements	Cost €m	Discount/ (Premium) €m	Carrying Value €m
At 1 April 2002	5,208	(47)	5,161
Exchange adjustments	(382)	1	(381)
Acquisitions	2,141	-	2,141
Disposals and redemptions	(1,487)	-	(1,487)
Amortisation	-	1	1
At 31 March 2003	5,480	(45)	5,435

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Analysed by remaining maturity:				
Due within one year	2,601	2,446	2,276	2,367
Due one year and over	9,736	8,439	6,156	5,033
	12,337	10,885	8,432	7,400

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 €3,182m (2002: €2,756m).

Debt securities with a market value of €4,165m (2002: €2,800m) were pledged as collateral to cover settlement risk for securities' transactions.

18 EQUITY SHARES

	The Group	The Bank
	€m	€m
At 1 April 2002	19	4
Net increase during the year	19	3
At 31 March 2003	38	7

19 INTERESTS IN ASSOCIATED UNDERTAKINGS

	The Group	
	2003	2002
	€m	€m
At 1 April	16	14
Increase in investments	3	5
Decrease in investments	-	(8)
Retained profit	(2)	5
Transfer to Joint Ventures	(4)	-
At 31 March	13	16

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.

20 INTERESTS IN JOINT VENTURES

	The Group	The Bank
	€m	€m
At 1 April 2002	4	9
Acquisitions	2	-
Retained profits/losses	16	-
Exchange adjustments	(1)	-
Transfer from Associated undertakings	4	-
At 31 March 2003	25	9

21 SHARES IN GROUP UNDERTAKINGS

	The Bank
	€m
At 1 April 2002	2,028
Exchange adjustments	(102)
Net decrease in investments	(385)
At 31 March 2003	1,541
Group undertakings	
- Credit Institutions	119
- Others	1,422
	1,541

21 SHARES IN GROUP UNDERTAKINGS (continued)

The principal group undertakings at 31 March 2003 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.

The registered offices of the above undertakings are given on pages 118 to 121.

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

Advantage is being taken of Regulation 8.(1) of the European Communities (Credit Institutions: Accounts) Regulations, 1992 in respect of The Investment Bank of Ireland Limited which will not file group accounts for the year ended 31 March 2003.

22 INTANGIBLE FIXED ASSETS

	The Group	
	2003 €m	2002 €m
Cost		
At 1 April	293	234
Goodwill arising on acquisitions during the year	186	57
Exchange adjustments	(48)	2
Goodwill written back on disposals	(8)	-
At 31 March	423	293
Amortisation		
At 1 April	22	7
Charge for year	23	15
Impairment	124	-
Exchange adjustments	(12)	-
At 31 March	157	22
Net Book Value	266	271

The details relating to the acquisition of Iridian are set out in Note 3.

23 TANGIBLE FIXED ASSETS

The Group							
Cost or valuation	Freehold land and buildings €m	Leases of 50 years or more unexpired €m	Leases of less than 50 years unexpired €m	Computer and other equipment €m	Finance lease assets €m	Payments on account and assets in the course of construction €m	Total €m
At 1 April 2002	583	26	71	1,148	12	70	1,910
Exchange adjustments	(26)	(2)	(2)	(31)	-	-	(61)
Additions	37	-	21	125	-	116	299
Disposals	(80)	-	(1)	(45)	-	-	(126)
Acquisition/disposal of subsidiary	(5)	-	-	(11)	-	-	(16)
At 31 March 2003	509	24	89	1,186	12	186	2,006
Accumulated depreciation and amortisation							
At 1 April 2002	7	-	7	654	8	-	676
Exchange adjustments	-	-	-	(20)	-	-	(20)
Disposals	(1)	-	-	(16)	-	-	(17)
Charge for year	7	-	11	148	-	-	166
Acquisition/disposal of subsidiary	-	-	-	(8)	-	-	(8)
At 31 March 2003	13	-	18	758	8	-	797
Net book value							
At 31 March 2003	496	24	71	428	4	186	1,209
At 31 March 2002	576	26	64	494	4	70	1,234

23 TANGIBLE FIXED ASSETS (continued)

The Bank							
Cost or valuation	Freehold land and buildings €m	Leases of 50 years or more unexpired €m	Leases of less than 50 years unexpired €m	Computer and other equipment €m	Finance lease assets €m	Payments on account and assets in the course of construction €m	Total €m
At 1 April 2002	367	-	56	847	7	70	1,347
Exchange adjustments	(6)	-	(1)	(11)	-	-	(18)
Additions	28	-	13	85	-	114	240
Disposals	(29)	-	(1)	(31)	-	-	(61)
At 31 March 2003	360	-	67	890	7	184	1,508
Accumulated depreciation and amortisation							
At 1 April 2002	6	-	4	501	7	-	518
Exchange adjustments	(1)	-	-	(7)	-	-	(8)
Disposals	(1)	-	-	(10)	-	-	(11)
Charge for year	7	-	6	96	-	-	109
At 31 March 2003	11	-	10	580	7	-	608
Net book value							
At 31 March 2003	349	-	57	310	-	184	900
At 31 March 2002	361	-	52	346	-	70	829

23 TANGIBLE FIXED ASSETS (continued)

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 31 March 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 31 March 2003 on a historical cost basis the cost of group property would have been included at €426m (2002: €449m) less accumulated depreciation €86m (2002: €69m). The Group occupies properties with a net book value of €559m (2002: €612m) in the course of carrying out its own activities.

In the year to 31 March 2003 salary and other costs of €116m (2002: €83m) incurred on computer software development and other projects have been capitalised. This expenditure when operational is depreciated in equal annual installments over its estimated useful life, ranging between five and ten years.

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Tangible fixed assets leased	31	52	-	-

	The Group		The Bank	
Future capital expenditure	2003 €m	2002 €m	2003 €m	2002 €m
- contracted but not provided in the accounts	14	21	13	19
- authorised by the Directors but not contracted	7	11	7	-

Rentals payable in 2003 under non-cancellable operating leases amounted to €53m (2002: €51m). Of this amount €6m (2002: €5m) relates to leases expiring within one year, €7m (2002: €8m) relates to leases expiring in two to five years and €40m (2002: €38m) relates to leases expiring after five years, split between property €53m and equipment €nil.

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

Year ended 31 March	Payable €m	Receivable €m
2004	53	2
2005	50	2
2006	48	2
2007	46	2
2008	46	2
Thereafter	624	6

The obligations under finance leases amount to €3.7m (2002: €5.3m) of which €0.6m (2002: €0.9m) is due within one year, €3.1m (2002: €3.7m) is due after more than one year but within five years and €nil (2002: €0.7m) is due after five years.

24 OTHER ASSETS

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Sundry debtors	1,373	967	381	353
Foreign exchange and interest rate contracts	1,897	777	1,904	822
Value of life assurance business in force	494	443	-	-
Other	77	130	4	15
	3,841	2,317	2,289	1,190

25 LIFE ASSURANCE BUSINESS

The net assets attributable to stockholders from the life assurance business are analysed as follows:

	2003 €m	2002 €m
Long Term Assurance Business		
Net tangible assets of life companies including surplus	268	220
Value of life assurance business in force	494	443
	762	663
Increase in net tangible assets of life companies including surplus	48	49
Increase in value of life assurance business in force	51	75
Profit after tax	99	124

The net assets above of €762m is before payment of dividend, €13m to the Governor and Company of the Bank of Ireland and other capital movements €1m.

The life assurance assets attributable to policyholders consist of:	2003 €m	2002 €m
Property	373	381
Fixed interest securities	1,426	1,598
Other securities	3,071	3,325
Bank balances and cash	430	275
Income receivable	46	57
Other assets	36	30
Other liabilities	(40)	(11)
	5,342	5,655

Value of in-force business

The principal assumptions used in the calculation of shareholders' value of in-force business are:	2003	2002
Risk adjusted discount rate (net of tax)	10%	11%
Investment returns on unit linked assets	6.5%	6.5%
- Equities and property	7.5%	7.5%
- Government fixed interest	4.5%	4.5%
Shareholder taxation	12.5%	12.5%

25 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.

Achieved Profits:

The profit, derived using the Achieved Profits method and shown in the Operating Review, 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) and the effect of any changes in operating assumptions;
- 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 economic assumptions expected to be non-recurring.

Premium Income Analysis

The table below sets out the levels of gross premiums and new business written for 2003 and 2002.

	Individual Life €m	Pensions €m	Group Contracts €m	Total €m
Gross Premiums Written – 2003				
Recurring premiums	426	262	26	714
Single premiums	307	211	42	560
Total gross premiums written	733	473	68	1,274
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 New Business Premiums Written – 2003				
Recurring premiums	119	99	0	218
Single premiums	307	211	42	560
Total gross new business written	426	310	42	778
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 DEPOSITS BY BANKS

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Deposits by Banks	12,617	12,583	15,304	14,916
Repayable on demand	3,908	3,476	4,501	3,680
Other deposits by remaining maturity				
- 3 months or less	7,289	6,542	8,203	7,996
- 1 year or less but over 3 months	1,082	2,514	1,477	2,555
- 5 years or less but over 1 year	318	32	1,100	363
- over 5 years	20	19	23	322
	12,617	12,583	15,304	14,916
Amounts include:				
Due to group undertakings			3,099	3,336

27 CUSTOMER ACCOUNTS

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Current accounts	9,646	8,924	12,149	10,982
Demand deposits	20,072	22,854	12,742	13,754
Term deposits and other products	18,331	18,638	10,861	9,893
Other short-term borrowings	447	695	464	1,071
	48,496	51,111	36,216	35,700
Repayable on demand	29,496	31,767	22,439	23,182
Other deposits with agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less	12,443	12,477	9,101	9,292
- 1 year or less but over 3 months	2,223	3,331	2,003	1,841
- 5 years or less but over 1 year	3,668	2,549	1,476	852
- over 5 years	666	987	1,197	533
	48,496	51,111	36,216	35,700
Amounts include:				
Due to group undertakings			2,533	2,070

28 DEBT SECURITIES IN ISSUE

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Bonds and medium term notes by remaining maturity				
- 3 months or less	520	23	520	23
- 1 year or less but over 3 months	618	227	618	227
- 5 years or less but over 1 year	3,215	2,889	3,215	2,889
Other debt securities in issue by remaining maturity				
- 3 months or less	4,179	2,227	4,179	2,225
- 1 year or less but over 3 months	1,120	997	1,120	997
- 5 years or less but over 1 year	-	11	-	11
	9,652	6,374	9,652	6,372

29 OTHER LIABILITIES

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Current taxation	126	151	60	52
Notes in circulation	683	785	683	785
Foreign exchange and interest rate contracts	2,016	720	2,033	767
Sundry creditors	1,340	1,017	626	432
Other	1,050	744	119	104
Dividends	238	216	238	216
	5,453	3,633	3,759	2,356

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.

30 DEFERRED TAXATION

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Taxation treatment of capital allowances:				
- finance leases	104	125	9	24
- equipment used by group	8	11	13	11
Other short term timing differences	(58)	(47)	(49)	(46)
	54	89	(27)	(11)
At 1 April 2002	89	72	(11)	(10)
Exchange adjustments	2	-	-	-
Charge for year	(11)	14	(3)	(3)
Disposals	(27)	-	(16)	-
Other movements	1	3	3	2
At 31 March 2003	54	89	(27)	(11)

No provision is made for tax on capital gains which might arise on the disposal of properties at their balance sheet amounts, this is due to the expectation that the disposal of land and buildings will not give rise to a tax liability based on current valuations and indexed costs.

During the year the group disposed of a number of properties on which no tax has been provided as roll over relief is expected to be available. A claim for roll over relief will be based on the reinvestment of the proceeds on disposal. A capital gains tax liability of €6m approximately would crystallise if there were no further reinvestment of the proceeds of these disposals. This year the Finance Act has provided for the abolition of roll over relief for disposals after 4 December 2002, however relief was retained in respect of gains previously rolled over into assets disposed of on or after that date, provided the proceeds of the current disposals are reinvested into further qualifying assets. In view of the fact that it is considered unlikely that there will not be a continuous programme of reinvestment in replacement assets no provision is made in the accounts in respect of a tax liability for roll over relief claimed to date.

31 OTHER PROVISIONS FOR LIABILITIES AND CHARGES

The Group	Pensions obligations €m	Group Transformation Programme €m	Other €m	Total €m
At 1 April 2002	93	34	32	159
Exchange adjustments	(2)	(1)	(3)	(6)
Provisions made	52	-	61	113
Provisions utilised	(13)	(22)	(37)	(72)
Provisions released	-	-	(5)	(5)
At 31 March 2003	130	11	48	189
The Bank				
At 1 April 2002	85	34	7	126
Exchange adjustments	(2)	(1)	-	(3)
Provisions made	37	-	31	68
Provisions utilised	(1)	(22)	(30)	(53)
Provisions released	-	-	(2)	(2)
Transfer of provision from Group undertakings	-	-	5	5
At 31 March 2003	119	11	11	141

32 SUBORDINATED LIABILITIES

	The Group		The Bank	
Undated loan capital	2003 €m	2002 €m	2003 €m	2002 €m
Bank of Ireland				
US$150m Undated Floating Rate Primary Capital Notes	136	170	136	170
Bank of Ireland UK Holdings plc				
€600m 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	595	593	-	-
Stg£350m 6.25% Guaranteed Callable Perpetual Preferred Securities	502	-	-	-
Bristol & West				
Stg£75m $13\frac{3}{8}$ % Perpetual Subordinated Bonds	180	202	-	-
	1,413	965	136	170
Dated loan capital				
Bank of Ireland				
Stg£100m 9.75% Subordinated Bonds 2005	145	163	145	163
Stg£200m Subordinated Floating Rate Notes 2009	290	326	290	326
US$175m Subordinated Floating Rate Notes 2007	-	201	-	201
€750m 6.45% Subordinated Bonds 2010	747	747	747	747
Bristol & West				
Stg£75m $10\frac{3}{4}$ % Subordinated Bonds 2018	108	122	-	-
	1,290	1,559	1,182	1,437
	2,703	2,524	1,318	1,607
Repayable				
in 1 year or less	-	-	-	-
between 2 and not more than 5 years	145	163	145	163
5 years or more	1,145	1,396	1,037	1,274
	1,290	1,559	1,182	1,437

32 SUBORDINATED LIABILITIES (continued)

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

On 7 March 2001 Bank of Ireland UK Holdings plc (the Issuer) issued €600m 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 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 preference 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.

On 17 March 2003 Bank of Ireland UK Holdings plc (the Issuer) issued Stg£350m 6.25% Guaranteed 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 but not 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 2023 or any coupon date thereafter.

The Preferred Securities bear interest at a rate of 6.25% per annum to 7 March 2023 and thereafter at a rate of 6 month Libor plus 1.70 per cent per annum, reset semi annually.

The rights and claims of the holders of the Preferred Securities are subordinated to the claims of the senior creditors of the Issuer or the Bank (as the case may be) in that no payment in respect of the Preferred Securities or the guarantee shall be due and payable except to the extent that the Issuer or the Bank (as applicable) is solvent and could make such payment and still be solvent immediately thereafter.

Upon winding up of the Issuer or the Bank (in respect of claims under the guarantee), the holder of the Preferred Securities will rank pari passu with holders of the most senior class or classes of preference shares or stock or other preferred securities (if any) of the Issuer or 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 21 March 1995.

The Bank set up a Stg£500m Euro Note Programme ("the Programme") in July 1995 and issued Stg£200m Subordinated Floating Rate Notes due 2009 on 11 February 1997. The Programme was increased to Stg£1bn in July 1997 and the Bank issued US$175m Subordinated Floating Rate Notes due 2007 on 4 September 1997. These notes were redeemed on 9 September 2002. On 9 November 1999 the Programme was redenominated from sterling to euro and increased to €4bn. On 10 February 2000 the Bank issued €600m 6.45 per cent Subordinated Bonds due 2010.

On 22 January 2001 the Bank issued an additional €150m 6.45 per cent Subordinated Bonds due 2010 which are fungible and form a single series with the €600m 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 €4bn to €8bn. In February 2003 the Programme was again increased from €8bn to €10bn.

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.

33 MINORITY INTEREST - NON EQUITY

	2003 €m	2002 €m
Bristol & West		
Stg£50.4m 8 1/8% Non-Cumulative Preference Shares of Stg£1each	73	82

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 installments in arrears on 15 May and 15 November each year. Bank of Ireland Group holds 35.8% of these shares.

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

34 CAPITAL STOCK

	The Bank	
	2003 €m	2002 €m
Authorised		
1,500m units of €0.64 of Ordinary Stock	960	960
8m units of Non-Cumulative Preference Stock of US$25 each	184	229
100m units of Non-Cumulative Preference Stock of Stg£1 each	145	163
100m units of Non-Cumulative Preference Stock of €1.27 each	127	127
	1,416	1,479
Allotted and fully paid		
Equity		
996.2m units of €0.64 of Ordinary Stock	637	645
53.9m units of €0.64 of Treasury Stock	35	27
Non equity		
1.9m units of Non-Cumulative Preference Stock of Stg£1 each	3	3
3.0m units of Non-Cumulative Preference Stock of €1.27 each	4	4
	679	679

The weighted average Ordinary Stock in issue at 31 March 2003, used in the earnings per unit of Ordinary Stock calculation, excludes the Treasury Stock which does not represent Ordinary Stock in issue (see Note 12) on page 62. The Treasury Stock does not rank for dividend and 53,944,863 units of Treasury Stock remained as at 31 March 2003.

Movements in issued Ordinary Stock	
At 1 April 2002	1,007,557,674
Stock Option Schemes	1,889,242
Sharesave Scheme	55,630
Long Term Performance Stock Plan	113,135
Buy back	(13,445,055)
At 31 March 2003	996,170,626

34 CAPITAL STOCK (continued)

During the year the total Ordinary Stock in issue decreased from 1,007,557,674 units of nominal value of €0.64 each to 996,170,626 units of nominal value of €0.64 each as a result of:

1,889,242 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 €0.982 and €8.933, by the re-issue of units of Treasury Stock.

55,630 units of Ordinary Stock were issued to Sharesave option holders on the exercise of their options under the terms of the SAYE Scheme at a price of €5.40, by the re-issue of units of Treasury Stock.

113,135 units of Ordinary Stock were issued to option holders on the vesting of their options under the terms of the Long Term Performance Stock Plan ('LTPSP') at a price of €8.725 per unit, by the re-issue of units of Treasury Stock.

13,445,055 units of Ordinary Stock were bought back at a weighted average price of €9.89 during February and March 2003.

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 will be payable in euro in a gross amount of €1.523686 per unit per annum, in equal semi-annual installments, 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.

As at 31 March 2003 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 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 1 May 2003 there are outstanding options under the scheme over 12,410,524 units of Ordinary Stock (1.25% of the issued ordinary capital). These options are ordinarily exercisable, provided the participant's savings contracts are complete, between May 2003 and May 2007.

34 CAPITAL STOCK (continued)

(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 conditions for options granted in 1996 up to and including 2001 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 45,000 options lapsed. The market price of the Bank's Ordinary Stock at 31 March 2003 was €9.71 (2002: €12.41) and the range during the year to 31 March 2003 was €8.70 to €14.05. Outstanding options under the Stock Option Scheme are exercisable at prices ranging between €1.436 to €12.50 between now and December 2012. At 31 March 2003, options were outstanding in respect of 5,744,500 units, 0.58% of the stock in issue (2002: 6,645,742 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 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 Group'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 (i.e. 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 31 March 2003 conditional awards totalling 779,766 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.

35 RESERVES

	The Group	The Bank
	€m	€m
Stock premium account		
Opening balance	773	773
Premium on issue of capital stock	5	5
Exchange adjustments	(8)	(8)
Closing balance	770	770
Capital reserve		
Opening balance	397	33
Exchange adjustments	(5)	(2)
Transfer from revenue reserves	44	-
Closing balance	436	31
Profit and loss account		
Opening balance	2,143	496
Profit retained	411	327
Exchange adjustments	(328)	(198)
Ordinary stock buyback	(124)	(124)
Transfer from revaluation reserve	22	11
Goodwill written back on disposal of subsidiary	5	-
Closing balance	2,129	512
Revaluation reserve		
Opening balance	208	165
Exchange adjustments	(5)	(2)
Transfer to revenue reserve on sale of property	(22)	(11)
Closing balance	181	152

The profit attributable to the Ordinary Stockholders of the Bank dealt with in the accounts of the Bank amounted to €698m (2002: €746m). The Bank has taken advantage of Regulation 5, paragraph 2 of the European Communities (Credit Institutions: Accounts) Regulations, 1992, and accordingly the profit and loss account of the Bank has not been presented separately.

36 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 Group until year ended 31 March 2006 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 investments would be 4.0 per cent higher than the annual rate of increase in pensionable remuneration and pensions in course of payment.

36 PENSION COSTS (continued)

The market value of the assets of the main scheme at 31 March 2001 was €2,762.6m and the actuarial value of the net assets, after allowing for expected future increases in earnings and pensions, represented 119% of the benefits that had accrued to members. The surplus is being utilised 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 31 March 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 €105m (2002: €73m) 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 €32m in relation to the main scheme, compared to a net cost of €19m in 2002.

The total pension charge for the Group in respect of the year ended 31 March 2003 was €57m (2002: €39m).

Watson Wyatt have made an interim valuation of the Bank of Ireland Staff Pensions Funds as at 31 March 2003. The actuary considered that the assumptions used for the formal valuation at 31 March 2001 continue to be appropriate. The interim valuation discloses that the actuarial value of the net assets after allowing for expected future increases in earnings and pensions represented 105% of the benefits that have accrued to members. The actuary has recommended that the existing funding programme be maintained until the results of the next formal valuation of the Fund, which will be made as at 31 March 2004, are available.

(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	2003 Weighted average %	2002 Weighted average %
Rate of general increase in salaries	3.29	3.26
Rate of increase in pensions in payment	2.91	2.91
Rate of increase to deferred pensions	2.50	2.50
Discount rate for scheme liabilities	5.50	6.00
Inflation rate	2.50	2.50

The expected long term rates of return and market value of the assets of the material defined benefit plans at 31 March 2003 and 31 March 2002 were as follows:-

	31 March 2003		31 March 2002	
	Market value €m	Expected long term rate of return	Market value €m	Expected long term rate of return
Equities	1,734	9.0%	2,484	7.5%
Bonds	464	4.2%	579	5.5%
Property	337	8.0%	329	6.5%
Other	73	4.0%	89	4.5%
Total market value of schemes' assets	2,608		3,481	
Present value of schemes' liabilities	3,407		2,908	

	€m	€m
Aggregate deficit in schemes	(800)	(30)
Aggregate surplus in schemes	1	603
Overall (deficit)/ surplus in schemes	(799)	573
Related deferred tax asset/(liability)	118	(67)
Net pension (liability)/asset	(681)	506

36 PENSION COSTS (continued)

If the above amounts had been recognised in the accounts, the net assets and profit and loss account reserves, would be as follows:-

	31 March 2003 €m	31 March 2002 €m
Net assets of the Group excluding pension asset	4,195	4,200
Pension provision (net of deferred tax)	110	79
	4,305	4,279
Net Pension (liability)/asset	(681)	506
Net assets of the Group including pension (liability)/assets	3,624	4,785
Profit and loss account reserve excluding pension asset	2,235	2,213
Pension provision (net of deferred tax)	110	79
	2,345	2,292
Pension Reserve	(681)	506
Profit and loss account reserve including pension asset	1,664	2,798

The following table sets out the components of the defined benefit cost.

	31 March 2003 €m
Other finance income	
Expected return on pension scheme assets	239
Interest on pension scheme liabilities	(170)
Net return	69
Included within administrative expenses	
Current service cost	(95)
Past service cost	(1)
	(96)
Cost of providing defined retirement benefits	(27)

Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)	31 March 2003 €m
(Loss) on assets	(989)
Experience (loss) on liabilities	(24)
(Loss) on change of assumptions (financial and demographic)	(357)
Currency gain	8
Total (loss) recognised in STRGL before adjustment for tax	(1,362)

Movement in surplus (deficit) during the year	31 March 2003 €m
Surplus in scheme at beginning of period	573
Contributions paid	21
Current service cost	(95)
Past service cost	(1)
Acquisitions (loss)	(4)
Other finance income	69
Actuarial (loss)	(1,370)
Currency gain	8
(Deficit) in the scheme at end of period	(799)
Related deferred tax asset	118
	(681)

36 PENSION COSTS (continued)

History of experience gains and losses for the year to 31 March 2003	€m
(Loss) on scheme assets:	
Amount	(989)
Percentage of scheme assets	(37.9%)
Experience (loss) on scheme liabilities:	
Amount	(24)
Percentage of scheme liabilities	(0.7%)
Total actuarial (loss) recognised in STRGL:	
Amount	(1,362)
Percentage of scheme liabilities at end of period	(40.0%)

37 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 are presented on page 18 of the Operating and Financial Review. Details of the market risk exposures are presented on page 20 of the Operating and Financial Review.

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.

	31 March 2003				31 March 2002
	Within one year €m	One to five years €m	Over five years €m	Total €m	Total €m
Underlying principal amount:					
Exchange Rate Contracts	11,215	1,218	233	12,666	11,428
Interest Rate Contracts	47,923	26,072	12,331	86,326	64,858
Equity Contracts	427	1,975	690	3,092	2,859
Replacement cost:					
Exchange Rate Contracts	421	50	18	489	533
Interest Rate Contracts	192	474	456	1,122	598
Equity Contracts	5	10	20	35	58

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:

	31 March 2003			31 March 2002
	Financial €m	Non - Financial €m	Total €m	Total €m
Exchange Rate Contracts	448	41	489	533
Interest Rate Contracts	1,055	67	1,122	598
Equity Contracts	35	-	35	58
	1,538	108	1,646	1,189

37 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 31 March 2003 and 2002:

	31 March 2003		
Interest rate contracts:	Underlying Principal Amount[1] €m	Fair Value €m	Average Fair Value €m
Interest rate swaps	62,691		
in a favourable position		1,018	775
in an unfavourable position		(907)	(666)
Interest rate caps, floors & options held	8,903		
in a favourable position		2	3
in an unfavourable position		-	-
Interest rate caps, floors & options written	8,733		
in a favourable position		-	-
in an unfavourable position		(5)	(3)
Forward rate agreements	4,362		
in a favourable position		4	2
in an unfavourable position		(4)	(2)
Financial futures	661		
in a favourable position		-	-
in an unfavourable position		-	-
	85,350	108	
Foreign exchange contracts:			
Forward foreign exchange	8,101		
in a favourable position		115	83
in an unfavourable position		(143)	(136)
Currency Swaps	106		
in a favourable position		4	1
in an unfavourable position		(6)	(2)
	8,207	(30)	
	93,557		

(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.

37 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2002		
Interest rate contracts:	Underlying Principal Amount[1] €m	Fair Value €m	Average Fair Value €m
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		3	8
in an unfavourable position		-	-
Interest rate caps, floors & options written	3,514		
in a favourable position		-	-
in an unfavourable position		(2)	(2)
Forward rate agreements	1,438		
in a favourable position		1	1
in an unfavourable position		(1)	(1)
Financial futures	1,161		
in a favourable position		-	-
in an unfavourable position		-	-
	57,420	80	
Foreign exchange contracts:			
Forward foreign exchange	6,163		
in a favourable position		41	50
in an unfavourable position		(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.

Dealing profits:	2003 €m	2002 (restated) €m
Securities and interest rate contracts	48	45
Foreign exchange contracts	34	24
Equity contracts	3	12
Total	85	81

Dealing profits include the interest and funding costs and the profits and losses arising on the purchase, and sale or revaluation of trading instruments.

37 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Non Trading Derivatives

The Group has significant business activities in a range of currencies and the details are outlined in the Operating and Financial Review.

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 31 March 2003 and 2002.

			31 March 2003		
	Underlying Principal Amount €m	Weighted Average Maturity in Years	Weighted Average Receive Rate %	Weighted Average Pay Rate %	Fair Value €m
Interest rate contracts:					
Interest Rate Swaps					
- receive fixed					
1 year or less	9,804	0.21	3.23	3.19	49
1-5 years	2,169	3.69	0.98	3.29	20
5 -10 years	556	5.66	0.91	2.26	7
Over 10 years	174	19.0	5.26	-	(2)
Interest Rate Swaps					
- pay fixed					
1 year or less	1,849	0.37	2.58	2.81	(6)
1-5 years	846	3.28	2.67	6.61	(102)
5-10 years	550	7.57	2.54	5.55	(62)
Over 10 years	750	15.72	2.58	5.66	(92)
Interest Rate Swaps					
- pay and receive floating					
1 year or less	102	0.30	2.68	2.64	(1)
1-5 years	296	2.61	2.90	2.61	8
5-10 years	178	6.96	3.19	3.39	4
Over 10 years	374	27.46	3.79	2.84	3
Forward Rate Agreements					
1 year or less	20	0.47	-	2.26	-
Interest Rate Caps					
1 year or less	29	0.87	5.40	-	-
1-5 years	153	3.04	6.09	-	-
	17,850				(174)

37 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2003		
	Underlying Principal Amount €m	Weighted Average Maturity in Years	Fair Value €m
Exchange rate contracts:			
Forward Foreign Exchange	1,702	0.16	55
1 year or less	54	1.63	2
1-5 years			
Currency Swaps			
1 year or less	1,313	0.41	(36)
1-5 years	1,023	2.62	(23)
5-10 years	181	5.70	5
Over 10 years	52	11.0	4
Currency Options			
1 year or less	134	0.07	1
	4,459		8
Equity and commodity contracts:			
Equity Index Linked Contracts held			
1 year or less	427	0.48	(8)
1-5 years	1,975	3.48	(193)
5-10 years	690	5.81	(43)
	3,092		(244)
	25,401		(410)

37 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2002				
Interest rate contracts:	Underlying Principal Amount €m	Weighted Average Maturity in Years	Weighted Average Receive Rate %	Weighted Average Pay Rate %	Fair Value €m
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
Forward Rate Agreements					
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	4.00	6.09	0.0	-
Interest Rate Floors					
1 year or less	20	0.54	1.22	4.22	-
	13,861				(48)

37 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2002		
	Underlying Principal Amount €m	Weighted Average Maturity in Years	Fair Value €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

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. As a result, any gains or losses on the hedging instrument arising from changes in the fair value are not recognised in the profit and loss account immediately but are accounted for in the same manner as the hedged item. See also Note 1.9 stating the accounting policy on Derivatives for further details.

The unrecognised net losses on instruments used for hedging as at 31 March 2003 were €242m (2002 losses: €297m).

The net losses expected to be recognised in 2003/2004 is €16m (2002/03 gain: €45m) and thereafter the net losses expected to be recognised is €225m (2002/03 losses: €342m).

The net gains recognised in 2002/03 in respect of previous years were €45m (2001/02 gain: €41m) and the net gains arising in 2002/03 which were not recognised in 2002/03 were €11m (2001/02 losses: €281m).

37 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Non Trading Derivative Deferred Balances

The table below summarises the deferred gains and losses at 31 March 2003.

	Deferred Gains €m	Deferred Losses €m	Total net deferred gains/ (losses) €m
As at 1 April 2002	6.4	(3.7)	2.7
Gains and losses arising in previous years that were recognised in the year ended 31 March 2003	2.6	(1.8)	0.8
Gains and losses arising before 1 April 2002 that were not recognised in the year ended 31 March 2003	3.8	(1.9)	1.9
Gains and losses arising in the year ended 31 March 2003 that were not recognised in that year	0.3	(1.4)	(1.1)
As at 31 March 2003	4.1	(3.3)	0.8
Of which:			
Gains and losses expected to be recognised in the year ended 31 March 2004	1.8	(0.6)	1.2

38 INTEREST RATE REPRICING – NON TRADING BOOK

The table below provides an indication of the repricing mismatch in the Non Trading Books at 31 March 2003. For the major categories of assets and liabilities, this ‘gap’ table show 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. The 2002 maturity profile of the “Net amounts due from/to Group units” has been reclassified in line with the current years classification.

Non Trading Interest Rate Repricing – Total	31 March 2003						
	Not more than three months €m	Over three months but not more than six months €m	Over six months but not more than one year €m	Over one year but not more than five years €m	Over five years €m	Non interest bearing €m	Total €m
Assets							
Central Government bills and other eligible bills	175	-	-	-	-	-	175
Loans and advances to banks	6,300	859	62	-	-	104	7,325
Loans and advances to customers	37,967	2,203	2,708	11,157	2,793	186	57,014
Debt securities and equity shares	6,356	476	404	1,286	696	61	9,279
Other assets	908	-	-	-	-	3,343	4,251
Total assets	51,706	3,538	3,174	12,443	3,489	3,694	78,044
Liabilities							
Deposits by banks	10,817	839	434	18	16	44	12,168
Customer accounts	34,802	1,491	1,213	2,917	456	7,606	48,485
Debt securities in issue	8,057	765	550	280	-	-	9,652
Other liabilities	355	34	3	56	111	2,778	3,337
Subordinated liabilities	1,318	-	-	-	1,385	-	2,703
Minority interests and shareholders’ funds	-	-	-	-	-	4,323	4,323
Total liabilities	55,349	3,129	2,200	3,271	1,968	14,751	80,668
Net amounts due from / to Group units	4,932	(231)	(536)	(1,795)	179	(55)	2,494
Off balance sheet items	(1,055)	259	755	(3,192)	3,172	-	(61)
Interest rate repricing gap	234	437	1,193	4,185	4,872	(11,112)	(191)
Cumulative interest rate repricing gap	234	671	1,864	6,049	10,921	(191)	-
Euro							
Cumulative interest rate repricing gap 31 March 2003	(128)	962	1,319	4,454	7,453	902	-
Sterling							
Cumulative interest rate repricing gap 31 March 2003	543	(427)	468	1,464	3,298	(780)	-

38 INTEREST RATE REPRICING – NON TRADING BOOK (continued)

Non Trading Interest Rate Repricing – Total	31 March 2002 Not more than three months €m	Over three months but not more than six months €m	Over six months but not more than one year €m	Over one year but not more than five years €m	Over five years €m	Non interest bearing €m	Total €m
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	3,339	(187)	(553)	(1,354)	9	413	1,667
Off balance sheet items	1,027	1,548	(636)	(3,566)	1,537	-	(90)
Interest rate repricing gap	(741)	1,924	525	4,760	3,277	(9,957)	(212)
Cumulative interest rate repricing gap	(741)	1,183	1,708	6,468	9,745	(212)	-
Euro							
Cumulative interest rate repricing gap 31 March 2002	(1,749)	(710)	(399)	3,218	5,112	(233)	-
Sterling							
Cumulative interest rate repricing gap 31 March 2002	1,763	1,699	2,214	3,302	4,602	150	-

39 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 the 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 31 March 2003 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.

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 31 March 2003.

The following table represents the carrying amount and the fair value of both the trading and non trading financial assets and liabilities as at 31 March 2003 and 2002.

	2003		2002	
	Carrying Amount €m	Fair Values €m	Carrying Amount €m	Fair Values €m
Financial instruments held for trading				
Debt securities	3,120	3,120	2,090	2,090
Equity shares	22	22	15	15
Derivative financial instruments				
Interest rate contracts	108	108	80	80
Foreign exchange contracts	(30)	(30)	(8)	(8)
Non trading financial instruments				
Assets				
Cash and balances at central banks (1)	679	679	569	569
Items in course of collection (1)	508	508	554	554
Central government bills and other eligible bills (1)	175	175	79	79
Loans and advances to banks	7,480	7,482	8,385	8,398
Loans and advances to customers	56,887	57,100	56,577	56,754
Securitisation and loan transfers (1)	127	127	142	142
Debt securities	9,217	9,319	8,795	8,852
Equity shares	16	16	4	4
Own shares	35	524	27	528
Liabilities				
Deposits by banks	12,617	12,632	12,583	12,609
Customer accounts	48,496	48,331	51,111	50,918
Debt securities in issue	9,652	9,657	6,374	6,379
Items in course of transmission (1)	136	136	152	152
Subordinated liabilities	2,703	2,876	2,524	2,621
Minority interests : non equity	73	82	82	96
Derivative financial instruments				
Interest rate contracts		(174)		(48)
Exchange rate contracts		8		382
Equity and commodity contracts		(244)		(210)

(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.

39 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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 non-performing 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.

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 37 of the Notes on the Financial Statements and include the fair value of these instruments.

10. Life Assurance Assets and Liabilities
    Life assurance assets and liabilities attributable to policy holders have not been included in this note in accordance with accounting standards.

40 CONTINGENT LIABILITIES AND COMMITMENTS

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

	31 March 2003		31 March 2002	
The Group - Contingent Liabilities	Contract Amount €m	Risk Weighted Amount €m	Contract Amount €m	Risk Weighted Amount €m
Acceptances and endorsements	81	65	86	76
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	1,172	1,107	1,029	944
Other contingent liabilities	508	239	496	244
	1,761	1,411	1,611	1,264
The Group - Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	52	19	30	10
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	776	27	636	-
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- irrevocable with original maturity of over 1 year	4,212	2,065	4,487	2,238
- revocable or irrevocable with original maturity of 1 year or less [ii]	14,010	-	11,161	-
	19,050	2,111	16,314	2,248

40 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

The Bank – Contingent Liabilities	31 March 2003 Contract Amount €m	31 March 2003 Risk Weighted Amount €m	31 March 2002 Contract Amount €m	31 March 2002 Risk Weighted Amount €m
Acceptances and endorsements	81	65	86	76
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	3,079	1,088	4,287	903
Other contingent liabilities	508	239	496	244
	3,668	1,392	4,869	1,223

The Bank – Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	52	19	30	10
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	776	46	636	-
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- irrevocable with original maturity of over 1 year	2,035	976	2,324	1,157
- revocable or irrevocable with original maturity of 1 year or less [(ii)]	11,790	-	9,576	-
	14,653	1,041	12,566	1,167

Notes:

(i) Under the Basel 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.

41 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, 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.

42 NOTES TO THE CASH FLOW STATEMENT

	The Group	
(i) Gross Cashflows	2003 €m	2002 €m
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Operating Profit	1,155	1,121
Decrease in accrued income and prepayments	31	27
(Decrease) in accruals and deferred income	(87)	(99)
Provision for bad and doubtful debts	100	102
Loans and advances written off net of recoveries	(90)	(36)
Depreciation and amortisation	182	155
Interest charged on subordinated liabilities	156	154
Other non-cash movements	(2)	(1)
Profit on disposal of fixed assets	(37)	(22)
Profit on disposal of leases	(21)	-
Net cash flow from trading activities	1,387	1,401
Net decrease in collections / transmissions	18	129
Net (increase) in loans and advances to banks	(257)	(216)
Net (increase) in loans and advances to customers	(3,774)	(5,217)
Net increase in deposits by banks	187	899
Net increase in customer accounts	60	5,224
Net increase in debt securities in issue	3,617	1,309
Net (increase)/decrease in non-investment debt and equity securities	(1,192)	290
Net (increase)/decrease in other assets	(1,572)	422
Net increase/(decrease) in other liabilities	1,934	(432)
Exchange movements	701	(26)
Net cash flow from operating activities	1,109	3,783
Returns on investment and servicing of finance		
Interest paid on subordinated liabilities	(158)	(157)
Preference dividends paid	(9)	(17)
Dividends paid to minority shareholders in subsidiary undertakings	(9)	(9)
Issue expenses on subordinated liabilities	(5)	-
	(181)	(183)

42 NOTES TO THE CASH FLOW STATEMENT (continued)

	The Group	
Capital expenditure and financial investment	2003 €m	2002 €m
Net (purchases) of investment debt and equity securities	(1,214)	(2,231)
Purchase of tangible fixed assets	(299)	(331)
Sale of tangible fixed assets	146	135
	(1,367)	(2,427)
Acquisitions and disposals		
Increase in investments in associated undertakings	(3)	(5)
Acquisition of Group undertaking	(184)	(246)
Net cash balances of Group undertaking acquired	10	7
Disposal of subsidiary undertaking	13	-
Costs of terminating joint venture	(8)	-
	(172)	(244)
Financing		
Issue of capital stock (net of issue expenses)	5	8
Repayment of subordinated liabilities	(174)	-
Issue of subordinated liabilities	507	-
Preference stock buyback	-	(261)
Ordinary stock buyback	(133)	-
	205	(253)

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

	Cash and Balances at Central Banks €m	Loans and Advances to Banks Repayable on Demand €m	Total Cash €m
2003			
At 1 April 2002	569	1,863	2,432
Cash flow	115	(1,050)	(935)
Foreign exchange movement	(5)	(68)	(73)
At 31 March 2003	679	745	1,424
2002			
At 1 April 2001	256	1,914	2,170
Cash flow	313	(51)	262
At 31 March 2002	569	1,863	2,432

42 NOTES TO THE CASH FLOW STATEMENT (continued)

(iii) Analysis of changes in financing

2003	Capital Stock (including stock premium) €m	Subordinated Liabilities €m	Minority Interest – Non Equity €m
At 1 April 2002	1,452	2,524	82
Effect of foreign exchange differences	(8)	(150)	(9)
Cash flow	5	328	-
Other non cash movements	-	1	-
At 31 March 2003	1,449	2,703	73

2002	Capital Stock (including stock premium) €m	Subordinated Liabilities €m	Minority Interest – Non Equity €m
At 1 April 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 31 March 2002	1,452	2,524	82

(iv) Iridian acquisition

	€m
Net assets acquired	6
Goodwill	186
	192
Satisfied by:	
Cash	184
Deferred consideration	8
	192

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

43 RELATED PARTY TRANSACTIONS

(a) Subsidiary, Associated Undertakings and Joint Ventures

Details of the principal subsidiary undertakings are shown in Note 21 on page 70. In accordance with FRS 8, 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 31 March 2003 of €0.1m (2002: €0.1m) 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 31 March 2003 was €38m (2002: €33m).

(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 36.

(c) Directors

Directors' emoluments and details of transactions between Directors and the Group are set out in the Remuneration Report on pages 33 to 38. In the year to 31 March 2003, Donal Geaney, Director, was a partner in The Common Street Partnership, the owner of New Century House, Mayor Street Lower, IFSC, Dublin 1, which is leased ultimately to Bank of Ireland, for 10 years at an annual rent of €1.49m.

(d) Securitisation

RPS3, RPS4, RPS5, SS1 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. As at 31 March 2003 the net amount due to RPS3 was €0.1m while in 2002 the net amount due from RPS3 was €0.1m, and Liberator was €1.4m (2002: €0.3m). The net amount due to RPS5 was €0.1m (2002: €0.1m) and the amount due to SS1 was €0.2m (2002: €0.2m).

44 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	The Group		The Bank	
	2003 €m	2002 €m	2003 €m	2002 €m
Denominated in euro	42,687	38,313	35,237	32,080
Denominated in currencies other than euro	46,818	49,012	33,729	31,664
Total Assets	89,505	87,325	68,966	63,744
Denominated in euro	43,227	39,588	34,027	30,445
Denominated in currencies other than euro	46,278	47,737	34,939	33,299
Total Liabilities	89,505	87,325	68,966	63,744

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

45 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 over its useful life.
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 the acquisition of subsidiary undertakings prior to 31 March 1998 was written off directly to reserves in the year of acquisition. Goodwill arising on acquisitions of subsidiary undertakings occurring after 31 March 1998 is capitalised as an asset on the balance sheet and amortised over its estimated useful economic life. Goodwill carried in the Group Balance Sheet is subject to impairment review when the carrying amount may not be recoverable and is written down by the amount of any impairment loss identified in the year.	Prior to the 31 March 2002, goodwill arising on acquisitions of subsidiary undertakings was capitalised and amortised to income over the period estimated to benefit. In the Group's case a period of 20 years was used. Goodwill is written off when judged to be irrecoverable. Post 1 April 2002 goodwill on acquisitions is capitalised on the Balance Sheet and is subject to an annual review for impairment.
Stock Based Compensation	
Where shares are issued, or options granted, the charge made to the profit and loss account is the difference between the intrinsic value at the time the award is made and any contribution made by the employee. Under the terms of the Group's revenue approved Save As You Earn (SAYE) schemes, employees have the option to purchase shares at a discount to the market price. Under UITF 17, such schemes are exempted from the requirements to charge this difference to the profit and loss account over the period of their savings contract.	Stock based compensation is accounted for in accordance with APB 25. Any differences between intrinsic value of the shares issued or options granted at the time the award is made and any contribution made be the employee is charged to the profit and loss account over the period to vesting.

45 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP

Investments

Profits and losses on disposal are recognised when realised and included in dealing profits, except for those securities maintained for hedging purposes, which are amortised over the lives of the underlying transaction and included in net interest income.

Securities may be classified as (i) investment carried at cost, 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.

US GAAP

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 in the short term to earn a profit by trading or selling such securities.

Securities held for sale are those securities which are neither classified as held to maturity or trading. They 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 to maturity are only those securities for which management has both the intent and ability to hold until maturity.

Irish 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.

US GAAP

The same basic actuarial method is used as under Irish GAAP, but under FAS 87 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 generallly 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.

Irish GAAP

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.

US GAAP

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.

45 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
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.
Special Purpose Entities	
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. In accordance with FIN 46, for variable interests obtained after 31 January 2003, the Group also consolidates any variable interest entities for which it holds a greater than 50% share of the expected losses or expected residual returns of that entity.
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.
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 with changes in the fair value recorded in the income statement for the purposes of the US GAAP reconciliation.
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.
Own Shares	
Own shares are holdings of Bank of Ireland Group listed shares reacquired on the open market. They are carried at par.	ARB 43 requires shares purchased at balance sheet date to be held at cost and deducted from equity.

45 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Restructuring

A provision for Group Transformation and restructuring 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.

Costs of involuntary severance are recognised as incurred, save where the individuals in question are required to remain with the Group for periods in excess of their statutory notice period, in which case the costs are spread over this period.

Provision for onerous leases is recognised only when the Group ceases using the rights conveyed by the lease contract.

Consolidated Net Income

	2003 €m	2002 €m
Net income under Irish GAAP	826	895
Depreciation	(2)	(3)
Software development costs	5	6
Goodwill	6	(33)
Pension costs	(44)	(58)
Long-term assurance policies	(39)	(78)
Group Transformation Programme	(23)	(21)
Leasing	(38)	(7)
Stock based compensation (1)	(3)	(4)
Derivatives	75	(73)
Other	1	(15)
Deferred tax effect on these adjustments	3	58
Net income under US GAAP	767	667
Earnings per unit of €0.64 Ordinary Stock under US GAAP		
- basic	76.1c	66.3c
- diluted	75.4c	65.7c

45 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Total Stockholders' Funds	2003 €m	2002 €m
Total stockholders' funds including non equity interest	4,195	4,200
Property less related depreciation	(347)	(349)
Software development costs	(4)	(9)
Goodwill	422	460
Debt securities - available for sale	113	38
Pension costs	(12)	101
Long-term assurance policies	(359)	(370)
Dividends	238	216
Leasing	(45)	(7)
Group Transformation Programme	11	34
Derivatives	2	(73)
Own Shares	(35)	(27)
Other	(20)	(19)
Deferred taxation on these adjustments	30	58
Consolidated stockholders' funds including non equity interests under US GAAP	4,189	4,253

Consolidated Total Assets	2003 €m	2002 €m
Total assets under Irish GAAP	89,505	87,325
Property less related depreciation	(347)	(349)
Goodwill	449	499
Software development costs	(4)	(9)
Debt securities - available for sale	113	38
Pension costs	(7)	106
Own Shares	(35)	(27)
Acceptances	81	86
Long-term assurance policies	(359)	(370)
Special purpose entities	1,019	836
Derivatives	1,214	692
Other	(76)	(79)
Total assets under US GAAP	91,553	88,748

Consolidated Total Liabilities and Stockholders' Funds	2003 €m	2002 €m
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	89,505	87,325
Stockholders' funds (US GAAP adjustment)	(6)	53
Dividends	(238)	(216)
Special purpose entities	1,019	836
Acceptances	81	86
Leasing	45	7
Group Transformation Programme	(11)	(34)
Derivatives	1,212	765
Deferred taxation on these adjustments	(51)	(81)
Other	(3)	7
Total liabilities and stockholders' funds including non equity interests under US GAAP	91,553	88,748

45 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

(1) The Group accounts for stock based compensation in accordance with APB25 “Accounting for stock issued to Employees” and the charge as noted above is €3m. The Group, in its 20-F filing, adopts the disclosure provisions of SFAS123 “Accounting for Stock Based Compensation” and on this basis had a fair value basis of accounting for these schemes been applied based on the fair values at the grant date the additional expense in the period to 31 March 2003 would have been €7m and the pro forma net income under US GAAP would have been €760m. The total cost of these schemes therefore for the twelve months to 31 March 2003, not included in the Irish GAAP Profit and Loss Account, amounted to €10m of which €4.5m approximately relates to the Group Employee Sharesave Scheme.

46 THE COURT OF DIRECTORS APPROVED THE FINANCIAL STATEMENTS ON 14 MAY 2003.

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 years ended 31 March, 2003 and 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.

	Year Ended 31 March 2003			Year Ended 31 March 2002 (restated)		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
ASSETS						
Loans to banks						
Domestic offices	6,835	196	2.9	6,064	270	4.5
Foreign offices	406	12	2.9	1,230	44	3.6
Loans to customers [1]						
Domestic offices	25,140	1,419	5.6	23,313	1,433	6.1
Foreign offices	28,533	1,503	5.3	28,420	1,672	5.9
Central government and other eligible bills						
Domestic offices	7	-	-	19	-	0.4
Foreign offices	-	-	-	-	-	-
Debt Securities						
Domestic offices	8,132	279	3.4	6,178	280	4.5
Foreign offices	1,285	65	5.1	1,216	63	5.2
Instalment credit						
Domestic offices	451	32	7.1	420	31	7.4
Foreign offices	708	56	7.9	574	49	8.5
Finance lease receivables						
Domestic offices	2,238	126	5.6	2,429	136	5.6
Foreign offices	75	3	4.0	41	2	3.9
Total interest-earning assets						
Domestic offices	42,803	2,052	4.8	38,423	2,150	5.6
Foreign offices	31,007	1,639	5.3	31,481	1,830	5.8
	73,810	3,691	5.0	69,904	3,980	5.7
Allowance for loan losses	(485)			(442)		
Non interest earning assets [2]	15,946			13,683		
Total Assets	89,271	3,691	4.1	83,145	3,980	4.8
Percentage of assets applicable to foreign activities	36.60%			39.30%		

AVERAGE BALANCE SHEET AND INTEREST RATES (continued)

	Year Ended 31 March 2003 Average Balance €m	Interest €m	Rate %	Year Ended 31 March 2002 (restated) Average Balance €m	Interest €m	Rate %
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits by banks						
Domestic offices	10,912	353	3.2	10,194	365	3.6
Foreign offices	1,144	38	3.3	1,225	52	4.2
Customer accounts						
Demand deposits						
Domestic offices	10,919	186	1.7	11,547	280	2.4
Foreign offices	9,628	266	2.8	9,692	392	4.0
Term deposits						
Domestic offices	7,559	87	1.2	5,532	167	3.0
Foreign offices	10,488	487	4.6	12,101	587	4.9
Other deposits						
Domestic offices	1,322	54	4.1	1,637	96	5.9
Foreign offices	24	1	4.2	32	2	5.0
Interest bearing current accounts						
Domestic offices	750	11	1.5	643	13	2.0
Foreign offices	2,013	52	2.6	1,604	50	3.1
Debt securities in issue						
Domestic offices	6,233	168	2.7	2,972	131	4.4
Foreign offices	2,559	103	4.0	2,315	113	4.9
Subordinated liabilities						
Domestic offices	1,431	82	5.7	1,589	81	5.1
Foreign offices	928	74	8.0	894	73	8.2
Total interest bearing liabilities						
Domestic offices	39,126	941	2.4	34,114	1,133	3.3
Foreign offices	26,784	1,021	3.8	27,863	1,269	4.6
	65,910	1,962	3.0	61,977	2,402	3.9
Non interest bearing liabilities						
Current accounts	6,547			5,785		
Other non interest bearing liabilities (2)	12,336			11,340		
Stockholders' equity including non equity interests	4,478			4,043		
Total liabilities and stockholders' equity	89,271	1,962	2.2	83,145	2,402	2.9
Percentage of liabilities applicable to foreign activities	36.60%			39.30%		

(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 "Other non interest bearing liabilities".

Group Profit And Loss Account

for the Year Ended 31 March 2003

(EURO, US$ & STG£)

	€m	US$m[1]	Stg£m[1]
INTEREST RECEIVABLE			
Interest receivable and similar income arising from debt securities	344	375	237
Other interest receivable and similar income	3,347	3,647	2,308
INTEREST PAYABLE	1,962	2,138	1,353
NET INTEREST INCOME	1,729	1,884	1,192
Fees and commissions receivable	1,011	1,102	697
Fees and commissions payable	(140)	(153)	(97)
Dealing profits	85	93	59
Contribution from life assurance companies	116	126	80
Other operating income	116	126	80
TOTAL OPERATING INCOME	2,917	3,178	2,011
Administrative expenses	1,480	1,613	1,021
Depreciation and amortisation	182	198	126
OPERATING PROFIT BEFORE PROVISIONS	1,255	1,367	864
Provision for bad and doubtful debts	100	109	69
OPERATING PROFIT	1,155	1,258	795
Income from associated undertakings and joint ventures	22	24	15
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS	1,177	1,282	810
Exceptional Items	(164)	(178)	(113)
PROFIT BEFORE TAXATION	1,013	1,104	697
Taxation	163	178	112
PROFIT AFTER TAXATION	850	926	585
Minority interests : equity	9	10	6
: non equity	6	6	4
Non-cumulative preference stock dividends	9	10	6
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS	826	900	569
Transfer to capital reserve	44	48	30
Ordinary dividends	371	404	256
PROFIT RETAINED FOR THE YEAR	411	448	283
Earnings per unit of €0.64 Ordinary Stock	82.0c	89.3c	56.5c
Alternative earnings per unit of €0.64 Ordinary Stock	99.2c	108.1c	68.4c

(1) Converted at closing exchange rates.

Group Balance Sheet

at 31 March 2003

(EURO, US$ & STG£)

ASSETS	€m	US$m[1]	Stg£m[1]
Cash and balances at central banks	679	740	468
Items in the course of collection from other banks	508	553	350
Central government and other eligible bills	175	191	121
Loans and advances to banks	7,480	8,149	5,158
Loans and advances to customers	57,014	62,117	39,317
Debt securities	12,337	13,441	8,508
Equity shares	38	41	26
Own shares	35	38	24
Interests in associated undertakings	13	14	9
Interests in joint ventures	25	27	17
Intangible fixed assets	266	290	183
Tangible fixed assets	1,209	1,317	834
Other assets	3,841	4,185	2,649
Prepayments and accrued income	543	592	375
	84,163	91,695	58,039
Life assurance assets attributable to policyholders	5,342	5,820	3,684
	89,505	97,515	61,723

LIABILITIES	€m	US$m[1]	Stg£m[1]
Deposits by banks	12,617	13,746	8,701
Customer accounts	48,496	52,836	33,443
Debt securities in issue	9,652	10,516	6,656
Items in the course of transmission to other banks	136	148	94
Other liabilities	5,453	5,941	3,761
Accruals and deferred income	541	589	373
Provisions for liabilities and charges			
- deferred taxation	54	59	37
- other	189	206	130
Subordinated liabilities	2,703	2,945	1,864
Minority interests			
- equity	54	59	37
- non equity	73	80	50
Called up capital stock	679	740	468
Stock premium account	770	839	531
Capital reserve	436	475	301
Profit and loss account	2,129	2,319	1,468
Revaluation reserve	181	197	125
Stockholders' funds including non equity interests	4,195	4,570	2,893
Life assurance liabilities attributable to policyholders	5,342	5,820	3,684
	89,505	97,515	61,723

(1) Converted at closing exchange rates.

Stockholder Information

Holders of Ordinary Stock

Stockholder profile*

	31 March 2003 % by value	31 March 2002 % by value
Ireland	18	17
Great Britain	17	22
USA	22	24
Europe/Other	18	13
Retail	25	24
	100	100

* This analysis displays a best estimate of the value of stock controlled by fund managers resident in the geographic areas indicated. Private shareholders are classified as 'Retail' above.

Analysis of stockholdings

Stockholding range - units of stock	Number of stockholdings	% of total holders	Stock held units(m)	% of total stock
Up to 500	26,037	39.8	4.4	0.4
501 to 1,000	9,679	14.8	7.4	0.8
1,001 to 5,000	19,252	29.4	45.9	4.6
5,001 to 10,000	4,872	7.4	34.8	3.5
10,001 to 50,000	4,554	7.0	92.8	9.3
50,001 to 100,000	495	0.8	34.4	3.5
100,001 to 500,000	384	0.6	78.1	7.8
over 500,000	146	0.2	698.4	70.1
	65,419	100.0	996.2	100.0

Financial calendar

Results	Year to 31 March 2003 - announced 15 May 2003 Half year to 30 September 2003 - to be announced 13 November 2003
Annual General Court of Proprietors	Wednesday, 9 July 2003
Dividends - Ordinary Stock	2002/2003 Final Dividend - to be declared 9 July 2003 - payable 18 July 2003 2003/2004 Interim Dividend - to be announced 13 November 2003 - payable 6 January 2004
Dividends - Preference Stocks	Payable in equal semi-annual instalments - 20 August 2003 - 20 February 2004

Listings

The Governor and Company of the Bank of Ireland is a corporation established in Ireland in 1783 under Royal Charter. Its Ordinary Stock, of nominal value €0.64 per unit, has a primary listing on both the Irish and London Stock Exchanges. In the United States of America the Bank's Ordinary Stock (symbol IRE) is traded on the New York Stock Exchange in the form of American Depository Shares (ADSs), each ADS representing the right to receive four units of Ordinary Stock and evidenced by American Depository Receipts (ADRs).

Registrar

The Bank's Registrar is	Computershare Investor Services (Ireland) Ltd., PO Box 954, Sandyford, Dublin 18. Telephone: +353-1-216 3100, Facsimile: +353-1-216 3151 or Email to: web.queries@computershare.ie

Stockholders with access to the internet may check their accounts on the Bank's Stock Register by accessing the Bank's website at **www.bankofireland.ie**, clicking on "Investor Information" section and then clicking on "Check your Stockholding Online". This facility allows stockholders to check their stockholdings and recent dividend payment details, and to download standard forms required to initiate changes in details held by the Registrar.

Dividend Withholding Tax ('DWT')

The following information does not constitute definitive tax advice. Stockholders are advised to consult professional advisers if in any doubt about their own individual position.
Further information on DWT may be obtained from:
DWT Section, Office of the Revenue Commissioners, St. Conlon's Road, Nenagh, Co. Tipperary, Ireland.
Telephone +353-67-33533. Facsimile +353-67-33822. Email info@dwt.revenue.ie

Dividends paid by Irish resident companies are, with certain exceptions, subject to DWT at the standard rate of income tax (currently 20%). Where it applies, DWT is deducted by the Bank from all dividends paid in cash or as new units of Ordinary Stock issued in lieu of the cash dividend, where stockholders so electing will receive new units to the value of the dividend after deduction of DWT.

Irish resident stockholders

- Irish resident individuals are liable to DWT in respect of dividend payments;
- Certain other entities resident in Ireland (e.g. companies, pension schemes, qualifying employee share ownership trusts (ESOTs), collective investment undertakings (CIUs), charities, amateur or athletic sports bodies and designated brokers for special portfolio investment accounts) may receive dividend payments gross where completed declarations have been filed with the Bank's Registrar prior to the relevant dividend payment Record Date. Irish resident entities on the Bank's Stock Register should complete and return a Universal Declaration Form prior to the dividend payment Record Date in order to claim exemption from DWT. Such declaration forms may be obtained on application to the Bank's Registrar.

Non-resident stockholders

The following non-resident persons may receive dividend payments gross where completed declarations, supported by appropriate documentary evidence, have been filed with the Bank's Registrar prior to the relevant dividend payment Record Date:

- Individuals who are neither resident nor ordinarily resident in the State but are resident for the purposes of tax in a 'relevant territory' (EU country other than Ireland or in a country with which Ireland has a double taxation treaty).
- Unincorporated entities which are resident for tax purposes in a 'relevant territory'.
- Companies which are ultimately controlled by persons who are neither resident nor ordinarily resident in the State but are resident for the purposes of tax in a 'relevant territory'.
- Companies resident in a 'relevant territory' and which are not controlled by Irish residents.
- Companies, the principal class of shares of which (or of a company of which it is a 75% subsidiary) are substantially and regularly traded on a recognised stock exchange in a 'relevant territory'.
- Companies which are wholly owned by two or more companies each of whose principal class of shares are substantially and regularly traded on one or more recognised stock exchanges in a 'relevant territory'.
- Parent companies in EU Member States receiving distributions from 25% subsidiaries which are Irish resident companies.

Non-residents on the Bank's Stock Register should complete and return a Universal Declaration Form together with the appropriate documentary evidence, prior to the dividend payment Record Date in order to claim exemption from DWT. Such declaration forms may be obtained on application to the Bank's Registrar.

Dividend payments 2002/2003

An Interim Dividend of 13.2 cent was paid in respect of each unit of Ordinary Stock on 7 January 2003.

A Final Dividend of 23.8 cent is proposed in respect of each unit of Ordinary Stock payable on or after 18 July 2003.

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

Payments of dividends directly to your account

Stockholders who wish to have their dividends paid direct to a bank or building society account by electronic funds transfer, should contact the Bank's Registrar (see page 116) to obtain the appropriate mandate form. Confirmation that such payment has been made will be sent to the stockholder's registered address under this arrangement.

Payments of dividends in Sterling

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

Holders of American Depositary Shares

American Depositary Shares provide US residents wishing to invest in overseas securities with a share certificate (an American Depositary Receipt ("ADR")), and dividend payment in a form familiar and convenient to them. The Bank's ADR programme is administered by the Bank of New York and enquiries regarding ADRs should be addressed to:

The Bank of New York,
Investor Relations,
P.O. Box 11258,
Church Street Station,
New York,
NY 10286 - 1258,
USA.
Telephone: Toll Free Number (U.S. Residents): 1-888-269-2377
International: +1-610-312-5315

Taxation implications of Dividend Withholding Tax for holders of American Depositary Receipts

A holder of an ADR whose address on the register of depositary receipts held by Bank of New York or other qualifying intermediary, or by any intervening specified intermediary, is located in the United States of America, will be exempt from DWT. There is no requirement for such holder to make a declaration in order to obtain that exemption.

Form 20-F

The Form 20-F for year ended 31 March 2003 will be filed with the Securities and Exchange Commission, Washington DC and when filed, copies will be available to download from the Bank's website (see below) or on application to the Group Secretary.

CREST

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

Stockholder enquiries

All enquiries concerning stockholdings should be addressed to the Bank's Registrar (see page 116).

Amalgamating your stockholdings

If you have received more than one copy of this Report & Accounts, it may be because the Bank has more than one record of stockholdings in your name. To ensure that you do not receive duplicate mailing in future, you can have all your stockholdings amalgamated into one account by contacting the Bank's Registrar (see page 116).

Internet address

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

Principal Business Units and Addresses

REPUBLIC OF IRELAND

Group Head Office
Lower Baggot Street
Dublin 2
Tel: + 353 1 661 5933, Fax: + 353 1 661 5671
Website: www.bankofireland.ie

Group Executive Committee
Group Chief Executive: Michael D Soden
Chief Executive, Retail Businesses: John G Collins
Chief Executive, Retail Financial Services RoI: Des Crowley
Chief Executive, Wholesale Financial Services: Denis Donovan
Group Chief Information Officer: Cyril Dunne
Chief Executive, Asset Management Services: Brian J Goggin
Chief Executive, UK Financial Services: Roy Keenan
Group Chief Financial Officer: John O'Donovan
Group Chief Development Officer: Jeff R Warren

Group Secretary: John Clifford
Head of Group Corporate Communications: David Holden
Group Legal Advisor: Finbarr Murphy
Head of Group Investor Relations: Fiona Ross

RETAIL FINANCIAL SERVICES – RoI

East
2 College Green, Dublin 2
Tel: + 353 1 677 7155, Fax: + 353 1 677 0249
Retail Banking Director: Cathal Muckian

South & West
Network Office, 32 South Mall, Cork
Tel: + 353 21 494 4209, Fax: + 353 21 427 2463
Retail Banking Director: Tim O'Neill

Business Banking
Haddington Centre, Percy Place, Dublin 4
Tel: + 353 1 665 3300, Fax: + 353 1 655 3765
Director: Tom Comerford

Direct Banking
BANKING 365
Premier House, The Square, Tallaght, Dublin 24
Tel: + 353 1 462 0222 and 1890 365 365
Fax: + 353 1 462 0170
Email: online@banking365.com
Website: www.365online.com
Direct Channels Director: Vincent Brennan

RETAIL BUSINESSES

Bank of Ireland Mortgages
ICS BUILDING SOCIETY
New Century House,
International Financial Services Centre,
Mayor Street Lower,
Dublin 1
Tel: + 353 1 611 3000, Fax: + 353 1 611 3100
Email: ics@mortgagelink.ie
Website: www.themortgagestore.ie
Managing Director: Joe Larkin

Life Assurance
BANK OF IRELAND LIFE HOLDINGS PLC
(including NEW IRELAND ASSURANCE)
Bank of Ireland Life
Grattan House, Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: + 353 1 703 9500, Fax: + 353 1 662 0811
Email: info@bankofirelandlife.ie
Website: www.bankofirelandlife.ie
Managing Director: Brian Forrester

NEW IRELAND ASSURANCE COMPANY PLC
11/12 Dawson Street, Dublin 2
Tel: + 353 1 617 2000, Fax: + 353 1 617 2800
Email: info@newireland.ie
Website: www.newireland.ie
Managing Director: Brian Forrester

General Insurance
BANK OF IRELAND INSURANCE SERVICES LTD
Grattan House, Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: + 353 1 703 9800, Fax: + 353 1 703 9840
Email: info@boiinsurance.ie
Managing Director: P J LaComber

BANK OF IRELAND FINANCE LTD
Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: + 353 1 668 7222, Fax: + 353 1 668 7713
Email: info@bif.ie
Website: www.bif.ie
Managing Director: Ann Horan

CARDS & LOANS BUSINESS
33/35 Nassau Street, Dublin 2
Tel: + 353 1 679 8433 and 1850 251 251
Fax: + 353 1 679 5351
Email: boics@boimail.com
Website: www.boi.ie/cards
Managing Director: Kevin Murphy

WHOLESALE FINANCIAL SERVICES

Corporate Banking
BANK OF IRELAND CORPORATE BANKING
Lower Baggot Street, Dublin 2
Tel: + 353 1 604 4000, Fax: + 353 1 604 4025
Email: corporate.banking@boimail.com
Website: www.bankofireland.ie
Chief Executive: James J Ruane

Commercial e-Banking Services
Hume House, Dublin 4
Tel: + 353 1 618 7430, Fax: + 353 1 618 7459
Email: electronic.banking@boimail.com
Website: www.boi-bol.com
Executive Director: Ken Slattery

International and Structured Finance
BANK OF IRELAND INTERNATIONAL FINANCE LTD
PO Box 3267, La Touche House
International Financial Services Centre
Custom House Docks, Dublin 1
Tel: + 353 1 670 1400, Fax: 353 1 829 0129
Managing Director: Ronan M Murphy

BANK OF IRELAND TREASURY
& INTERNATIONAL BANKING
Colvill House, Talbot Street,
Dublin 1
Tel: + 353 1 799 3000, Fax: + 353 1 799 3055
Email: info@boitib.com
Website: www.boilink.com
Chief Executive: Mick Sweeney

Corporate Finance
IBI CORPORATE FINANCE LTD
26 Fitzwilliam Place, Dublin 2
Tel: + 353 1 661 6633, Fax: + 353 1 661 6821
Website: www.ibicf.ie
Chief Executive: Peter Crowley

Stockbroking
DAVY STOCKBROKERS
Davy House,
49 Dawson Street, Dublin 2
Tel: + 353 1 679 7788, Fax: + 353 1 671 2704
Email: davy@davy.ie
Website: www.davy.ie
Chief Executive: Tony Garry

Retail Foreign Exchange
FIRST RATE ENTERPRISES LTD
4 Customs House Plaza, Harbourmaster Place
International Financial Services Centre, Dublin 1
Tel: + 353 1 829 0333, Fax: + 353 1 829 0368
Managing Director: Garrett Stokes

BANK OF IRELAND PRIVATE BANKING LTD
35 Fitzwilliam Square, Dublin 2
Tel: + 353 1 631 1400, Fax: + 353 1 676 5659
Email: info@privatebanking.ie
Website: www.privatebanking.ie
Managing Director: Mark Cunningham

ASSET MANAGEMENT SERVICES

BANK OF IRELAND ASSET MANAGEMENT LTD
26 Fitzwilliam Place, Dublin 2
Tel: + 353 1 661 6433; Fax: + 353 1 661 6688
Email: biaminfo@biam.boi.ie
Website: www.biam.ie
Chief Executive: Brian J Goggin

BANK OF IRELAND SECURITIES SERVICES LTD
New Century House
Mayor Street Lower, Dublin 1
Tel: + 353 1 670 0300; Fax: + 353 1 829 0144
Website: www.boiss.ie
Managing Director: Brian P Collins

BRITAIN

BANK OF IRELAND ASSET MANAGEMENT (U.K.) LTD
36 Queen Street, London EC4R 1HJ
Tel: + 44 207 489 8673, Fax: + 44 207 489 9676
Email: uk@biam.boi.ie
Website: www.biam.ie
Managing Director: David Boal

UK TREASURY
P O Box 27, One Temple Quay
Bristol, BS99 7AX
Tel: + 44 117 929 1504; Fax: + 44 117 921 1607
Treasurer: Ian Montgomery

BANK OF IRELAND Fsharp
P O Box 246, Christian Road,
Douglas, Isle of Man IM99 1XF
Tel: + 44 1624 644200, Fax: + 44 1624 644298
Website: www.boifsharp.com
Managing Director: Roly Alden

UK FINANCIAL SERVICES

BANK OF IRELAND UK FINANCIAL SERVICES
P O Box 27
One Temple Quay
Bristol, BS99 7AX
Tel: + 44 117 909 0900, Fax: + 44 117 929 3787
Website: www.boiukfs.co.uk
Chief Executive: Roy Keenan

Business Units

BRISTOL & WEST FINANCIAL SERVICES
P O Box 27
One Temple Quay
Bristol, BS99 7AX
Tel: + 44 117 979 2222, Fax: + 44 117 929 3787
Website: www.bristol-west.co.uk
Managing Director: Gabriel Bannigan

BANK OF IRELAND PERSONAL LENDING (UK)
P O Box 27
One Temple Quay
Bristol, BS99 7AX
Tel: + 44 117 909 0900, Fax: + 44 117 929 3787
Website: www.bristol-west.co.uk & www.bim-online.com
Managing Director: Richard Brown

CHASE DE VERE INVESTMENTS
Quay House, The Ambury
Bath, BA1 2HD
Tel: + 44 1225 469371, Fax: + 44 1225 445744
Website: www.chasedevere.co.uk
Managing Director: Mark Bogard

BANK OF IRELAND NI
54 Donegall Place,
Belfast, BT1 5BX
Tel: + 44 28 90 244901, Fax: + 44 28 90 234388
Website: www.bankofireland.co.uk
Managing Director: David McGowan

BANK OF IRELAND BUSINESS FINANCIAL SERVICES (GB)
36 Queen Street
London, EC4R 1HJ
Tel: + 44 20 7236 2000, Fax: + 44 20 7634 3110
Website: www.bank-of-ireland.co.uk
Managing Director: Peter Morris

UNITED STATES

Connecticut

BANK OF IRELAND ASSET MANAGEMENT (U.S.) LTD
75 Holly Hill Lane,
Greenwich, CT 06830
Tel: + 1 203 869 0111, Fax: + 1 203 869 0268
Email: us@biam.boi.ie
Website: www.biam.ie
Director and President – International: Denis Curran

California

BANK OF IRELAND ASSET MANAGEMENT (U.S.) LTD
233 Wilshire Blvd., Suite 830,
Santa Monica, CA 90401
Tel: + 1 310 656 4440 , Fax: + 1 310 395 0845
Email: us@biam.boi.ie
Website: www.biam.ie
Vice President & Head of Client Services: Daniel Anderson

Illinois

BANK OF IRELAND ASSET MANAGEMENT (U.S.) LTD
Presidents Plaza 1
8600 West Bryn Mawr Avenue
Suite 530 North
Chicago, IL 60631
Tel: + 1 773 693 7194, Fax: + 1 773 693 7203
Email: us@biam.boi.ie
Website: www.biam.ie
Vice President & Head of Client Services Mid West:
Mary Fedorak

AUSTRALIA

BIAM AUSTRALIA PTY LTD
(ABN 55 071 505 630)
Level 12, 492 St Kilda Road
Melbourne, VIC 3004
Tel: + 61 3 9832 9400, Fax: + 61 3 9832 9401
Email: australia@biam.boi.ie
Website: www.biam.ie
Regional Director – Asia Pacific: Brendan Donohoe

CANADA

BANK OF IRELAND ASSET MANAGEMENT (CANADA)
1800 McGill College Avenue,
Suite 2460, Montreal, Quebec,
Canada H3A 3J6
Tel: + 1 514 849 6868, Fax: + 1 514 849 8118
Email: canada@biam.boi.ie
Website: www.biam.ie
Vice President & Head of Client Services: Brian O'Brien

JERSEY

BANK OF IRELAND ASSET MANAGEMENT (JERSEY) LTD
Bank of Ireland House,
Francis Street, St Helier, Jersey, JE2 4QE,
Channel Islands
Tel: + 44 1534 638638, Fax: + 44 1534 626965
Email: jersey@biam.boi.ie
Website: www.biam.ie
Managing Director: Tim Phelan

BANK OF IRELAND SECURITIES SERVICES (JERSEY) LTD
Bank of Ireland House, P O Box 416
Francis Street, St Helier, Jersey, JE2 4QE
Channel Islands
Tel: + 44 1534 638690, Fax: + 44 1534 617815
Managing Director: Jerry Daly

BANK OF IRELAND TRUST COMPANY (JERSEY) LTD
Bank of Ireland House, PO Box 416
Francis Street, St Helier, Jersey, JE2 4QE
Channel Islands
Tel: + 44 1534 638660, Fax: + 44 1534 733442
Managing Director: Don Cosgrave

GERMANY

Bank of Ireland
Hochstrasse 29, 60313 Frankfurt am Main, Frankfurt
Tel: + 49 69 913 023-33, Fax: + 49 69 913 023-20
European Representative: Joe Dunphy

BANK OF IRELAND ASSET MANAGEMENT LTD
Hochstrasse 29, 60313 Frankfurt am Main, Frankfurt
Tel: + 49 69 913 02310, Fax: + 49 69 913 02320
Email: europe@biam.boi.ie
Website: www.biam.ie
Head of Continental Europe: Robert Hau

JAPAN

BANK OF IRELAND ASSET MANAGEMENT (JAPAN) LTD
Level 6
Akasaka Tokyu Building
2-14-3 Nagatacho
Chiyoda-Ku
Tokyo 100-0014 JAPAN
Tel: + 813 3539 3180, Fax: + 813 3539 3182
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