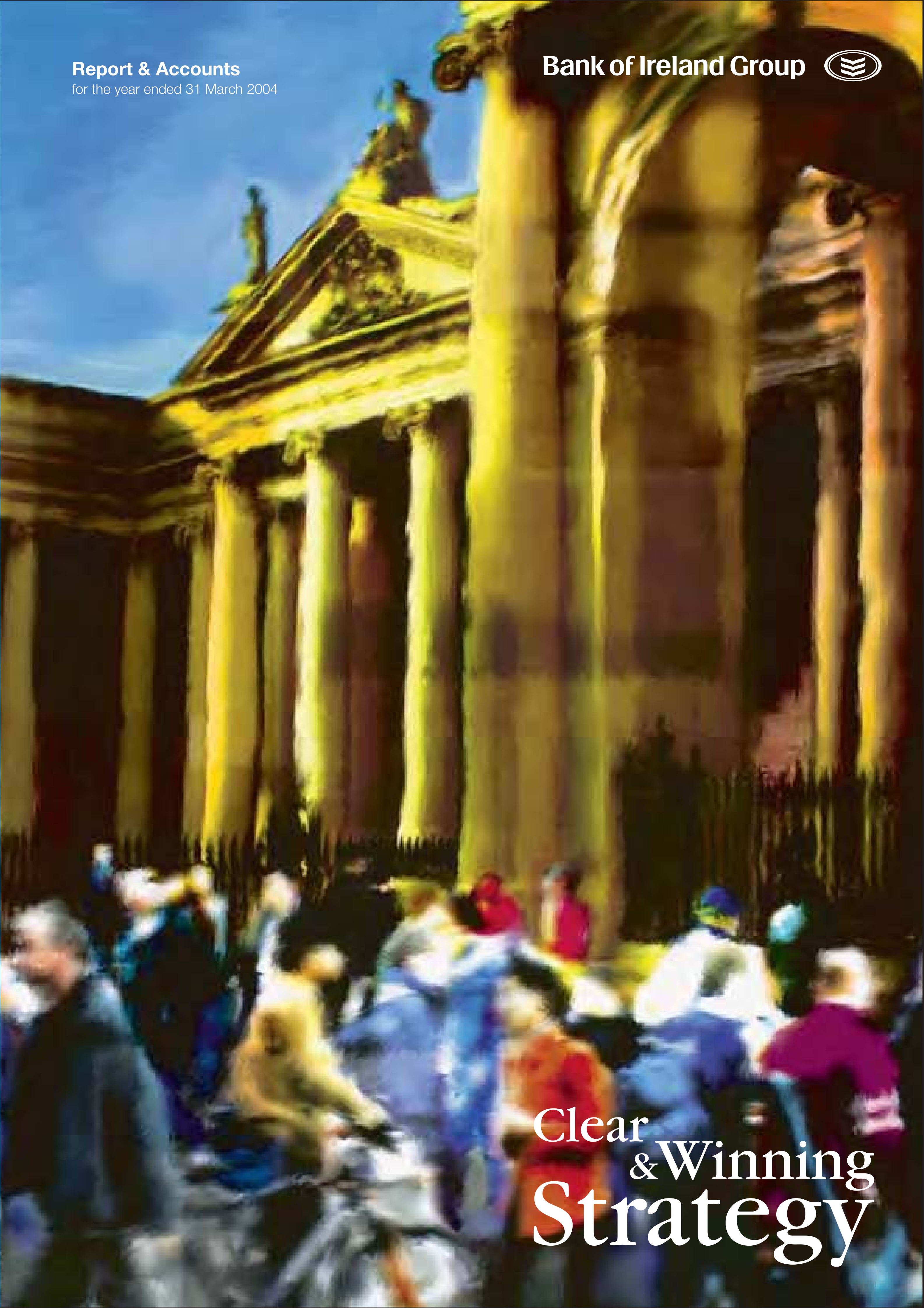
Report & Accounts
for the year ended 31 March 2004

Bank of Ireland Group



Clear & Winning Strategy

Contents

Forward Looking Statement

This document contains certain forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995 with respect to certain of the Group’s plans and its current goals and expectations relating to its future financial condition and performance and the markets in which it operates. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include but are not limited to risks and uncertainties relating to profitability targets, prevailing interest rates, the performance of the Irish economy and the international capital markets, the Group’s ability to expand certain of its activities, competition, the Group’s ability to address information technology issues and the availability of funding sources. The Bank of Ireland Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

The Court of Directors - as at 31 March 2004

Court of Directors

1 Laurence G Crowley ***BComm FCA*** ♦●
Governor
Appointed to the Court in 1990 and Deputy Governor from 1995 to 1997. Appointed Governor following the 2000 Annual General Court. He is Chairman of PJ Carroll & Co Ltd and a director of Elan Corporation plc, Hardwicke Ltd and O'Flaherty Holdings Ltd. Former Executive Chairman of the Michael Smurfit Graduate School of Business at University College, Dublin. (Age 67)

2 Brian J Goggin ***MSc(Mgt) FCCA***
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 in April 2003. Appointed to the Court in 2000. A director of Gowan Group Ltd. (Age 52)
Appointed Group Chief Executive on 3 June 2004.

3 John O'Donovan ***BComm FCA***
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/ Company Secretary of Aer Lingus. (Age 52)

4 Roy E Bailie ***OBE*** ▲
Appointed to the Court in 1999. Chairman of W&G Baird Holdings Ltd. A director of UTV plc and formerly a director of the Bank of England. (Age 60)

5 George Magan ***FCA*** △
Appointed to the Court in July 2003. Former director of Morgan Grenfell before co-founding and becoming Chairman of J.O. Hambro Magan, a merchant bank. When this was sold to NatWest in 1996, he became Chairman of NatWest Markets Limited Corporate Finance, and subsequently Hawkpoint Partners Limited. He is currently a Partner in Rhône Group, a private equity company headquartered in New York and he is Chairman of Morgan Shipley, an investment banking company based in Dubai. (Age 58)

6 Donal J Geaney ***BBS FCA*** ◊
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 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 53)

7 Denis O'Brien ***MBA BA*** ◊○
Appointed to the Court in 2000. Former Chairman of ESAT Telecom Group plc. Chairman of Communicorp Group Ltd, the 2003 Special Olympics World Summer Games and the Governing Body National College of Ireland. A director of Digicel Ltd, Oakhill plc, Aergo Capital Ltd, Frontline-International Foundation for the Protection of Human Rights and a number of other companies. (Age 46)

8 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. Former Chairman of Eircom plc and Green Property plc and a former director of Jefferson Smurfit Group plc. (Age 66)

9 Thomas J Moran ***BSc*** △◊
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 51)

10 David J Dilger ***BA FCA*** △○
Appointed to the Court in July 2003. Chief Executive Officer of Greencore Group plc since 1995, Chief Operating Officer from 1992 and Chief Executive of Food Industries plc, which was acquired by Greencore, from 1988. Previously, he was Group Finance Director of Woodchester Investments plc. (Age 47)

11 Mary P Redmond ***BCL LLM PhD*** ◊○
Appointed to the Court in 1994 and appointed Deputy Governor from 2000 to September 2002. A consultant Solicitor in Employment Law at Arthur Cox and a former director of Jefferson Smurfit Group plc. Founder of the Irish Hospice Foundation and of The Wheel, the Community and Voluntary Sector network. (Age 53)

12 Maurice A Keane ***MEconSc BComm***
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, BUPA Ireland Ltd and University College Dublin Foundation Ltd. A director of DCC plc and AXIS Capital Holdings Ltd. (Age 63)

13 Richard Burrows ***FCA*** ⬟△◊○
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 58)

14 Michael D Soden ***BComm***
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 National Australia Bank. (Age 57)
Resigned on 29 May 2004.

15 Caroline A Marland
Appointed to the Court in 2001. Director of Burberry Group plc. Former Managing Director of Guardian Newspapers, a former member of the main board of directors of the Institute of Directors in the UK and a former director of Arcadia Group plc. (Age 58)

Members co-opted since year end:
Sir Micheal Hodgkinson, Declan McCourt and Terry Neill
(See Governor's letter to stockholders for biographical details)

⬟ 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

Change of Group Chief Executive
Brian J Goggin was appointed Group Chief Executive on 3 June 2004 following the resignation of Michael D Soden on 29 May 2004.

Governor, Laurence G Crowley

Strong performance underpinned by clear strategy

I am pleased to report an excellent performance by Bank of Ireland set against an uncertain trading environment. We have produced our thirteenth consecutive year of profit growth. A number of factors contribute to this performance. Our business is firmly based on sound fundamentals including strong asset quality, an unrelenting focus on cost management and continuing growth in business volumes. Building on these foundations we have the further advantages of having our main business focus in two of Europe's best performing economies in Ireland and the UK, and in having a clear business strategy.

Our strategy is proven in performance and has shown itself capable of being adapted effectively to changing market circumstances. It is based on the twin principles of growth and efficiency and has four distinct elements all of which are performing strongly:

- Organic growth
- Portfolio management
- Capital management
- Strategic cost management.

We achieved solid growth in business volumes in both of our main markets. We continued to fine-tune our portfolio, exiting from a number of non-core businesses. Focusing on the most efficient use of our capital we enhanced stockholder returns by continuing with our share buy-back programme. We made significant progress in the restructuring of our UK business by concentrating on the areas of potential growth in personal lending, consumer and business banking, rationalising our Independent Financial Advice business and our Bristol and West branch network. We have a particular strategic emphasis in the Group on cost efficiency and concluded a number of significant outsourcing agreements during the year that will bring benefits into the medium term. In short we have and will continue to deliver against our strategic objectives.

One of the most notable strategic developments during the year was the completion of the Joint Venture agreement with the UK Post Office. This deal was won against stiff competition and has the potential to transform our business presence in the UK market. For an investment of £125 million it provides Bank of Ireland with an unrivalled distribution network to which we bring our operational skills as well as our expertise in sales and product development. This partnership has hit the ground running and the first products have already been launched nationwide in the UK market. I look forward to this exciting venture reaching its full potential in the years to come.

Reflecting the strong overall level of our performance we are recommending a final dividend of 26.6 cent. When taken with the interim dividend of 14.8 cent, this results in a total dividend of 41.4 cent for the year ended 31 March 2004, an increase of 12% on the previous year. Over the past five years compound annual growth in Bank of Ireland's dividend was 18%.

Managing a changing environment

During our long history Bank of Ireland has shown a capacity to adapt to changing circumstances while continuing to generate strong business performance. We are undoubtedly going through a period of great change at the present time where the regulatory and governance circumstances are developing rapidly and consumer expectations are increasing. We face the challenges posed by changing circumstances with confidence. Having operated in a competitive environment of varying intensity over the years, we believe competition is good for the consumer and good for business. Our track record in all of our markets is that we perform at our best and consistently grow market share when competition is at its most intense. I am confident that increased competition will bring to the fore the qualities of enterprise, innovation and determination that have been our hallmarks.

We support a well managed regulatory environment in the financial services sector. In common with many other business sectors, regulation and transparency are requirements of doing business in the modern world. To be fully effective, regulation must be carefully balanced to reflect the needs of business and the needs of the consumer. There are serious costs associated with regulation, some of these costs are financial, others may be less obvious but may place constraints on the operation of enterprise and end up frustrating the desired objective of creating a more competitive environment. The function of regulation should be to create the circumstances in which enterprise can flourish in a transparent and accountable way and consumers can enjoy real choice. There is still some way to go to reaching that goal and Bank of Ireland intends to play an active part in the dialogue that will shape a cost-effective, competitive and consumer-friendly regulatory environment.

Our People – Our key differentiator

Our people have always been a key differentiating factor for Bank of Ireland, an advantage that cannot, I believe, be replicated by our competitors. Recognising the value of this advantage, we have set about enhancing it further. Our management are chosen for their ability to deliver outstanding business performance and to inculcate a performance culture in the organisation. We have also put in place the methodology to independently measure and to increase the already high levels of employee engagement. I want to record the Court's thanks to all of our employees for their contribution to our performance.

Corporate Responsibility – Core to a sustainable future

Bank of Ireland has always taken great pride in the strength of its reputation, something that is at the core of an organisation's being. As well as being an indispensable element of a financial services business, a reputation for integrity and for playing a committed role in society underpins the longevity of the enterprise and helps retain customer loyalty. I believe that a Corporate Responsibility programme has three main pillars:

- A recognition that an organisation has obligations to all of its stakeholders including stockholders, customers, employees, the community at large and the environment
- Proactively embracing the interests of all stakeholders
- Demonstration of a strong commitment to integrity in all dealings.

We have initiated formal reporting on our Corporate Responsibility Programme in this year's Report on pages 30 to 31, something we will continue in future years.

The Court

I want to place on record my appreciation for the support and hard work of my fellow Directors and for their continued commitment to their Court duties during the year.

The Court is going through a period of change and the addition of a number of Directors during the year reflects this process of renewal. David Dilger and George Magan became Directors in July 2003 and Declan McCourt and Terry Neill joined the Court in April 2004. Sir Michael Hodgkinson, Chairman of the UK Post Office, joined the Court in May 2004. These appointments bring to the Court additional skills and experience that will be of great value as we meet the challenges ahead.

A bright future

I believe we have in place all the essential elements to secure a successful future for the business. We have a clear and winning business strategy, a strong and proven management team, employees who give us a real competitive edge and a group of businesses that collectively add up to Ireland's premier financial services enterprise. Building on the improving economic momentum in our core markets and our proven ability to develop new business lines, I am confident of a bright future for the Group.

Laurence G. Crowley

Laurence G. Crowley
12 May 2004

Group Chief Executive, Brian J Goggin
(appointed 3 June 2004)

The strong performance for the year is due to all of the Group's operating divisions contributing strongly as the global economy emerged from a period of uncertainty. Key to this performance was our clear strategic focus on our two main markets in Ireland and the UK, while the recovery in world equity markets had a positive influence on both the Asset Management and the Life and Pensions businesses. Retail Republic of Ireland continued to perform strongly capitalising on its strong franchise, excellent distribution systems and extensive product range to grow market share and enhance profitability. The UKFS Division made good progress in the reorganisation of the UK business, and the Wholesale Financial Services Division had a strong performance against the previous year's record out-turn which had benefited from a number of large one-off gains.

Bank of Ireland Group reports profit on ordinary activities before tax and exceptional items of €1,267 million for the year to 31 March 2004, an increase of 8% on the previous year. Alternative earnings per share (which excludes goodwill amortisation and exceptional items) of 106.7 cent increased by 8%. Excluding the negative impact of the full year effect of the Irish Government levy on banks, the negative effect of the strengthening of the euro on the translation of our UK profits and the positive effect of the change in accounting policy on mortgage procurement fees, the growth in underlying alternative earnings per share was 10%.

Return on average stockholders' equity, excluding exceptional items, was 24%, the 11th consecutive year that this has exceeded 20%.

The results for the year include exceptional items of €97 million consisting of the write-off of the remainder of the goodwill associated with Chase de Vere, implementation costs associated with the restructuring plan in UKFS Division, offset by the net proceeds from the sale of our share in the alliance with State Street bank.

The global outlook is now more positive in terms of the US economy and world equity markets. The economic outlook in the Republic of Ireland is positive with clear signals in recent months of a pick up in momentum. An increase in GDP growth, a rise in investment, accelerating employment growth and bank lending, and falling inflation are all encouraging signs of a return to economic growth. The UK, as our second major market, has very good potential for Bank of Ireland and we are satisfied that, with the quality of our business there and the benefits we expect to flow from our Joint Venture with the UK Post Office, we are well positioned to realise that potential. The UK also represents strong economic prospects with the Group's two main markets among the best performing economies in Europe.

Initial indications on the prospects of the Joint Venture with the UK Post Office are very positive. The operating structure is in place and the first nationwide product offering was launched in March, supported by a major marketing campaign. We have had a strong response to date to the launch of our loan product and further products will be introduced progressively between now and the end of 2005.

The Group net interest margin has reduced from 2.38% last year to 2.21% for the year to March 2004, a reduction of 17 basis points. Margin attrition on the liability side of the balance sheet is to be expected in a low interest rate environment which particularly impacts on institutions with high levels of retail deposits. Tighter margins in our standard mortgage book in the UK together with the strong growth in advances being funded by higher wholesale borrowing has had a negative effect on the overall net interest margin. The interest foregone on the funding of the share buy-back programme, while positive in EPS and shareholder value terms, also impacts the margin. The net interest margin has been well managed in the current environment and the compression arises mainly from these structural issues. We believe we are at the bottom of the interest rate cycle but we expect to see further compression in our net interest margin as advances grow faster than deposits together with tighter margins on our standard mortgage book in the UK. However, the incremental growth in lending remains profitable despite the dilution effect on net interest margin.

Total income growth exceeded cost growth by 3% for the year, and the cost income ratio reduced further from 56% to 54%. Cost management continues to be one of the key strategic priorities for the Group. We have achieved our objectives for the positive gap between income growth and cost growth, and significant progress has been made in reducing our cost base and in improving our efficiency. Whilst we have world-class cost income ratios in some of our businesses, some further work remains and as part of this process we completed two major seven-year outsourcing deals, with Hewlett Packard to supply our information technology needs and with ESAT/BT to supply all of our data, voice and internet requirements. Good progress has been made in terms of our business improvement plan in the UK which encompasses, the closure of 33 out of 131 Bristol & West branches, the re-configuration of business banking, and development of a shared services environment for certain back office activities.

The charge for loan losses was €86 million for the year after a reduction in general provisions, and represents 14 basis points of average lending. Asset quality remains very strong and reflects the continued prudent approach to underwriting and management of credit across the Group.

Capital ratios remain strong with Tier 1 Capital at 7.2%, which is broadly in line with our objectives, and Total Capital at 11.3%. The Group continued its rolling share buy-back programme, which began in February 2003 and to date has purchased 48.4 million units of stock at a total cost of €510 million. The rolling share buy-back programme together with our progressive dividend policy continues to enhance returns on our stockholder funds.

The Group benefits from a clear strategic vision based on the twin objectives of growth and efficiency. This strategy is specifically honed to manage the current environment of dynamic growth opportunities, intensifying competition and tightening margins, and has delivered a thirteenth successive year of profit growth.

OUTLOOK

Improving economic performance in our two main markets together with the improvement in global economies and world equity markets, we believe, provide a basis for optimism for business prospects in the coming year. We have a robust strategy, a quality management team of proven achievement and customer-focused staff that are a real differentiating factor. Notwithstanding the low interest rate environment and the competitive landscape, we are confident that we can build on our past performance and deliver a strong performance in the coming year.

Business Performance	31 March 2004 €m	31 March 2003 €m (restated)*
Retail Republic of Ireland	419	390
Bank of Ireland Life	147	87
Wholesale Financial Services	371	367
UK Financial Services	373	359
Asset Management Services	125	113
UK Post Office JV	(3)	-
Group & Central	(115)	(85)
Grossing up	(50)	(54)
Profit before taxation & exceptional items	1,267	1,177

*Reflects some minor internal organisational changes.

Retail Republic of Ireland

Pre-tax profits in Retail Banking in the Republic increased by €29 million or 7% to €419 million. This was a strong domestic performance reflecting solid growth in income, good cost control and very satisfactory asset quality.

The Irish economy showed some recovery in the year and our powerful brand, franchise and distribution capability in the domestic market continue to deliver increased sales of Group products, market share gains and growth in customer numbers.

Lending volumes rose by 20% with both mortgages and other lending recording strong growth. The mortgage market continued to be very buoyant through the year and the Group's market share increased further, continuing its leadership position in this market, with balances at year-end up 29% on last year. Non-mortgage lending strengthened through the year, and year-end non-mortgage lending balances were higher by 13%, with business lending up 16%.

Resources volumes performed well and recorded year-end growth of over 7%.

Net interest margin showed a contraction of 22 basis points due to the continuation of interest rates at historically low levels together with higher wholesale borrowings. The combination of volume growth and margin trends resulted in net interest income growth of 6%.

Non interest income rose by 6% with branches' fee income as well as insurance commissions being important contributors to the growth.

The loan loss charge was similar to the previous year, and as a percentage of advances was 5 bps lower at 23 bps. The quality profile of the loan book improved during the year.

Costs rose by 5%. Salary increases, higher depreciation charges and information technology costs were partly offset by cost reduction initiatives.

We have operated in a competitive environment in the past and we have consistently thrived in such circumstances. Our natural flair for innovation and enterprise allied to our strong product range and customer relationship skills give us confidence for the future. The focus on Customer Relationship Management and customer service continues, with increased customer satisfaction and higher sales of Group products.

There was further expansion of the ATM network with 296 new installations completed, bringing the total Network to 930 outlets at year-end.

Bank of Ireland Life

Bank of Ireland Life, the Group's life and pensions business, had a satisfactory year. Pre-tax profits increased by 69% to €147 million, boosted by the strong recovery in world equity markets. Operating profits were €132 million compared with €130 million last year – this reflects the impact of a fall off in new business sales following the closure of the government sponsored savings scheme. Overall sales were down 12% while sales excluding the government savings accounts were ahead by 19%. We experienced strong growth in new business in the six months to March 2004, a growth which has continued in the current year.

Bank of Ireland Life results are summarised below:

	2003/04 €m	2002/03 €m
New business contribution	51	55
Profit from existing business		
- expected return	54	56
- experience variances	14	11
- operating assumption changes	5	(2)
Return on shareholder funds	8	10
Operating profit	132	130
Investment variance	26	(49)
Effect of economic assumption changes	19	35
Sub-total	177	116
Less: income adjustment for certain services provided by Group companies	(30)	(29)
Profit before tax	147	87

The Company adopts a prudent approach in setting the assumptions used in its embedded value basis and this is reflected in the favourable experience variances, and the contribution from changes in operating assumptions, during the year.

The positive investment variance of €26 million is based on the improvement in world equity markets, and the consequent beneficial impact on the investment management fees that the Company will receive in future years.

As reported in the interim results, the net benefit of changes in economic assumptions is €19 million. This reflects a benefit from the reduction in the discount rate from 10% to 8% in line with the current low interest rate environment, but offsetting this, the business now discounts the solvency margin in accordance with the Association of British Insurers guidelines and has also reduced the assumption in respect of future growth in unit-linked assets.

The continuing market leadership that our Life business enjoys is testament to its superior financial strength, the power of its brand, distribution and product innovation, and customer service.

Wholesale Financial Services

Wholesale Financial Services incorporates Corporate Banking, Global Markets (renamed from Treasury & International Banking), Davy, First Rate Enterprises (First Rate) and IBI Corporate Finance. Pre-tax profits increased by 1% to €371 million, a strong performance against last year's record out-turn which benefited from falling interest rates and a number of large one-off gains. Total income (including Share of Associates and Joint Venture) increased by €18 million, while costs increased by €8 million, a 3% and 4% increase respectively.

The charge for loan losses was €31 million compared with €25 million in the previous year. Loan losses as a percentage of average loans of 26 basis points were 6 basis points higher than last year, reflecting some specific provisions, and higher general provisioning on the international loan book. Asset quality is strong and the loan book is well diversified.

Corporate Banking reported a slight reduction of 1% in pre-tax profits, a good underlying performance as last year's result benefited from some large one-off fees. Net interest margin was higher, underpinned by wider lending margins and continued growth in resource and international lending volumes.

Global Markets performed strongly in challenging market conditions but profits were down 2% mainly due to higher levels of exceptional gains in the corresponding period last year which benefited from falling interest rates.

First Rate Enterprises, the Group's specialist foreign exchange subsidiary, had another excellent year, helped by further strong growth in its joint venture with the UK Post Office, steady growth in Ireland and rapid expansion in Foreign Currency Exchange Corp ("FCEC"), its US business acquired in April 2003. First Rate/FCEC has recently won a tender to offer Foreign Currency Services for an initial 12 month pilot period, commencing in June 2004, with Canada Post Corporation.

Davy and IBI Corporate Finance reported very good performances.

UK Financial Services (in local currency)

Profit before goodwill, exceptional items and taxation increased by 9% to £263 million. Income growth exceeded cost growth by 2% which contributed to an improvement in the cost income ratio from 56% to 55%.

Advances increased by 14% to £22 billion; this reflected strong growth in both residential mortgages and business banking. Resources are broadly in line with last year as the division has not pursued aggressive price-led recruitment of funds.

Net interest income increased by 3% due to strong lending growth being partly offset by lower margins. The net interest margin declined by 20 basis points. This mainly reflected structural changes in the residential mortgage portfolio arising from the run-off of older standard variable rate loans which have been replaced by newer loans written at tighter margins. In addition a greater reliance on wholesale funding was necessary as advances growth exceeded resources growth during the year.

Other income fell 4% reflecting weak demand conditions for investment products. Total income rose 1% compared to last year.

Operating costs reduced 1% mainly arising from a restructure of Chase de Vere operations. The UKFS division remains on track to deliver a further £30 million cost reductions (in addition to the cost savings of £15 million already achieved in Chase de Vere) over the next two to three years with the objective of achieving a cost income ratio in the mid to high 40s.

Residential mortgage arrears levels continue to run at lower levels than the industry average (Council of Mortgage Lenders). The charge for loan losses is lower by £12 million compared with last year and reflects strong asset quality.

Asset Management Services

Asset Management Services, which incorporates the Group's asset management and securities services businesses increased its profit before tax and goodwill amortisation by 13% to €136 million, and profit before tax by 11% to €125 million over the same period last year.

The improvement was driven by the inclusion of a full year contribution from Iridian and good revenue and cost management in Bank of Ireland Asset Management (BIAM). Average assets under management in BIAM grew by 4% over last year.

The improvement in global equity markets during the year has positively impacted on the value of assets under management in BIAM and Iridian. Point in time assets under management in BIAM at 31 March 2004 were €57.5 billion compared to €42.7 billion at 31 March 2003 – a rise of 35%, whilst Iridian assets under management increased by 17% to $9.8 billion. BIAM continued its successful geographic expansion with significant appointments particularly in the UK and Japan.

Bank of Ireland Securities Services (BOISS), the custody and fund administration business, continues to perform well. During the year BOISS completed the sale of its share of the alliance it operated with State Street. The profit of €36 million on the sale is shown as an exceptional item and excluded from alternative earnings per share.

Group & Central

Group and Central, which comprises earnings on surplus capital, unallocated central and support costs and some smaller business units had a net cost of €115 million, compared to €85 million in the previous year. The main drivers of this are, lower earnings on surplus capital as a result of lower interest rates, the interest cost of the Stg£350 million Tier 1 issue in March 2003, the funding cost of the rolling share buy-back programme which has a negative impact on net interest income but is accretive in EPS and Shareholder Value terms, and lower property gains.

FINANCIAL REVIEW

Analysis of Results

The Group Profit & Loss account for the years ended 31 March 2004 and 2003 are set out below.

	31 March 2004 €m	31 March 2003 €m
Net Interest Income	1,744	1,729
Other Income	1,234	1,188
Total Operating Income	2,978	2,917
Income from associated undertakings and joint ventures	29	22
Operating expenses	1,654	1,662
Loan Losses	86	100
Profit on ordinary activities before exceptional items	1,267	1,177
Exceptional Items	(97)	(164)
Profit before Taxation	1,170	1,013

Group net interest income increased by €15 million or 1% to €1,744 million reflecting strong growth in average earning assets in the year which more than offset a decline in the Group net interest margin of 17 basis points to 2.21% (2003: 2.38%). On a constant currency basis the growth in net interest income was 4%.

Average Earning Assets			Net Interest Margin (including grossing up)	
31 March 2004 €bn	31 March 2003 €bn		31 March 2004 %	31 March 2003 %
47.9	42.8	Domestic	2.43	2.65
32.8	31.0	Foreign	1.87	1.99
80.7	73.8		2.21	2.38

Average earning assets increased by 9% or €7 billion to €81 billion due to higher levels of average loans and advances to customers in the Republic of Ireland and in the UK. On a constant currency basis the increase in average earning assets was 13%.

The Group net interest margin declined by 17 basis points to 2.21%. The domestic net interest margin declined by 22 basis points due to the lower interest rate environment, higher levels of wholesale borrowing as a result of growth in lending exceeding the growth in customer deposits and the funding cost of the share buy-back programme. The foreign net interest margin declined by 12 basis points primarily due to tighter margins in our standard mortgage book in the UK and higher levels of wholesale borrowing.

Other income increased by €46 million or 4% to €1,234 million mainly due to the recovery of world stock markets which had a positive effect on our Life business, and higher transaction volumes in Retail Republic of Ireland. This was offset by lower sales of equity products in UKFS, a weakening of sterling against the euro and the net effect of acquisitions and divestments.

Income from associated undertakings and joint ventures increased by €7 million to €29 million and includes the profit from First Rate Enterprises and the set up costs associated with our Joint Venture with the UK Post Office.

Operating expenses declined by €8 million to €1,654 million. An increase in staff costs of 1% was largely due to the higher rates of pay offset by the benefit of rationalisation programmes and the weakening of sterling against the euro. Other administrative expenses including depreciation and goodwill amortisation decreased by 3% reflecting the benefit of rationalisation programmes, the weakening of sterling against the euro and the net effect of acquisitions and divestments.

Total income growth exceeded cost growth by 3% for the year, and the cost income ratio reduced further from 56% to 54%.

Asset quality remains strong. The charge for loan losses was €86 million for the year, a reduction of €14 million over the preceding period and represents 14 basis points of average lending. Balances under provision stood at €375 million at 31 March 2004 (€376 million at 30 September 2003) and represent a coverage ratio of 126%.

The results for the year includes exceptional items of €97 million made up of:

- the net proceeds of €36 million on the sale of our share in the alliance between Bank of Ireland Securities Services and State Street Bank,
- the write-off of the remainder of the goodwill associated with Chase de Vere of €93 million together with some provisions of €22 million for the impairment of certain assets in the IFA business,
- additional costs of €4 million incurred in relation to restructuring undertaken in previous years,
- implementation costs of €14 million associated with the UKFS Business Improvement Programme.

The effective tax rate increased from 16% to 18% as a result, inter alia, of the levy on bank profits introduced by the Irish Government in December 2002: the current year includes a charge of €26 million for this levy, the corresponding period last year included a charge of €7 million.

The Group balance sheet increased from €89 billion to €106 billion and group capital ratios remain strong with a Tier 1 ratio of 7.2% and a Total Capital ratio of 11.3%.

Return on equity before exceptional items was 23.7% for the year, a continuation of returns that have averaged 24% since 1992.

Dividend

The Directors have recommended a final dividend of 26.6 cent. The recommended final dividend together with the interim dividend of 14.8 cent paid in January 2004, results in a total of 41.4 cent for the year ended 31 March 2004, 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 2.6 times (39% payout ratio) compared to 2.7 times (37% payout ratio) in the previous year.

The final dividend will be paid on or after 16 July 2004 to Stockholders who are registered as holding ordinary stock at the close of business on 18 June 2004.

Annual General Court

The Annual Report and Accounts and the Notice of the Annual General Court of Proprietors will be posted to Stockholders on 8 June 2004 and the Annual General Court will be held on 7 July 2004.

Risk Management and Control

The Group, in the normal course of business, is exposed to a number of classes of risk, the most significant of which are credit risk, market risk, liquidity risk, operational risk and regulatory/compliance risk.

The Court of Directors is responsible for approving high level policy and providing strategic direction in relation to the nature and scale of risk that the Group is permitted to assume to achieve its corporate objectives.

The Group Risk Policy Committee ("GRPC") is the most senior executive committee with responsibility for risk management. Its membership includes Executive Directors and it is formally constituted as a sub-committee of the Court. The GRPC exercises authority delegated by the Court to approve business initiatives which have material implications for the level or composition of risk, consistent with overall policy and direction provided by the Court. In addition to considering specific risk issues, the GRPC is responsible for reviewing overall Group risk on a portfolio basis.

The GRPC, in turn, delegates specific responsibility for oversight of the major classes of risk to the following committees, which are accountable to the GRPC:

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

Risk within the Group is subject to independent oversight and analysis by four centrally-based risk management functions reporting to the Head of Group Risk Management: Group Credit, Group Market Risk, Group Operational Risk and Group Regulatory Risk & Compliance. In addition, Group Finance, Group Credit Review and Group Internal Audit are critical control functions.

Capital adequacy data	31 March 2004 €m	31 March 2003 (restated) €m
Adjusted capital base		
Tier 1	4,569	4,377
Tier 2	3,552	2,442
	8,121	6,819
Supervisory deductions	934	752
	7,187	6,067
Risk weighted assets		
Banking Book	60,634	52,546
Trading Book	2,727	2,046
	63,361	54,592
Capital Ratios		
Tier 1 Capital	7.2%	8.0%
Total Capital	11.3%	11.1%

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 measurement. Such systems have been in place for corporate and larger commercial lending since 1997. During the current year the Group has developed similar systems for its residential mortgage and consumer lending portfolios and for Retail Business lending in RoI.

In addition to providing a solid basis for Basel 2 compliance, a key objective of these initiatives is to allow the Group to maximise business benefits through the integration of credit risk measurement systems into effective loan pricing for risk, economic capital allocation and strategic loan portfolio management. These systems also guide loan underwriting and risk selection decisions and 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.

Discretionary Authorities

The Group has a credit risk management system which operates through a hierarchy of exposure discretions which are related to internal loan ratings. All exposures above certain levels require the approval of the Group Credit Committee, which is a sub-committee of the Group Risk Policy Committee. Exposures below Group Credit Committee's discretion are approved according to a system of tiered discretions.

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

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

Market Risk

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

The Group's exposure to market risk is governed by policy approved by the Court of Directors and the Group Risk Policy Committee ("GRPC"). 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 measured and controlled.

The Court approves an overall Value at Risk ("VaR") limit, which is a quantification of the Group's appetite for market risk. The Group Asset Liability Committee ("ALCO") approves VaR limits for Bank of Ireland Global Markets ("BoIGM") and J&E Davy. In addition, ALCO approves risk limits for the retail business units which are intended to facilitate efficient hedging within these units. Market risk limits are rigorously enforced and compliance is monitored by ALCO.

Trading Book

In line with regulatory and accounting conventions, the Group's Trading Book consists of BoIGM'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 year ended 31 March 2004, Trading Book risk arose predominately from positions in securities, interest rate swaps, interest rate futures, foreign exchange and, in Davy's case, equities.

A Value at Risk (VaR) approach is used to measure and limit market risk in BoIGM and Davy. (In BoIGM this covers both Trading and Banking Book risk. In Davy all market risk comes within the Trading Book.) 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% (one-tailed). 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.

VaR is measured using 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 major 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 2004, the Group's average Trading Book VaR amounted to €1.9m. Its lowest Trading Book VaR was €1.0m and its peak was €3.3m. At 31 March 2004, Trading Book VaR was €2.3m. The corresponding figures for the year ended 31 March 2003 were an average Trading Book VaR of €1.7m, a minimum VaR of €0.8m, a peak of €3.0m and a year-end level of €1.4m.

Interest rate risk in BoIGM was the predominant source of Trading Book VaR in 2003/2004. The average VaR for this component of risk in the year ended 31 March 2004 was €1.1m and the corresponding figure for the previous year was €0.9m.

Banking Book

The Group's Banking Book consists of its retail and corporate deposit and loan books, as well as BoIGM's interbank money market books and its holdings of accrual-accounted securities.

For risk measurement and control purposes, VaR is applied to BoIGM's Banking Book risk. In the other Group businesses, sensitivity analysis is used to measure and control interest rate risk. This involves calculating exposure in net present value (NPV) terms to a 1% parallel shift of the yield curve. This is supplemented by estimates of maturity mismatch exposure using a methodology which provides estimates of exposure to non-parallel shifts in the yield curve.

In calculating exposures, undated liabilities and assets (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 gains in NPV terms of €12.8m and €5.6m respectively.

The table in Note 39 to the Accounts (page 98) provides an indication of the repricing mismatch in the Non Trading Books at 31 March 2004.

Derivatives

A derivative is a financial contract whose value is linked to movements in interest rates, exchange rates, equity prices or the prices of securities that are subject to default risk.

Derivative markets are an efficient mechanism for the transfer of risk. The Group uses derivatives to manage the market risks that arise naturally in its retail and wholesale banking activities. In addition, it transacts in derivatives with its business and corporate clients for the purpose of assisting these clients in managing their exposure to changes in interest and foreign exchange rates. Finally, the Group takes proprietary trading risk in derivative markets (in addition to taking exposure in money and securities markets).

The Group has also, from time to time, used credit derivatives to provide default protection on specific credit exposures.

Further details can be found in Note 38 and accounting policy is set out in Note 1.9.

Policy

The Group's participation in derivatives markets is subject to policy approved by the Court of Directors and, at a more detailed level, by the Group Risk Policy Committee. The Group makes a clear distinction between derivatives which must be transacted on a perfectly-hedged basis, deal by deal, and those whose risks can be managed within broader interest-rate or foreign exchange books. Since these broader books can be structured to assume some degree of proprietary risk, derivative positions held within them will not necessarily be exactly hedged.

Market risk can only be assumed in clearly-defined categories of derivative which are traded in well-established, liquid markets, supported by industry-standard conventions and documentation and valued in accordance with generally accepted methods. Positions can only be taken in instruments which the business can settle, administer and value, and where the risks can be accurately measured and reflected within exposure against limits.

Bank of Ireland Global Markets (BoIGM) and J&E Davy are the only Group businesses permitted to transact on the Group's behalf in derivative markets.

BoIGM is permitted to take risk in non-option derivatives, such as interest rate futures, bond futures, FRAs, interest-rate swaps, forward foreign exchange and currency swaps. In addition, it is permitted to take exposure in the most widely traded option markets, principally options on futures, caps, floors, swap options (swaptions) and conventional currency options.

Davy is permitted to use fixed-interest derivatives to manage the risks arising on its bond positions.

Transactions in other, more complex derivatives are almost entirely on a perfectly-matched, back-to-back basis. This category consists predominantly of equity index derivatives, used for the purposes of constructing retail savings products whose performance is linked to equity markets.

Collateral Agreements

BoIGM has executed Collateral Support Agreements (CSAs) with its principal interbank derivatives counterparties and, as a result, a very high proportion of its total interbank derivatives book is covered by CSAs. The purpose of a CSA is to limit the potential cost of replacing derivative contracts at market prices in the event of default by the original counterparty. Under the terms of a CSA, if the aggregate market value of a set of derivative contracts between the two parties exceeds an agreed threshold figure, the party which would be exposed to loss in the event of default receives a deposit of cash or eligible securities equal to the excess aggregate value over the threshold. In BoIGM's case, valuations are agreed and collateral is exchanged on a weekly basis.

It is a requirement of policy that BoIGM must be able to value all derivative contracts that are subject to a CSA or obtain valuations from independent third parties. This is to ensure that the correct collateral is exchanged and the CSA provides the appropriate measure of protection against loss.

Structural Foreign Exchange

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 2004, the Group's structural foreign exchange position was as follows:

	31 March 2004 €m	31 March 2003 €m
GBP	2,582	2,405
USD	233	248
Total structural FX position	2,815	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 €282m (2003: €265m).

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

Liquidity Risk

Liquidity risk is the risk that a bank will experience difficulty in financing its assets and meeting its contractual payment obligations, or will only be able to do so at substantially above the prevailing market cost of funds. Liquidity distress is almost invariably associated with a severe deterioration in financial performance, but it can also result from unexpected, major adverse events or systemic difficulties.

The Group complies with a number of liquidity limits and minimum requirements set by policy and intended to maintain a prudent liability profile at all times. These include measures designed to ensure that the Group's wholesale funding is diversified across instruments and markets and balanced in its maturity structure.

In addition, the Group measures the projected short-term cash-flow mismatch arising from the refinancing of its existing wholesale book and potential net new funding. This measure of potential recourse to wholesale markets must be covered in part by holdings of liquid assets.

The Group also complies with prudential liquidity requirements set by IFSRA and, in respect of its UK operations, by the FSA.

Operational Risk

The Basel Committee on Banking Supervision defines Operational Risk for regulatory and supervisory purposes 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.

While the Group has adopted this definition for regulatory purposes, the operating definition is that, Operational Risk is "*all risk other than Market and Credit Risk*", thus including Strategic Risk, Business Risk and Reputational Risk.

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 Risk Policy Committee, the Group Audit Committee and the Group Operational Risk Committee, 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.

Regulatory Risk & Compliance

Regulatory compliance risk arises from a failure to comply with the laws, regulations or codes applicable to the financial services industry in the jurisdictions within which the Group operates. Non-compliance has adverse reputational implications and may lead to fines, public reprimands, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate. The Group is subject to extensive supervisory and regulatory regimes principally in the Republic of Ireland and the UK. Effective management of regulatory compliance risk is the primary responsibility of business management to conduct business in accordance with applicable regulations and with an awareness of compliance risk.

The Group is in the process of upgrading its risk and compliance framework to oversee and enhance pre-existing compliance functions. This will be led by a recently appointed Head of Regulatory Risk & Compliance and reflects the more challenging operational and regulatory environment in which all financial service companies now operate. This role will embrace a number of key areas including legal compliance, tax compliance, anti money laundering, health & safety and regulator relations. The Head of Regulatory Risk & Compliance is responsible for formulating and communicating a risk control framework for the management of regulatory & compliance risk and for monitoring a reporting framework to assist business management in discharging its responsibilities.

International Financial Reporting Standards

By regulation, the European Union ("EU") has agreed that listed companies must use International Financial Reporting Standards ("IFRS") adopted for use in the EU in the preparation of consolidated accounts. The objective is to improve financial reporting and enhance its transparency within the EU. The Group will be required to prepare financial statements in accordance with IFRS from 1 April 2005. These comprise of not only IFRS but also International Accounting Standards ("IAS").

In the light of the EU decision, the International Accounting Standards Board ("IASB") has put in place a platform of standards that must be applied by all first time adopters of IFRS as of 1 January 2005, and in addition have announced its intention to avoid mandatory accounting changes between 2004 and 2006. A number of new or revised standards have recently been finalised in March 2004. These include, IAS 32 " Financial Instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". Neither IAS 32 nor IAS 39 have yet been endorsed by the European Commission and the International Accounting Standards Board is still considering possible amendments to IAS 39.

During 2003, the Group initiated a programme to change its accounting policies and practices to be IFRS compliant by 2005. A dedicated project team has been assembled and separate work streams have been established for each difference in accounting that will require significant effort to implement. The programme is advancing according to plan.

Although existing Irish GAAP is similar in many ways to IFRS, there are a number of significant differences from the Group's accounting policies. Currently it is not possible to quantify the impact of these differences due to both the nature and complexity of the standards themselves and the level of uncertainty surrounding their adoption. Additionally, regulators have not yet issued guidance in respect of regulatory capital treatment. The summary below outlines the major differences for the Group in respect of recognition and measurement of the IFRS standards that are in place as at 31 March 2004, including IAS 32 and IAS 39.

Loan Impairment

The accounting policy for loan losses under Irish GAAP is set out in Note 1. IFRS requires impairment losses on financial assets carried at amortised cost to be measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. Impairment must be assessed individually for individually significant assets but can be assessed collectively for other assets.

Effective Interest Rate and Lending Fees

Under Irish GAAP, 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. IFRS requires origination fees to be deferred and recognised as an adjustment to the effective interest rate on the related financial asset. The effective interest rate is the rate that discounts estimated future cash flows over an instrument's expected life to its net carrying value. Under IFRS the carrying value of the financial instrument held at amortised cost is calculated using the effective interest rate method.

Financial Instruments: financial assets

Under Irish GAAP, loans are measured at cost less provision for bad and doubtful debt, derivatives held for trading are carried at fair value, hedging derivatives are accounted for in accordance with the item being hedged and securities are classified as being held as investment securities, or held for trading purposes. Investment debt securities are stated at cost less provision for any permanent diminution in value. Premiums and discounts on dated securities are amortised to interest income over the period to maturity. Trading securities are carried at fair value. Under IFRS, financial assets are classified as either held-to-maturity, available for sale, held for trading, designated at fair value through profit and loss, or loans and receivables. Financial assets classified as held-to-maturity or as loans and receivables are carried at amortised cost. Other financial assets are measured at fair value.

Life Assurance Operations

Under Irish GAAP, the Group accounts for the value of the shareholders' interest in long term assurance business using the embedded value method of accounting, thus recognising the discounted value of future profits on the writing of new business. Under IFRS 4, "Insurance contracts", (which was published as at 31 March 2004), all contracts that do not meet the definition of an insurance contract are no longer permitted to recognise the discounted value of future profits on the writing of new business, thus on applying IFRS 4 this amount will be reversed out and recognised in future periods. Thus contracts, which are largely investment in nature, should be accounted for in accordance with IAS 39 as a financial instrument. In light of this standard the Group are currently reviewing their product portfolio.

Pensions

Under Irish GAAP, the cost of defined benefit pension schemes is determined by independent professionally qualified actuaries using the projected unit credit method of funding and recognised on a systematic basis over the employees' service lives. Scheme liabilities are discounted at a long-term stable discount rate. Under IFRS, scheme liabilities are discounted at a market rate on high quality corporate bonds. Actuarial gains and losses must be amortised, on a straight line basis over the expected average remaining working lives of employees, to income or expense if they amount cumulatively to more than 10% of the present value of scheme liabilities or 10% of the fair value of scheme assets.

Derivatives and hedging

Under Irish GAAP, derivatives held for hedging purposes are accounted for on the same basis as underlying assets and liabilities. IFRS requires derivatives to be recognised at fair value, with changes in the valuation impacting the profit and loss account, (except for cash flow hedges where valuation changes are recorded in equity) potentially resulting in significant earnings volatility. Hedge accounting is much more restrictive under IAS 39 than at present under Irish GAAP. Certain conditions must be met for a relationship to qualify for hedge accounting. These include designation, documentation and prospective and actual hedge effectiveness. The IAS implementation team is currently considering a number of alternative IAS 39 compliance strategies with a view to limiting the impact to earnings and equity and the volatility arising from application of IAS 39.

Share based payments

Under Irish GAAP the grant of options under the Group's stock option scheme and sharesave scheme does not give rise to a charge in the profit and loss account. Under IFRS the granting of any stock or options to employees will give rise to a charge in the profit and loss account over the vesting period of the stock options. This standard applies to all equity settled stock based payments granted after 7 November 2002 that have not yet vested at the effective date of IFRS.

Goodwill

Under Irish GAAP goodwill 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 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. Under IFRS goodwill should not be amortised but should be tested annually for impairment.

Michael D Soden
Group Chief Executive
12 May 2004

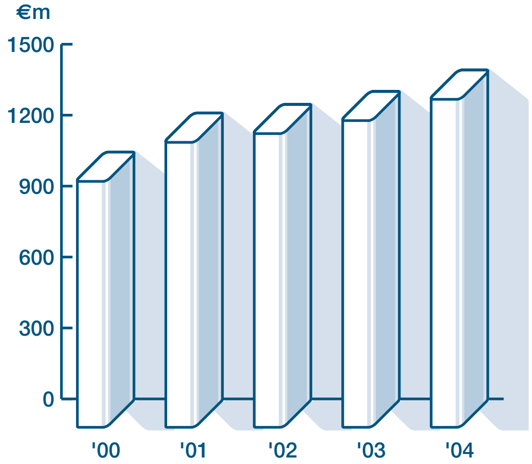
FIVE YEAR FINANCIAL SUMMARY

	Year Ended 31 March				
	2000[4]	2001	2002	2003	2004
	€m	€m	€m	€m	€m
Profit and Loss Accounts					
Profit on ordinary activities before exceptional items	920	1,085	1,122	1,177	1,267
Profit on ordinary activities before taxation	920	992	1,085	1,013	1,170
Profit on ordinary activities after taxation	724	802	920	850	962
Earnings per unit of €0.64 Ordinary Stock	68.0c	73.4c	89.0c	83.4c	97.2c
Dividends per unit of €0.64 Ordinary Stock (net)	23.5c	29.0c	33.0c	37.0c	41.4c
Alternative Earnings per unit of €0.64 Ordinary Stock [1] [3]	-	84.5c	93.4c	99.2c	106.7c
Balance Sheets					
Minority interests					
- equity	5	5	91	54	54
- non equity	87	81	82	73	76
Subordinated liabilities	1,866	2,510	2,524	2,703	3,682
Total stockholders' funds [5] [6]	3,246	3,801	4,173	4,034	4,281
Assets [5] [6]	67,984	78,846	87,298	89,303	106,431
Operating Ratios	%	%	%	%	%
Net interest margin (grossed-up)	2.6	2.3	2.3	2.4	2.2
Other income/average earning assets	1.8	1.8	1.7	1.6	1.5
Costs/total income (grossed-up)	54	54	56	56	54
Return on average total assets [2] [6]	1.2	1.1	1.1	1.1	1.1
Return on average stockholders' funds [2] [6]	24.7	24.8	24.0	22.4	23.7
Asset Quality					
Loan loss provisions/loans	0.9	0.8	0.9	0.8	0.7
Annual provisions/average loans	0.10	0.20	0.19	0.18	0.14
Capital Adequacy Ratios					
Tier 1 capital	7.4	7.8	7.6	8.0	7.2
Total capital	11.8	12.4	11.5	11.1	11.3
Equity/assets [6]	4.5	4.2	4.4	4.3	4.0

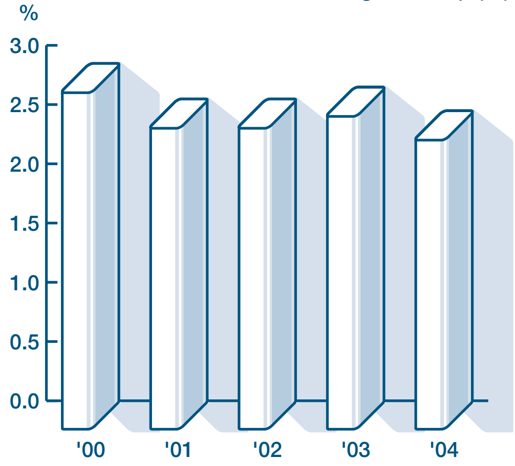
(1) Based on profit attributable to ordinary stockholders before exceptional items and goodwill amortisation.
(2) Ratios for 2001, 2002, 2003 and 2004 are based on the profit attributable to ordinary stockholders before exceptional items.
(3) The alternative Earnings per unit of €0.64 ordinary stock for the year ended 31 March 2001 has been restated to take account of goodwill amortisation.
(4) The information in 2000 has not been restated for the implementation of FRS 19 as the impact was not material.
(5) The information for 2003 has been restated for changes due to UITF 37, Bank of Ireland shares held by Bank of Ireland Life for the benefit of its policyholders, are now included as a deduction from equity.
(6) Restated for changes due to UITF abstract 37 where own shares, previously shown as assets are now included as a deduction from equity in arriving at Stockholders' Funds.

Five Year Financial Summary

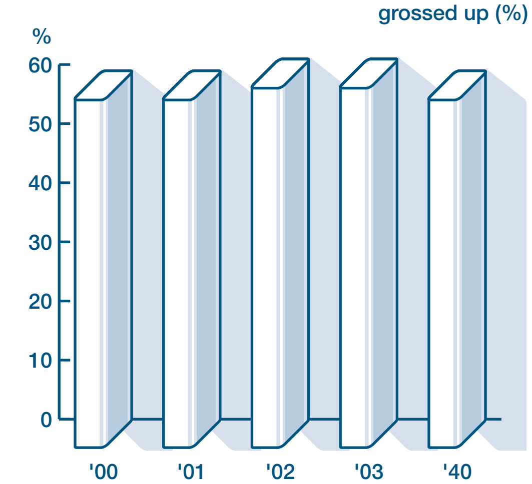
Profit on ordinary activities
before exceptional items (€m)



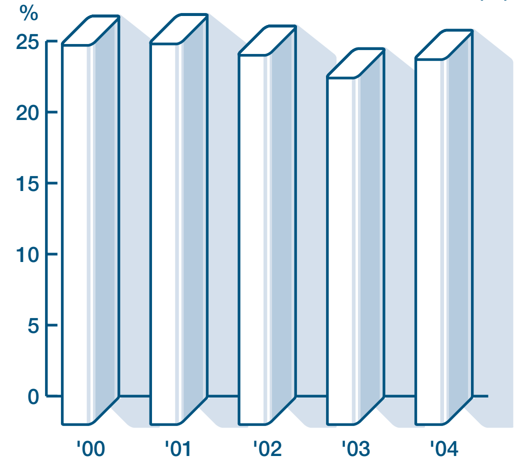
Net interest margin
grossed up (%)



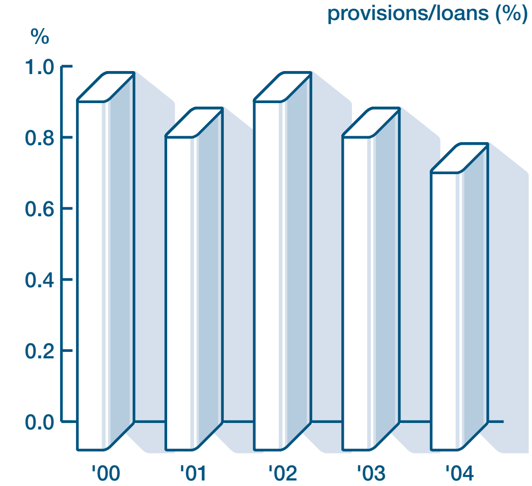
Cost/Total income
grossed up (%)



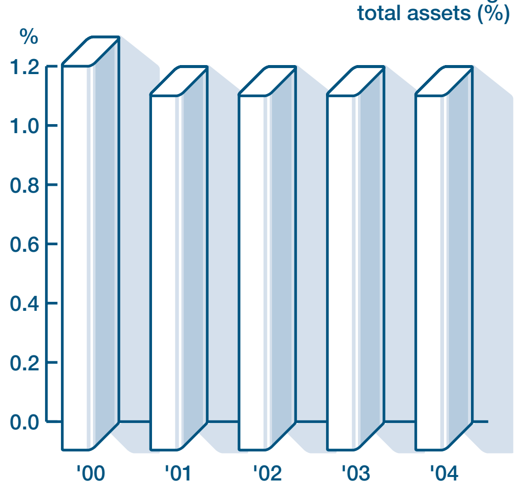
Return on average
stockholders' funds (%)



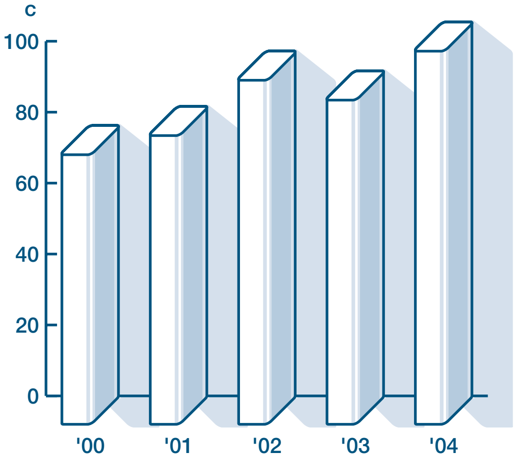
Loan loss
provisions/loans (%)



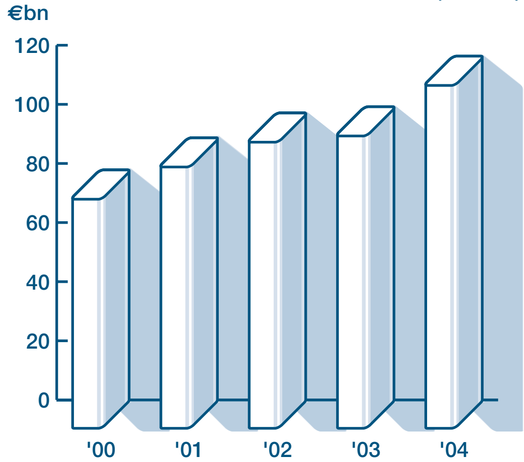
Return on average
total assets (%)



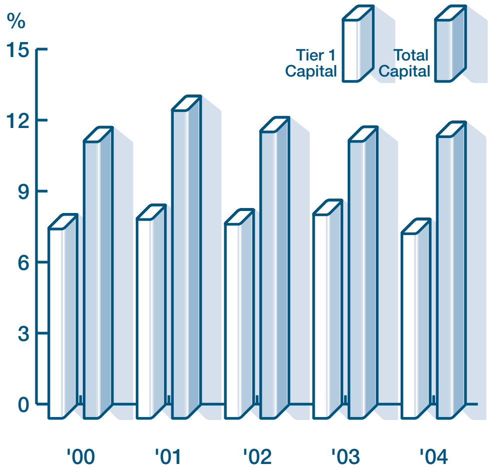
Earnings per unit of ordinary stock (cent)



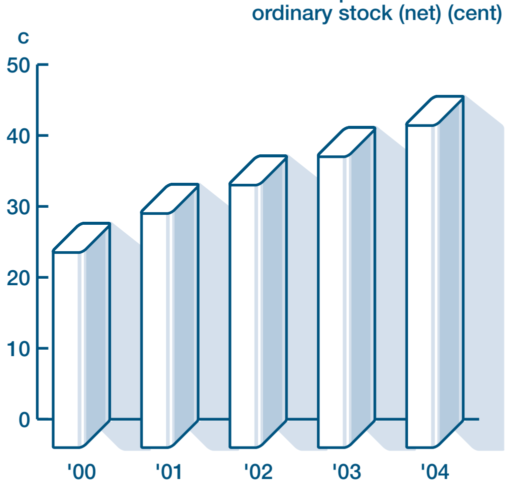
Total assets (€billion)



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 high standards of corporate governance set out in “The Combined Code: Principles of Good Governance and Code of Best Practice” adopted by the Irish Stock Exchange in 1998. The Directors believe that the Group has complied fully with the provisions of this Code throughout financial year 2003/2004. There were many developments in corporate governance in 2003 including the publication in July 2003 of “The Combined Code on Corporate Governance” which applies for reporting years beginning on or after 1 November 2003, the rules issued by the US Securities and Exchange Commission to implement the Sarbanes-Oxley Act of 2002 and the Companies (Auditing and Accounting) Act 2003 in Ireland. The new Code came into effect for Bank of Ireland at the beginning of the current year on 1 April 2004 and the Directors will be reporting on compliance with it during 2004/2005 in the 2004/2005 Annual Report.

Court of Directors

The following statements indicate how the Court of Directors has applied the principles contained in the 1998 Code during the year under review:

- it is the practice that the Court of Directors comprises a significant majority of non-executive Directors and as at 12 May 2004, the Court comprises 18 Directors, 15 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, is the Senior Independent Director;
- all non-executive Directors are appointed for an initial three year term but may be asked to stay for a further term of three years assuming satisfactory performance. Where a Director is invited to remain beyond six years, his/her performance will be subject to particularly rigorous review;
- all Directors retire by rotation at least every three years and if eligible may offer themselves for re-election subject to satisfactory performance evaluation;
- 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 undertake an induction programme, including visits to Group businesses and briefings 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 a comprehensive letter of appointment detailing their responsibilities as Directors, the term of their appointment and the expected time commitment for the role;
- 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;
- nine scheduled meetings of the Court were held during the year ended 31 March 2004. 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 review corporate strategy on a regular basis as well as the operations and performance of business units. Additionally, the Court has a schedule of matters specifically reserved for its decision.
- agenda and papers which provide the Directors with relevant information to enable them to fully consider agenda items in advance are circulated prior to each meeting.
- The Court periodically reviews and appraises its own performance and effectiveness.
    - The Governor conducts one to one discussions each year with each Director to assess his/her performance and that of the Court and Committees in general; following collective discussions with the non-executive Directors on issues which arise in these one to one discussions, the Governor presents his overall findings to the Court for its consideration and action as required.

- The non-executive Directors, led by the Senior Independent Director, meet without the Governor present at least annually to appraise the Governor's performance, having taken the views of the executive Directors into account. They may also meet on such other occasions as are deemed appropriate,

- 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 on corporate governance, compliance and internal controls (see later "Internal Controls") directly and through the Group Audit Committee and the Group Nomination and Governance Committee;
- the Directors have access to the advice and services of the Group Secretary, who is responsible for advising the Court on all governance issues and for ensuring that the Court complies with agreed procedures and regulations. The Directors also have access to independent professional advice, at the Group's expense, if and when required.

Court Committees

The Court delegates responsibility for a range of specific issues, as set out below, to different committees, whose terms of reference are reviewed periodically. 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.

The terms of reference of the Committees of the Court are available on the Bank's website www.bankofireland.ie.

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 and the Group Chief Internal Auditor to review the Group's internal controls including financial controls. In particular, the Committee reviews 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. The Group Audit Committee is also charged with the responsibility of reviewing the independence and objectivity of the external auditors and the effectiveness of the services provided by them. The Committee conducts an annual review of the procedures and processes by which non-audit services are provided by the external auditors in order to ensure, among other things, that auditor objectivity and independence are not compromised.

The external auditors and the Group Chief Internal Auditor have full and unrestricted access to the Group Audit Committee as well as to the Group Chief Executive and the Governor. The external auditors and the Group Chief Internal Auditor attend meetings of the Group Audit Committee and the Committee meets separately at least annually with the Group Chief Internal Auditor and the external auditors, in both cases without management present.

The Committee met on seven occasions during the year ended 31 March 2004.

Group Remuneration Committee – The Group Remuneration Committee comprises non-executive Directors only and its responsibilities are set out in the Remuneration Report on page 35. The Committee met on six occasions during the year ended 31 March 2004.

Group Nomination and Governance Committee – The Group Nomination and Governance Committee comprises non-executive Directors only. It is responsible for leading the process for Court and key subsidiary Board appointments and renewals. The Committee regularly reviews succession plans for the Court and key subsidiary Boards in the context of the Group's strategy and the skills, knowledge and experience of current Directors and makes recommendations to the Court with regard to any changes it considers desirable. In addition the Committee monitors developments in corporate governance, assesses the implications for the Group and advises the Court accordingly. It is also charged with overseeing the Group's Corporate Responsibility Programme. The Committee was previously known as the Group Nominations Committee.

The Committee met four times during the year ended 31 March 2004.

Court Sub-Committees

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.

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.

Membership of the above committees is as follows:

Committees of the Court at 31 March 2004

Group Audit Committee	Group Remuneration Committee	Group Nomination & Governance Committee
Roy E Bailie (Chairman)	Laurence G Crowley (Chairman)	Laurence G Crowley (Chairman)
Richard Burrows	Richard Burrows	Richard Burrows
David Dilger	Donal J Geaney	David Dilger
Raymond MacSharry	Thomas J Moran	Denis O'Brien
George Magan	Denis O'Brien	Mary P Redmond
Thomas J Moran	Mary P Redmond	

Sub-Committees of the Court

Group Risk Policy Committee	Group Investment Committee
Ronan Murphy (Chairman)	Michael D Soden (Chairman) (Court member)
John Clifford	John Clifford
John G Collins	John G Collins
Des Crowley	Des Crowley
Denis Donovan	Denis Donovan
Brian Goggin (Court member)	Cyril Dunne
Roy Keenan	Brian Goggin (Court member)
Vincent Mulvey	Roy Keenan
Malachy Murphy	John O'Donovan (Court member)
John O'Donovan (Court member)	Jeff Warren
Michael D Soden (Court member)	
Jeff Warren	

Relations with Stockholders

Communications with stockholders are given high priority. The Directors are kept informed on investor issues through regular reports from Group Investor Relations and feedback from our brokers and investment bankers. The Group seeks to provide through its Annual Report a balanced, clear assessment of the Group's performance and prospects. It 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 as they are made, so that information is available to all stockholders. 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 including full year and half year results presentations.

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.

The Group's policy is to make constructive use of the Annual General Court and all stockholders are encouraged to participate. The notice of this meeting issues 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, against and abstaining from 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.

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);
- 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);
- monthly reporting by business units which enables progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

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 Risk Policy Committee. Group Internal Audit monitors and reports on management's follow-up on these plans.

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 the Combined Code, the effectiveness of the Group's systems of internal control for the year ended 31 March 2004.

At Bank of Ireland, we believe our Corporate Responsibility extends to a number of constituencies, including the stockholders who invest in us, the customers who do business with us, the employees who work for us, and the communities and environment in which we operate. Addressing the needs of these different constituencies represents a growing challenge for businesses today but, we believe, fundamental to sustained progress. For this reason, we have formalised our approach to the management of Corporate Responsibility.

In last year's Annual Report and Accounts, the Governor spoke about the growing importance of Corporate Responsibility to our business and indicated our broad strategic objectives in this area. In 2003/04 we took the first formal steps on this journey and established a governance structure with defined responsibilities for implementation.

This development of a formal approach to Corporate Responsibility builds on a long tradition of responsible activity in the Group and 2003/04 was no exception to this trend. Highlighted below are some examples of this activity during the year – presented under the four categories of the Business in the Community (BITC) Corporate Responsibility model – Marketplace, Workplace, Environment and Community.

In the Marketplace

"operating ethically and with integrity"

In Ireland, our Service First programme, which is designed to enhance service to customers, has been implemented in all branches countrywide. Customer satisfaction, as measured by ongoing independent surveys, has risen steadily during 2003/04 as a result of this programme. Further evidence of this is reflected in the more than 1,000 staff members, nominated by customers for a "Service Star Award". These awards are in recognition of superior service during the year.

In the UK, we conducted a review of the Mortgage Market during 2003 with particular focus on Diversity. Islamic Sharia Law makes many traditional mortgage products unsuitable to the needs of the Muslim community. Muslims are the fastest growing community in the UK and to date only a limited number of financial products and services have been specifically tailored to their needs. As a result, we are now working with an Islamic Bank to develop an appropriate range of financial products. The first of these, an Islamic home finance product, will be launched in 2004.

Retail Network's "Service First" Programme

In our Workplace

"treating employees equitably and with respect"

Employee engagement, which measures not just job satisfaction, but how connected employees are to their work and the objectives of the business, improved considerably during the year. Over 81% of employees participated in this survey. We also had a strong showing in the 'best practice' area. 31% of our teams now feature in the top quarter of our external industry benchmark, against a figure of 14% when we last measured. This improvement can be attributed to the considerable commitment and work undertaken by teams across the Group in 2003.

We are committed to a set of values which recognises the interests of all stakeholders and which embodies the highest standards of integrity. We have embarked on a process of reinforcing standards of Leadership for the Group. One of the explicit behaviours articulated champions Diversity in the Organisation. We have undertaken a study to examine our performance in this area and the output of this study will help to shape the explicit actions and initiatives we take in this area over the coming year.

As part of our objective to ensure our people share with stockholders a stake in the continuing success of the business, we launched our 2nd successive Save As You Earn (SAYE) scheme, which was taken up by 54% of eligible employees. SAYE 2003 allows employees to acquire Bank Stock at an attractively discounted price (25% in RoI; 20% in UK – the maximum allowed by tax authorities in each case) and provides a convenient way to save. Maximum allowable savings per month is €320. The scheme has a minimal dilution effect on stockholders and is within Irish Association of Investment Managers (IAIM) dilution guidelines.

For the Environment

“protecting for future generations”

We are committed to supporting environmentally sound businesses. Reflecting this, we set up a dedicated Environment Finance group during 2003, which has led to the launch of a specialist environment and renewable energy fund worth €500m. The fund is earmarked for lending to companies and projects in the renewable energy, water treatment and waste management sectors.

In June 2003, we implemented a waste management and re-cycling initiative in our Head Office building in Dublin. During this time, the initiative has resulted in 83 tonnes of paper and 65 tonnes of cardboard being re-cycled and has saved 1,720 cubic meters of general waste going to landfill.

For our Community

“Being a responsible neighbour”

1,000 staff members gave of their time and energy to participate in the Special Olympics World Games, which were held in Dublin in June and which we were proud to sponsor. In return, all of our volunteers had an unforgettable experience and returned to their day jobs with a new understanding of the achievements and potential of people with special needs. As part of our ongoing commitment to the Special Olympics we have committed an additional €1 million to support the Special Olympics Network. This aims to double participation levels in Special Olympics training over the next 24 months. This support is in addition to the €6 million contribution we made to the 2003 World Games. During 2004, we have also set ourselves the objective of significantly increasing the range and number of job opportunities for people with disabilities. This will be the focus of a specific initiative during 2004/05.

Special Olympics June 2003

We have a long-standing association with Daffodil Day, the Irish Cancer Society’s main fundraising event each year. The target set by the Society for funds raised this year is €4m, which will be used to support a range of worthwhile activities including the Society’s countrywide nursing service for cancer patients. Our employees in Ireland actively participate in the fundraising effort and this year was no exception with participation rates at an all time high at 96%.

In 2000, we put in place a Millennium Scholars Trust fund of €12.7m to support students acquiring a third-level education where their circumstances would not otherwise allow. Since the scheme's launch, 246 scholarships have been awarded to truly exceptional individuals in pursuit of their educational dreams, including 53 during 2003/04. The Trust is not only about money. Bank employees volunteer their time to support the scholars on a mentoring programme throughout the course of their college studies.

These were just some examples of work being undertaken across the Group, as part of our overall commitment to Corporate Responsibility. This year marks the beginning of a process of reporting and we look forward to providing further updates on our Corporate Responsibility Programme. Our focus for the coming year will be to build on the foundations laid, agree appropriate policy and initiatives for implementation and develop a comprehensive range of measures against which we will report in the future.

Report of Directors

The Directors present their report and financial statements for the year ended 31 March 2004.

Results

The Group profit attributable to the Ordinary Stockholders amounted to €935m after Non-Cumulative Preference Stock dividends of €8m, as set out in the consolidated profit and loss account on pages 44 and 45.

Dividends

The Directors have recommended a Final Dividend of 26.6 cent per unit of €0.64 of Ordinary Stock in respect of the year ended 31 March 2004. The recommended Final Dividend together with the Interim Dividend of 14.8 cent per unit of €0.64 of Ordinary Stock paid in January 2004, results in a total of 41.4 cent for the year ended 31 March 2004 and compares with a total of 37.0 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 €62m, will amount to €473m.

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 7 and 9 to 22 respectively, describe the operations and the development of the Group.

Capital Stock & Subordinated Liabilities

1,050,115,489 units of Ordinary Stock, of nominal value of €0.64 each, were in issue at 1 April 2003 of which 71,054,837 were held in Treasury Stock.

During the year the Bank continued its stock buy-back programme and re-issued Treasury Stock under staff stock schemes. As at 31 March 2004, the Bank has 1,050,115,489 units of ordinary stock of €0.64 each of which 106,780,982 are held in Treasury Stock.

Full details of the changes during the year in the capital stock and subordinated liabilities are displayed in Note 35 and Note 33.

Directors

The names of the members of the Court of Directors as at 31 March 2004 together with a short biographical note on each Director appear on page 3. A short biographical note on Directors appointed since 31 March 2004 is contained in the Governor's letter to stockholders.

David Dilger and George Magan were co-opted to the Court with effect from 10 July 2003 and, being eligible, offer themselves for election. Declan McCourt and Terry Neill were co-opted to the Court on 6 April 2004 and, being eligible, offer themselves for election. Sir Michael Hodgkinson was co-opted to the Court on 11 May 2004 and, being eligible, offers himself for election.

Laurence Crowley, Maurice Keane, Caroline Marland, Raymond MacSharry, Thomas Moran and Mary Redmond retire at the 2004 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 2004, and of their spouses and minor children, in the stock issued by the Bank are shown in the Remuneration Report on pages 35 to 40.

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 2004.

- The non-executive Directors, led by the Senior Independent Director, meet without the Governor present at least annually to appraise the Governor's performance, having taken the views of the executive Directors into account. They may also meet on such other occasions as are deemed appropriate,

- 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 on corporate governance, compliance and internal controls (see later "Internal Controls") directly and through the Group Audit Committee and the Group Nomination and Governance Committee;
- the Directors have access to the advice and services of the Group Secretary, who is responsible for advising the Court on all governance issues and for ensuring that the Court complies with agreed procedures and regulations. The Directors also have access to independent professional advice, at the Group's expense, if and when required.

Court Committees

The Court delegates responsibility for a range of specific issues, as set out below, to different committees, whose terms of reference are reviewed periodically. 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.

The terms of reference of the Committees of the Court are available on the Bank's website www.bankofireland.ie.

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 and the Group Chief Internal Auditor to review the Group's internal controls including financial controls. In particular, the Committee reviews 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. The Group Audit Committee is also charged with the responsibility of reviewing the independence and objectivity of the external auditors and the effectiveness of the services provided by them. The Committee conducts an annual review of the procedures and processes by which non-audit services are provided by the external auditors in order to ensure, among other things, that auditor objectivity and independence are not compromised.

The external auditors and the Group Chief Internal Auditor have full and unrestricted access to the Group Audit Committee as well as to the Group Chief Executive and the Governor. The external auditors and the Group Chief Internal Auditor attend meetings of the Group Audit Committee and the Committee meets separately at least annually with the Group Chief Internal Auditor and the external auditors, in both cases without management present.

The Committee met on seven occasions during the year ended 31 March 2004.

Group Remuneration Committee – The Group Remuneration Committee comprises non-executive Directors only and its responsibilities are set out in the Remuneration Report on page 35. The Committee met on six occasions during the year ended 31 March 2004.

Group Nomination and Governance Committee – The Group Nomination and Governance Committee comprises non-executive Directors only. It is responsible for leading the process for Court and key subsidiary Board appointments and renewals. The Committee regularly reviews succession plans for the Court and key subsidiary Boards in the context of the Group's strategy and the skills, knowledge and experience of current Directors and makes recommendations to the Court with regard to any changes it considers desirable. In addition the Committee monitors developments in corporate governance, assesses the implications for the Group and advises the Court accordingly. It is also charged with overseeing the Group's Corporate Responsibility Programme. The Committee was previously known as the Group Nominations Committee.

The Committee met four times during the year ended 31 March 2004.

Court Sub-Committees

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 Ronan Murphy, Head of Group Risk Management.

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. This committee is chaired by Michael Soden, Group Chief Executive.

Membership of the above committees is as follows:

Committees of the Court at 31 March 2004

Group Audit Committee	Group Remuneration Committee	Group Nomination & Governance Committee
Roy E Bailie (Chairman)	Laurence G Crowley (Chairman)	Laurence G Crowley (Chairman)
Richard Burrows	Richard Burrows	Richard Burrows
David Dilger	Donal J Geaney	David Dilger
Raymond MacSharry	Thomas J Moran	Denis O'Brien
George Magan	Denis O'Brien	Mary P Redmond
Thomas J Moran	Mary P Redmond	

Sub-Committees of the Court

Group Risk Policy Committee	Group Investment Committee
Ronan Murphy (Chairman)	Michael D Soden (Chairman) (Court member)
John Clifford	John Clifford
John G Collins	John G Collins
Des Crowley	Des Crowley
Denis Donovan	Denis Donovan
Brian Goggin (Court member)	Cyril Dunne
Roy Keenan	Brian Goggin (Court member)
Vincent Mulvey	Roy Keenan
Malachy Murphy	John O'Donovan (Court member)
John O'Donovan (Court member)	Jeff Warren
Michael D Soden (Court member)	
Jeff Warren	

Relations with Stockholders

Communications with stockholders are given high priority. The Directors are kept informed on investor issues through regular reports from Group Investor Relations and feedback from our brokers and investment bankers. The Group seeks to provide through its Annual Report a balanced, clear assessment of the Group's performance and prospects. It 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 as they are made, so that information is available to all stockholders. 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 including full year and half year results presentations.

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.

The Group's policy is to make constructive use of the Annual General Court and all stockholders are encouraged to participate. The notice of this meeting issues 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, against and abstaining from 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.

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);
- 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);
- monthly reporting by business units which enables progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

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 Risk Policy Committee. Group Internal Audit monitors and reports on management's follow-up on these plans.

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 the Combined Code, the effectiveness of the Group's systems of internal control for the year ended 31 March 2004.

At Bank of Ireland, we believe our Corporate Responsibility extends to a number of constituencies, including the stockholders who invest in us, the customers who do business with us, the employees who work for us, and the communities and environment in which we operate. Addressing the needs of these different constituencies represents a growing challenge for businesses today but, we believe, fundamental to sustained progress. For this reason, we have formalised our approach to the management of Corporate Responsibility.

In last year's Annual Report and Accounts, the Governor spoke about the growing importance of Corporate Responsibility to our business and indicated our broad strategic objectives in this area. In 2003/04 we took the first formal steps on this journey and established a governance structure with defined responsibilities for implementation.

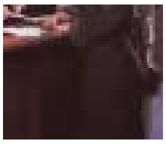
This development of a formal approach to Corporate Responsibility builds on a long tradition of responsible activity in the Group and 2003/04 was no exception to this trend. Highlighted below are some examples of this activity during the year – presented under the four categories of the Business in the Community (BITC) Corporate Responsibility model – Marketplace, Workplace, Environment and Community.

In the Marketplace

"operating ethically and with integrity"

In Ireland, our Service First programme, which is designed to enhance service to customers, has been implemented in all branches countrywide. Customer satisfaction, as measured by ongoing independent surveys, has risen steadily during 2003/04 as a result of this programme. Further evidence of this is reflected in the more than 1,000 staff members, nominated by customers for a "Service Star Award". These awards are in recognition of superior service during the year.

In the UK, we conducted a review of the Mortgage Market during 2003 with particular focus on Diversity. Islamic Sharia Law makes many traditional mortgage products unsuitable to the needs of the Muslim community. Muslims are the fastest growing community in the UK and to date only a limited number of financial products and services have been specifically tailored to their needs. As a result, we are now working with an Islamic Bank to develop an appropriate range of financial products. The first of these, an Islamic home finance product, will be launched in 2004.



Retail Network's "Service First" Programme

In our Workplace

"treating employees equitably and with respect"

Employee engagement, which measures not just job satisfaction, but how connected employees are to their work and the objectives of the business, improved considerably during the year. Over 81% of employees participated in this survey. We also had a strong showing in the 'best practice' area. 31% of our teams now feature in the top quarter of our external industry benchmark, against a figure of 14% when we last measured. This improvement can be attributed to the considerable commitment and work undertaken by teams across the Group in 2003.

We are committed to a set of values which recognises the interests of all stakeholders and which embodies the highest standards of integrity. We have embarked on a process of reinforcing standards of Leadership for the Group. One of the explicit behaviours articulated champions Diversity in the Organisation. We have undertaken a study to examine our performance in this area and the output of this study will help to shape the explicit actions and initiatives we take in this area over the coming year.

As part of our objective to ensure our people share with stockholders a stake in the continuing success of the business, we launched our 2nd successive Save As You Earn (SAYE) scheme, which was taken up by 54% of eligible employees. SAYE 2003 allows employees to acquire Bank Stock at an attractively discounted price (25% in RoI; 20% in UK – the maximum allowed by tax authorities in each case) and provides a convenient way to save. Maximum allowable savings per month is €320. The scheme has a minimal dilution effect on stockholders and is within Irish Association of Investment Managers (IAIM) dilution guidelines.

For the Environment

“protecting for future generations”

We are committed to supporting environmentally sound businesses. Reflecting this, we set up a dedicated Environment Finance group during 2003, which has led to the launch of a specialist environment and renewable energy fund worth €500m. The fund is earmarked for lending to companies and projects in the renewable energy, water treatment and waste management sectors.

In June 2003, we implemented a waste management and re-cycling initiative in our Head Office building in Dublin. During this time, the initiative has resulted in 83 tonnes of paper and 65 tonnes of cardboard being re-cycled and has saved 1,720 cubic meters of general waste going to landfill.

For our Community

“Being a responsible neighbour”

1,000 staff members gave of their time and energy to participate in the Special Olympics World Games, which were held in Dublin in June and which we were proud to sponsor. In return, all of our volunteers had an unforgettable experience and returned to their day jobs with a new understanding of the achievements and potential of people with special needs. As part of our ongoing commitment to the Special Olympics we have committed an additional €1 million to support the Special Olympics Network. This aims to double participation levels in Special Olympics training over the next 24 months. This support is in addition to the €6 million contribution we made to the 2003 World Games. During 2004, we have also set ourselves the objective of significantly increasing the range and number of job opportunities for people with disabilities. This will be the focus of a specific initiative during 2004/05.

Special Olympics June 2003

We have a long-standing association with Daffodil Day, the Irish Cancer Society’s main fundraising event each year. The target set by the Society for funds raised this year is €4m, which will be used to support a range of worthwhile activities including the Society’s countrywide nursing service for cancer patients. Our employees in Ireland actively participate in the fundraising effort and this year was no exception with participation rates at an all time high at 96%.

In 2000, we put in place a Millennium Scholars Trust fund of €12.7m to support students acquiring a third-level education where their circumstances would not otherwise allow. Since the scheme's launch, 246 scholarships have been awarded to truly exceptional individuals in pursuit of their educational dreams, including 53 during 2003/04. The Trust is not only about money. Bank employees volunteer their time to support the scholars on a mentoring programme throughout the course of their college studies.

These were just some examples of work being undertaken across the Group, as part of our overall commitment to Corporate Responsibility. This year marks the beginning of a process of reporting and we look forward to providing further updates on our Corporate Responsibility Programme. Our focus for the coming year will be to build on the foundations laid, agree appropriate policy and initiatives for implementation and develop a comprehensive range of measures against which we will report in the future.

Report of Directors

The Directors present their report and financial statements for the year ended 31 March 2004.

Results

The Group profit attributable to the Ordinary Stockholders amounted to €935m after Non-Cumulative Preference Stock dividends of €8m, as set out in the consolidated profit and loss account on pages 44 and 45.

Dividends

The Directors have recommended a Final Dividend of 26.6 cent per unit of €0.64 of Ordinary Stock in respect of the year ended 31 March 2004. The recommended Final Dividend together with the Interim Dividend of 14.8 cent per unit of €0.64 of Ordinary Stock paid in January 2004, results in a total of 41.4 cent for the year ended 31 March 2004 and compares with a total of 37.0 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 €62m, will amount to €473m.

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 7 and 9 to 22 respectively, describe the operations and the development of the Group.

Capital Stock & Subordinated Liabilities

1,050,115,489 units of Ordinary Stock, of nominal value of €0.64 each, were in issue at 1 April 2003 of which 71,054,837 were held in Treasury Stock.

During the year the Bank continued its stock buy-back programme and re-issued Treasury Stock under staff stock schemes. As at 31 March 2004, the Bank has 1,050,115,489 units of ordinary stock of €0.64 each of which 106,780,982 are held in Treasury Stock.

Full details of the changes during the year in the capital stock and subordinated liabilities are displayed in Note 35 and Note 33.

Directors

The names of the members of the Court of Directors as at 31 March 2004 together with a short biographical note on each Director appear on page 3. A short biographical note on Directors appointed since 31 March 2004 is contained in the Governor's letter to stockholders.

David Dilger and George Magan were co-opted to the Court with effect from 10 July 2003 and, being eligible, offer themselves for election. Declan McCourt and Terry Neill were co-opted to the Court on 6 April 2004 and, being eligible, offer themselves for election. Sir Michael Hodgkinson was co-opted to the Court on 11 May 2004 and, being eligible, offers himself for election.

Laurence Crowley, Maurice Keane, Caroline Marland, Raymond MacSharry, Thomas Moran and Mary Redmond retire at the 2004 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 2004, and of their spouses and minor children, in the stock issued by the Bank are shown in the Remuneration Report on pages 35 to 40.

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 2004.

Substantial Stockholdings

There were 67,384 registered holders of the Ordinary Stock of the Bank at 31 March 2004. An analysis of these holdings is shown on page 118.

As at 21 April 2004 the Bank had received notification of the following substantial interests in its Issued Ordinary Stock:-

NAME	%
Bank of Ireland Asset Management Limited *	6.7

* This stockholding is not beneficially owned 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 29.

The Remuneration Report is set out on pages 35 to 40.

Safety, Health & Welfare at Work Act 1989

It is Group policy to attach a high priority 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. Updated safety statements have been developed and issued in respect of all Group premises in accordance with the provisions of the above Act.

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 is progressing its plans in the fiscal year 2004/05 and has commenced implementation of these plans, initially in the greater Dublin area, 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 & 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.

Post Balance Sheet Events

EuroConex

Bank of Ireland announced that it has entered binding legal agreements to sell its 50% shareholding in EuroConex Technologies Limited ("EuroConex") to a European affiliate of NOVA Information Systems ("NOVA"), a subsidiary of US Bancorp. NOVA currently owns the balancing 50% stake. The transaction is conditional, inter alia, on appropriate regulatory approvals and is expected to close by 30 June 2004. The consideration payable to Bank of Ireland following the sale will be shown as an exceptional item in Bank of Ireland's results for the six months to 30 September 2004.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office in accordance with Section 160 (2) of the Companies Act, 1963.

Laurence G Crowley	Richard Burrows
Governor	Deputy Governor

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

12 May 2004

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

The Group Remuneration Committee makes recommendations to the Court on the formulation of policy on the remuneration of senior management (including 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 ("Group Executive Committee"). The remuneration of non-executive Directors is determined by the Court. Directors do not participate in any decisions relating to their own remuneration.

New Bridge Street Consultants were appointed during the year as advisors to provide remuneration advice and analysis to the Group Remuneration Committee.

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: Principles of Good Governance and Code of Best Practice" adopted by the Irish Stock Exchange in 1998.

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

Reward policies are aligned with the objective of maximising stockholder value. In determining remuneration levels account is taken of such factors as each individual's responsibilities and performance and levels of remuneration in comparable businesses both in Ireland and the United Kingdom and the general pay awards made to staff overall.

The reward package for executive Directors and senior management
The total remuneration package is reviewed by the Group Remuneration Committee with external assistance from international remuneration consultants. Currently the key elements of the remuneration package 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 in absolute terms.

- **Long Term Performance Stock Plan –** In 1999 the Group established a Long Term Performance Stock Plan ("LTPSP") for key senior executives who are best placed to maximise stockholder value. Under this Plan, which is described in more detail in Note 35 on page 83, conditional awards have been made to the executive Directors as set out in the table on page 38. As can be seen in Note 35, participants who remain with the Group for a further two years and a further seven years from the date of vesting, will be awarded additional units of stock representing a fraction of the units which vested. In relation to the Group Chief Executive, the Group Remuneration Committee has determined that as part of his total remuneration package, in addition to receiving his vested awards under the LTPSP, he will receive at that time a cash sum equal in value to the then value of the stock which vests in him under the plan.

- **Stock options –** It is policy to grant stock options under the terms of the Stock Option Scheme to executive Directors and senior executives across the Group to encourage identification with stockholders' interests in general. The exercise of all options granted since 1996 is conditional upon earnings per share (or alternative earnings per share as appropriate) 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 35 on page 83).

- **Employee Stock Issue Scheme –** The Bank operates an Employee Stock Issue Scheme under which 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 (See also Note 35 on page 83). Executive Directors may participate on the same basis as staff generally.

- **Sharesave –** In 1999 the Group established a Sharesave Scheme ("SAYE scheme"). Under this scheme the executive Directors who participated in the scheme were granted options over units of Ordinary Stock as set out in the table on page 37 (see Note 35 on page 83). Under the scheme, first offered in 2000, participants could save for three, five or seven years. The three year scheme matured in May 2003. A further offer under the scheme was made in November 2003. 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 2003/2004 (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. 2003/2004	Total remun. 2002/2003
Governor									
L G Crowley	300						28	328	312
Deputy Governor									
R Burrows	90							90	81
Executive Directors									
B J Goggin*	500			525	12	27	51	1,115	743
J O'Donovan	375			248	26	27	38	714	**374
M D Soden	900			554	16	32	92	1,594	1,318
Non –Executive Directors									
R E Bailie		60	9					69	57
A D Barry (to 31.01.2003)									47
D J Dilger (from 10.07.2003)		43						43	
D J Geaney		60						60	57
M A Keane		60	40					100	99
R MacSharry		60						60	57
G M Magan (from 10.07.2003)		43						43	
C A Marland		60						60	57
T Moran		60						60	57
D O'Brien		60						60	57
M Redmond		60						60	71
Totals	**2,165**	**566**	**49**	**1,327**	**54**	**86**	**209**	**4,456**	**3,387**
Ex gratia payments paid to former Directors/Dependants								541	519

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 an additional payment to the Chairman of the Group Audit Committee.
(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 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.

* The role of Chief Executive Asset Management Services Division, currently held by Brian Goggin, is remunerated differently to other Executive Director roles within the Bank of Ireland Group and the incumbent will not in future be eligible to participate in the Bank of Ireland Group's Executive Stock plans (Executive Stock Option Scheme and Long Term Performance Stock Plan).

To reflect the above, Brian Goggin participates in a Deferred Cash Incentive Scheme and a Long Term Incentive Programme, in lieu of the Bank of Ireland Group's Executive Stock plans. Under the Deferred Cash Incentive Scheme, provided certain conditions are met, Brian Goggin will receive a minimum payment of €157,500. Further amounts may be paid based on the achievement of stretching profit before tax targets over the same period.

Under the Long Term Incentive Programme, provided certain conditions are met, Brian Goggin will receive a minimum payment of €350,000. Further amounts may be paid based on the achievement of investment performance, business growth and profit targets over the relevant 3 year performance period.

** From date of appointment 11 July 2002.

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 2004 are included in the table below:-

	Date of grant	Earliest exercise date	Expiry date	Exercise price €	Options at 1 April 2003 or date of appointment if later	Granted in year	Exercised in year	Market price at exercise date €	Options at 31 March 2004
Directors									
B J Goggin	28-Nov-1996	28-Nov-1999	28-Nov-2006	3.24	80,000				80,000
	13-Jul-1999	13-Jul-2002	13-Jul-2009	8.93	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	25,000				25,000
	18 June 2003	**18 June 2006**	**18 June 2013**	**10.77**		**50,000**			**50,000**
					150,000	**50,000**	**-**	**-**	**200,000**
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
	18 June 2003	**18 June 2006**	**18 June 2013**	**10.77**		**50,000**			**50,000**
					63,000	**50,000**	**-**	**-**	**113,000**
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
	18 June 2003	**18 June 2006**	**18 June 2013**	**10.77**		**200,000**			**200,000**
					261,000	**200,000**	**-**	**-**	**461,000**
Secretary									
J B Clifford	5-Jun-1996	5-Jun-1999	5-Jun-2006	2.82	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
	18 June 2003	**18 June 2006**	**18 June 2013**	**10.77**		**20,000**			**20,000**
					85,000	**20,000**	**-**	**-**	**105,000**

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 2000

Under the terms of the Sharesave Scheme offered in 2000, 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 terms of the 2000 Sharesave offer, participants could save for three, five or seven years. The three year scheme matured in May 2003.

Name	2000 Sharesave options granted at 28 February 2000	Market value at date of Grant	Options Exercised	Date of Exercise	Market value at date of Exercise	2000 Sharesave options held at 31 March 2004
Directors:						
B J Goggin	4,261	€6.07	0			4,261
Secretary:						
J B Clifford	2,233	€6.07	2,233	1 May 2003	€10.91	0

(c) Sharesave options 2003
Under the terms of the Sharesave Scheme offered in 2003, options were granted to all participating Group employees on 15 December 2003 at an option price of €7.84 in the Republic of Ireland and €8.37 in the UK per unit of Ordinary Stock. (This price was set at a discount of 25% of the then market price as permitted by the Rules in the Republic of Ireland and at a discount of 20% of the then market price permitted by the Rules in the UK). The options held under this scheme by the Directors and Secretary are set out below. Under the terms of the 2003 Sharesave offer, participants could save for three or five years. The three year scheme matures in February 2007.

Name	2003 Sharesave options granted at 15 December 2003	Market value at date of Grant	2003 Sharesave options held at 31 March 2004
Directors:			
J O'Donovan	2,653	€10.60	2,653
M D Soden	1,522	€10.60	1,522
Secretary:			
J B Clifford	1,522	€10.60	1,522

(d) Long Term Performance Stock Plan ("LTPSP")
Conditional awards of units of Ordinary Stock have been made on 21 May 2001, 26 November 2001, 24 June 2002, 18 June 2003 and 8 December 2003 to senior executives under the terms of the LTPSP. These awards do not vest in the executives unless demanding performance criteria are achieved (see description of LTPSP in Note 35 on page 83). The conditional awards of units of Ordinary Stock made to date to the executive Directors are as follows:-

	Date of Award	No. of shares conditionally held at 1 April 2003	Conditionally awarded in the year*	Vested in the year**	Retained in LTPSP Scheme***	Lapsed in the year	Potential interest in shares at 31 March 2004	Original Maturity Date	Expected Maturity Date
Directors									
B J Goggin	13 July 99				7,684		9,221	13 July 02	13 July 04
	25 May 00	15,046		13,541	13,541	1,505	16,249	25 May 03	25 May 05
	21 May 01	10,811					10,811	21 May 04	
	24 June 02	13,763					13,763	24 June 05	
		39,620		**13,541**	**21,225**	**1,505**	**50,044**		
J O'Donovan	24 June 02	10,055					10,055	24 June 05	
	18 June 03		14,058				14,058	18 June 06	
		10,055	**14,058**				**24,113**		
M D Soden	26 Nov 01	23,756					23,756	26 Nov 04	
	24 June 02	25,137					25,137	24 June 05	
	18 June 03		33,739				33,739	18 June 06	
		48,893	**33,739**				**82,632**		
Secretary									
J B Clifford	13 July 99				6,373		7,648	13 July 02	13 July 04
	25 May 00	11,362		10,226	10,226	1,136	12,271	25 May 03	25 May 05
	21 May 01	6,004					6,004	21 May 04	
	24 June 02	5,703					5,703	24 June 05	
	18 June 03		8,330				8,330	18 June 06	
		23,069	**8,330**	**10,226**	**16,599**	**1,136**	**39,956**		

* Market price at date of award €10.67.
** Market price at date of vesting €11.30.
*** Minimum of 80% of the vested stock must be retained in the scheme for an additional 2 years – see note 35 on LTPSP.

Changes in the directorate during the period

	Executive Directors	Non-executive Directors and Officers	
Number at 31 March 2003	3	10	
Changes during year		D J Dilger G M Magan	(10/07/2003) (10/07/2003)
Number at 31 March 2004	3	12	
Average number during 2003/2004 (2002/2003)	3 (2.75)	11.5 (10.8)	

Directors' pension entitlements

Set out below are details of the pension benefits earned by the Directors during the year ended 31 March 2004.

	(a) Additional pension earned in the year €000	(b) Increase in transfer value €000	(c) Accrued pension entitlement at 31 March 2004 €000
Executive Directors			
B J Goggin	39.5	551	285.4
J O'Donovan	27.9	390	126.1
M D Soden	42.9	735	91.3
Non-executive Officer			
L G Crowley	4.5	70	25.5

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 2004, 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 2004, 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 2004 Beneficial	As at 1 April 2003[1] Beneficial
Directors		
R E Bailie	3,352	1,131
R Burrows	45,981	34,536
L G Crowley	31,881	30,395
D J Dilger	2,190	2,100
D J Geaney	7,734	7,453
B J Goggin	322,784	308,036
M A Keane	1,191,332	1,191,052
R MacSharry	1,620	1,339
G M Magan	1,090	1,000
C A Marland	1,371	1,090
T J Moran	1,386	1,105
D O'Brien	301,371	201,090
J O'Donovan	27,207	3,000
M P Redmond	2,543	2,263
M D Soden	90,964	89,756
Secretary		
J B Clifford	51,450	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 2004 and 12 May 2004.

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 2004.

Transactions with Directors

The aggregate amounts outstanding and the number of persons concerned, as at 31 March 2004 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	**2004** **€**	2003 €	**2004**	2003
Loans to executive Directors on terms similar to staff loans	209,855	210,065	**1**	1
Other loans on normal commercial terms	24,417,939	27,397,372	**9**	11
Quasi-loans and credit transactions	-	-	**None**	None
	24,627,794	27,607,437		
Connected Persons				
Loans to connected persons	6,577	45,588	**1**	2
Quasi-loans and credit transactions	-	-	**None**	None
	6,577	45,588		

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 42 and 43, 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 44 to 113; the Directors have determined that it is appropriate that they continue to be prepared on a going concern basis and consider that in their preparation:-

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

The Directors have a responsibility for ensuring that proper books of account are kept which disclose with reasonable accuracy at any time the financial position of the Bank and which enable them to 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 2003, 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
Governor

Richard Burrows
Deputy Governor

Michael D Soden
Group Chief Executive

John B Clifford
Secretary

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

We have audited the accounts on pages 44 to 113. We have also audited the information on risk management and control on pages 15 to 20 and the remuneration report on pages 35 to 40.

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 41 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 2003 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 29 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 2004 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 2003 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 32 to 34 is consistent with the accounts.

In our opinion, the balance sheet of the Bank on page 48 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

12 May 2004

Group Profit and Loss Account
for the Year Ended 31 March 2004

	Notes	2004 €m	2003 €m
Interest receivable			
Interest receivable and similar income arising from debt securities		331	344
Other interest receivable and similar income	5	3,300	3,347
Interest payable	6	1,887	1,962
Net interest income		1,744	1,729
Fees and commissions receivable		1,134	1,011
Fees and commissions payable		(200)	(140)
Dealing profits	38	73	85
Contribution from the life assurance business		177	116
Other operating income	7	50	116
Total operating income		2,978	2,917
Administrative expenses	8	1,471	1,480
Depreciation and amortisation	8	183	182
Operating profit before provisions		1,324	1,255
Provision for bad and doubtful debts	17	86	100
Operating profit		1,238	1,155
Income from associated undertakings and joint ventures		29	22
Profit on ordinary activities before exceptional items		1,267	1,177
Exceptional Items	10	(97)	(164)
Profit before taxation		1,170	1,013
Taxation	11	(208)	(163)
Profit after taxation		962	850

	Notes	2004 €m	2003 €m
Profit after taxation		962	850
Minority interests : equity		13	9
: non equity		6	6
Non-cumulative preference stock dividends	12	8	9
Profit attributable to the ordinary stockholders		935	826
Transfer to capital reserve	36	62	44
Ordinary dividends	12	400	371
Profit retained for the year		473	411
Earnings per unit of €0.64 Ordinary Stock	13	97.2c	83.4c
Diluted Earnings per unit of €0.64 Ordinary Stock	13	96.6c	82.6c
Alternative Earnings per unit of €0.64 Ordinary Stock	13	106.7c	99.2c

The movement in the reserves is shown in Note 36.

The notes on pages 51 to 113 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 2004

		THE GROUP	
		2004	2003 (restated)
	Notes	€m	€m
Assets			
Cash and balances at central banks		1,397	679
Items in the course of collection from other banks		584	508
Central government and other eligible bills	14	211	175
Loans and advances to banks	15	7,753	7,480
Loans and advances to customers	16	67,540	56,887
Securitisation and loan transfers		593	794
Less: non returnable amounts		(504)	(667)
		89	127
Debt securities	18	15,676	12,337
Securitisation		243	-
Less: non returnable amounts		(224)	-
		19	-
Equity shares	19	64	38
Interests in associated undertakings	20	14	13
Interests in joint ventures			
- share of gross assets		190	63
- share of gross liabilities		(73)	(38)
- goodwill		126	-
	21	243	25
Intangible fixed assets	23	147	266
Tangible fixed assets	24	1,268	1,209
Other assets	25	3,767	3,841
Prepayments and accrued income		690	543
		99,462	84,128
Life assurance assets attributable to policyholders	26	6,969	5,175
		106,431	89,303
Liabilities			
Deposits by banks	27	17,060	12,617
Customer accounts	28	54,395	48,496
Debt securities in issue	29	12,917	9,652
Items in the course of transmission to other banks		230	136
Other liabilities	30	5,676	5,453
Accruals and deferred income		621	541
Provisions for liabilities and charges			
- deferred taxation	31	66	54
- other	32	221	189
Subordinated liabilities	33	3,682	2,703
Minority interests			
- equity		54	54
- non equity	34	76	73
Called up capital stock	35	679	679
Stock premium account	36	767	765
Capital reserve	36	498	436
Profit and loss account	36	2,281	2,099
Revaluation reserve	36	239	181
		4,464	4,160
Own shares held for the benefit of life assurance policyholder		(183)	(126)
Stockholders' funds including non equity interests		4,281	4,034
Life assurance liabilities attributable to policyholders	26	7,152	5,301
		106,431	89,303

	Notes	THE GROUP 2004 €m	2003 €m
Memorandum items			
Contingent liabilities			
Acceptances and endorsements		33	81
Guarantees and assets pledged as collateral security		1,291	1,172
Other contingent liabilities		494	508
	41	1,818	1,761
Commitments	41	25,235	19,050

The notes on pages 51 to 113 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 2004

	Notes	THE BANK 2004 €m	2003 (restated) €m
Assets			
Cash and balances at central banks		1,392	674
Items in the course of collection		584	508
Central government and other eligible bills	14	-	2
Loans and advances to banks	15	22,863	18,409
Loans and advances to customers	16	42,715	35,740
Securitisation and loan transfers		277	333
Less: non returnable amounts		(273)	(329)
		4	4
Debt securities	18	11,019	8,432
Securitisation		242	-
Less: non returnable amounts		(228)	-
		14	-
Equity shares	19	18	7
Interests in joint ventures	21	9	9
Shares in group undertakings	22	1,573	1,541
Tangible fixed assets	24	974	900
Other assets	25	1,920	2,289
Deferred taxation	31	24	27
Prepayments and accrued income		508	389
		83,617	68,931
Liabilities			
Deposits by banks	27	20,174	15,304
Customer accounts	28	42,033	36,216
Debt securities in issue	29	12,917	9,652
Items in the course of transmission		230	136
Other liabilities	30	3,329	3,759
Accruals and deferred income		317	296
Provisions for liabilities and charges			
- other	32	156	141
Subordinated liabilities	33	2,268	1,318
Called up capital stock	35	679	679
Stock premium account	36	767	765
Capital reserve	36	32	31
Profit and loss account	36	498	482
Revaluation reserve	36	217	152
Stockholders' funds including non equity interests		2,193	2,109
		83,617	68,931

	Notes	THE BANK 2004 €m	2003 €m
Contingent liabilities			
Acceptances and endorsements		33	81
Guarantees and assets pledged as collateral security		3,391	3,079
Other contingent liabilities		494	508
	41	3,918	3,668
Commitments	41	20,140	14,653

The notes on pages 51 to 113 form part of the accounts.

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

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

		THE GROUP	
		2004	2003 (restated)
Reconciliation of movement in stockholders' funds	**Notes**	**€m**	€m
At 1 April		4,034	4,200
Prior Year Adjustments arising from implementation of UITF 37		-	(123)
Profit attributable to the ordinary stockholders		935	826
Dividends	12	(400)	(371)
		4,569	4,532
Revaluation of property		59	-
Other recognised gains/(losses)		62	(346)
Re-issue of treasury stock under employee stock scheme	35, 36	25	6
Ordinary stock buyback and held as Treasury stock	35, 36	(377)	(133)
Goodwill written back on disposal of subsidiary		-	5
Movement in cost of own shares held for benefit of Life Assurance policyholders		(57)	(30)
At 31 March		4,281	4,034
Stockholders' funds:			
Equity		4,215	3,969
Non equity		66	65
		4,281	4,034

		THE GROUP	
		2004	2003
Statement of total recognised gains and losses	**Notes**	**€m**	€m
Profit attributable to the ordinary stockholders		935	826
Exchange adjustments	35, 36	62	(346)
Revaluation of property		59	-
Total recognised gains for the year		1,056	480

The notes on pages 51 to 113 form part of the accounts.

Laurence G Crowley
Governor

Richard Burrows
Deputy Governor

Michael D Soden
Group Chief Executive

John Clifford
Secretary

Group Cash Flow Statement
for the Year Ended 31 March 2004

	Notes	THE GROUP 2004 €m	2003 €m
Net cash flow from operating activities	43	3,664	1,109
Dividend received from joint venture		7	-
Returns on investment and servicing of finance	43	(190)	(181)
Taxation		(201)	(180)
Capital expenditure and financial investment	43	(2,875)	(1,367)
Acquisitions and disposals	43	(179)	(172)
Equity dividends paid		(381)	(349)
Financing	43	609	205
Increase/(decrease) in cash in the year		454	(935)

The notes on pages 51 to 113 form part of the accounts.

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

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements on pages 44 to 113 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 2003 and the European Communities (Credit Institutions: Accounts) Regulations, 1992 and with applicable accounting standards. The accounts are drawn up in euro (€) and except where otherwise indicated are expressed in millions. Costs, assets and liabilities are inclusive of irrecoverable value added taxes, where appropriate. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The Group has adopted the transitional arrangements for FRS 17, "Post Retirement Benefits" and the related disclosures are detailed in Note 37.

1.2 Change in Accounting Policy

A change was undertaken to capitalise procurement fees and amortise these costs in line with the actual product life, which is being adopted on a prospective basis for sales from 1 April 2003; the effect in the Group profit and loss account is a gain of €22m in the year to 31 March 2004. The comparatives were not restated as the amounts were not material.

UITF Abstract 37 "Purchases and Sales of Own Shares" was issued on 28 October 2003 and is effective for accounting periods ending on or after 23 December 2003. "Own Shares", previously shown as an asset are now included as a deduction from equity in arriving at Stockholders Funds. As a consequence the financial statements at 31 March 2003 have been restated leading to a decrease in the opening balance of stockholders' funds of €123m. No profits or losses are recognised in respect of dealings in Bank of Ireland shares. As permitted under Irish legislation, Bank of Ireland Life, the principal life assurance subsidiary of the group, holds for the benefit of its policyholders shares in Bank of Ireland Group. However, under the UITF Abstract these shares are required to be treated as though they were purchased by the company for its own benefit and treated as treasury shares.

As required by the UITF Abstract, the cost of the shares at 31 March 2004 has been deducted from stockholders funds. This deduction is presented as a separate line on the balance sheet. As a consequence, the related liabilities have been restated and no profit and loss impact arises.

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 2004		31 March 2003	
	Closing	**Average**	Closing	Average
€/US$	1.2224	1.1796	1.0895	1.0051
€/Stg£	0.6659	0.6926	0.6896	0.6460

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

1.8 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. When an investment security is sold prior to maturity, profits and losses are recognised when realised and included in other operating income.

Other Securities
Other securities and other equity shares 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 derivatives fair value must be highly correlated with changes in the fair value of the underlying hedged item for the entire life of the contract.

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

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

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

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

1.13 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 taxation 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.

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 and unamortised goodwill arising on the acquisition of the interest 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 26, 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. Own shares held for the benefit of policy holders are accounted for in accordance with UITF 37 as described in note 1.2. Investments held within the long-term business funds are set out in Note 26. Property is valued at open market value as determined by independent professional advisors every year, while securities are valued at mid-market value.

1.19 Stock Based Compensation

Where shares are awarded, 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. Where conditional awards are dependent on performance criteria, the cost is spread over the performance period.

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.

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 seven business classes. The analysis of results by business class is based on management accounts information. The analysis for 2003 has been restated to account for Private Banking changing to Retail Republic of Ireland from Wholesale Financial Services and Isle of Man changing from Wholesale Financial Services to UK Financial Services. Net assets are included below in order to comply with SSAP 25 and reflect the adjustments as outlined in UITF 37 and described in Note 1.2.

The segmental allocation of liabilities necessitates the allocation of capital on a risk related basis which is in some cases necessarily subjective. The Directors believe that it is more meaningful to analyse total assets and the result of this analysis is therefore also included in the tables.

(a) Geographical segment

	2004			
	Republic of Ireland €m	**United Kingdom €m**	**Rest of World €m**	**Total €m**
Turnover	2,658	2,283	153	5,094
Profit before exceptional items	936	340	41	1,317
Exceptional items				(97)
Grossing up [(1)]				(50)
Profit before taxation				1,170
Net assets	2,422	1,399	460	4,281
Total assets [(2)]	91,249	52,158	2,410	145,817

	2003 (restated)			
	Republic of Ireland €m	United Kingdom €m	Rest of World €m	Total (restated) €m
Turnover	2,621	2,272	148	5,041
Profit before exceptional item	869	319	43	1,231
Exceptional item				(164)
Grossing up [(1)]				(54)
Profit before taxation				1,013
Net assets	2,212	1,448	374	4,034
Total assets [(2)]	71,035	38,941	2,224	112,200

2 SEGMENTAL ANALYSIS (continued)

(b) Business class

	Retail Republic of Ireland €m	BOI Life €m	Wholesale Financial Services €m	UK Financial Services €m	Asset Management Services €m	UK Post Office Joint Venture €m	Group and Central €m	Total €m
2004								
Net interest income	909	-	292	601	3	-	(26)	1,779
Other income	289	147	298	246	258	-	11	1,249
Total operating income	1,198	147	590	847	261	-	(15)	3,028
Administrative expenses	724	-	221	472	136	-	101	1,654
Provision for bad and doubtful debts	53	-	31	2	-	-	-	86
Operating Profit	421	147	338	373	125	-	(116)	1,288
Income from associated undertakings and joint ventures	(2)	-	33	-	-	(3)	1	29
Profit before exceptional items	419	147	371	373	125	(3)	(115)	1,317
Exceptional items								(97)
Grossing up (1)								(50)
Profit before taxation								1,170
Net assets	1,210	95	697	1,483	369	-	427	4,281
Total assets (2)	36,324	7,401	60,328	38,716	1,606	-	10,110	154,485
Total Risk Weighted Assets	18,922	-	20,893	22,828	149	-	569	63,361

	Retail Republic of Ireland €m	BOI Life €m	Wholesale Financial Services €m	UK Financial Services €m	Asset Management Services €m	UK Post Office Joint Venture €m	Group and Central €m	Total €m
2003 (restated)								
Net interest income	861	-	261	628	5	-	1	1,756
Other income	272	87	317	275	233	-	31	1,215
Total operating income	1,133	87	578	903	238	-	32	2,971
Administrative expenses	687	-	213	523	125	-	114	1,662
Provision for bad and doubtful debts	54	-	25	21	-	-	-	100
Operating Profit	392	87	340	359	113	-	(82)	1,209
Income from associated undertakings and joint ventures	(2)	-	27	-	-	-	(3)	22
Profit before exceptional item	390	87	367	359	113	-	(85)	1,231
Exceptional items								(164)
Grossing up(1)								(54)
Profit before taxation								1,013
Net assets	1,092	88	562	1,481	344	-	467	4,034
Total assets (2)	29,261	5,728	50,530	32,841	1,611	-	7,416	127,387
Total Risk Weighted Assets	15,564	-	18,986	19,512	143	-	422	54,627

2 SEGMENTAL ANALYSIS (continued)

(1) The Group undertakes tax based transactions at rates which differ from normal market rates in return for tax relief arising from various incentives and 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 €39,386m (2003: €22,897m) in geographic segments and €48,054m (2003: €38,084m) in business class.

3 ACQUISITION - CURRENT YEAR

On 3 April 2003, Bank of Ireland announced that its wholly owned subsidiary, First Rate Acquisitions Inc. acquired a 100% interest in Foreign Currency Exchange Corp ("FCEC") for a consideration of US$11.4m (€10.7m).

As analysed below, the acquisition gave rise to goodwill of US$8.6m (€8.0m), which has been capitalised and will be written off to the profit and loss account over its useful estimated life of 20 years.

	US$m	€m
Debtors	1.5	1.4
Cash at Bank and in Hand	3.7	3.5
Tangible Fixed Assets	0.4	0.4
Creditors Due Within One Year	(2.1)	(2.0)
Other Liabilities	(0.1)	(0.1)
Net Assets Acquired	3.4	3.2
Goodwill	8.6	8.0
	12.0	11.2
Consideration	11.4	10.7
Costs of Acquisition	0.6	0.5
	12.0	11.2

There were no fair value adjustments to the Balance Sheet of FCEC at 2 April 2003.

The profit before tax for FCEC for the period 1 January 2003 to 2 April 2003 was US$0 (€0) (year ended 31 December 2002: US$0.3m (€0.3m)).

A summarised profit and loss account for the period from 3 April 2003 to 31 March 2004 is as follows:

	US$m	€m
Income	4.6	3.9
Operating expenses including exceptional items and goodwill amortisation	(5.0)	(4.2)
Operating loss including exceptional items and goodwill amortisation	(0.4)	(0.3)

4 ACQUISITION - PRIOR YEAR

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.

4 ACQUISITION - PRIOR YEAR (continued)

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).

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.

5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	THE GROUP	
	2004	2003
	€m	€m
Loans and advances to banks	227	208
Loans and advances to customers	2,858	2,922
Finance leasing	119	129
Instalment credit	96	88
	3,300	3,347

6 INTEREST PAYABLE

	THE GROUP	
	2004	2003
	€m	€m
Interest on subordinated liabilities	177	156
Other interest payable	1,710	1,806
	1,887	1,962

7 OTHER OPERATING INCOME

	Note	THE GROUP 2004 €m	2003 €m
(Loss)/Profit on disposal of investment securities		(2)	5
Profit on disposal of tangible fixed assets		20	37
Profit on disposal of leases		-	21
Securitisation servicing fees	16	6	9
Other income		26	44
		50	116

8 OPERATING EXPENSES

	Note	THE GROUP 2004 €m	2003 €m
Staff Costs:			
- wages and salaries		817	821
- social security costs		72	67
- pension costs		60	57
- staff stock issue		13	9
- severance packages		3	1
		965	955
Operating lease rentals:			
- property		46	34
- equipment		2	1
Other administrative expenses		458	490
Total administrative expenses		1,471	1,480
Depreciation and amortisation:			
- freehold and leasehold property	24	18	18
- computer and other equipment	24	146	141
- amortisation of goodwill	23	19	23
Total depreciation and amortisation		183	182
Total operating expenses		1,654	1,662

Details of Directors' remuneration are set out in the Remuneration Report on pages 35 to 40.

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 2004 the charge represents 2½% of eligible employees' basic salary (2003: 2%).

8 OPERATING EXPENSES (continued)

Auditors' remuneration (including VAT)	Notes	ROI €m	2004 Overseas(i) €m	Total €m	2003 Total €m
Audit and assurance services					
Statutory audit (including expenses)		1.7	1.1	2.8	2.2
Other audit and assurance services	(ii)	1.4	0.3	1.7	2.7
		3.1	1.4	4.5	4.9
Other services					
Transaction services	(iii)	-	-	-	0.9
Taxation services		1.7	2.1	3.8	2.8
Consultancy		-	-	-	0.5
Other services		0.7	0.1	0.8	0.0
		2.4	2.2	4.6	4.2
Total		5.5	3.6	9.1	9.1

The Group 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) 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.

(iii) 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.

9 EMPLOYEE INFORMATION

In the year ended 31 March 2004 the average full time equivalents was 17,584 (2003: 18,214) and categorised as follows in line with the business classes as stated in Note 2 on page 55.

	2004	2003 (restated)
Retail Republic of Ireland	7,813	7,806
BOI Life	1,066	1,111
Wholesale Financial Services	1,349	1,234
UK Financial Services	5,298	5,633
Asset Management Services	652	673
UK Post Office Joint Venture	10	-
Group and Central	1,396	1,757
	17,584	18,214

The staff costs in Note 8 are exclusive of staff costs relating to the life assurance business. The contribution from the life assurance business shown in the Group Profit & Loss account on page 44 is net of these staff costs.

10 EXCEPTIONAL ITEMS

In the year ending 31 March 2004, the exceptional items represent the following:

- the net proceeds of €36 million on the sale of our share in the alliance between Bank of Ireland Securities Services and State Street Bank,
- the write-off of the remainder of the goodwill associated with Chase de Vere of €93 million together with some provisions of €22 million for the impairment of certain assets in the IFA business.
- additional costs of €4 million incurred in relation to restructuring undertaken in previous years.
- implementation costs of €14 million associated with the UKFS Business Improvement Programme.

11 TAXATION

	THE GROUP	
	2004	2003
	€m	€m
Current Tax		
Irish Corporation tax		
Current year	141	108
Prior years	8	17
Double taxation relief	(19)	(16)
Foreign tax		
Current year	70	69
Prior years	(14)	(13)
	186	165
Deferred Tax		
Origination and reversal of timing differences	13	(11)
Share of associated undertakings and joint ventures	9	9
	208	163

The tax charge for the year, at an effective rate of 17.8% (2003: 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 levy on certain financial institutions in the Republic of Ireland.

	2004	2003
	€m	€m
The deferred taxation credit/charge arises from:		
Leased assets	(2)	9
Own assets	7	(2)
Short term timing differences	8	(18)
	13	(11)

11 TAXATION (continued)

The reconciliation of current tax on profit on ordinary activities at the standard Irish Corporation tax rate to the Group's actual current tax charge for the years ended 31 March 2004 and 2003 is shown as follows:

	2004 €m	2003 €m
Profit on ordinary activities before tax multiplied by the weighted standard rate of Corporate tax in Ireland of 12.5% (2003: 15.125%)	146	153
Effects of:		
Expenses not deductible for tax purposes	8	5
Levy on certain financial institutions	26	7
Foreign earnings subject to different rates of tax	39	15
Non-deductible goodwill impairment	30	33
Tax exempted income and income at a reduced Irish tax rate	(44)	(63)
Capital allowances in excess of depreciation	(5)	(7)
Other deferred tax timing differences	(8)	18
Prior year adjustments	(6)	4
Current tax charge	186	165

12 DIVIDENDS

	THE BANK	
	2004 €m	2003 €m
Equity Stock:		
2004		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 14.8c	143	
Proposed final dividend 26.6c	257	
2003		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 13.2c		133
Proposed final dividend 23.8c		238
	400	371

	2004 €m	2003 €m
Non Equity Stock:		
2004		
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	3	
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
	8	9

13 EARNINGS PER UNIT OF €0.64 ORDINARY STOCK

a) Basic

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 excluding Treasury Stock and own shares held for the benefit of life assurance policyholders.

	2004	2003 (restated)
Profit attributable to Ordinary Stockholders	€935m	€826m
Weighted average number of shares in issue excluding own shares held for the benefit of life assurance policyholders	961m	991m
Basic earnings per share	97.2c	83.4c

b) Diluted

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 excluding own shares held for the benefit of life assurance policyholders adjusted for the effect of all dilutive potential Ordinary Stock.

	2004	2003 (restated)
Profit attributable to Ordinary Stockholders	€935m	€826m
Weighted average number of shares in issue excluding own shares held	961m	991m
Effect of all dilutive potential Ordinary Stock	7m	10m
	968m	1,001m
Diluted earnings per share	96.6c	82.6c

c) Alternative

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 divided by the weighted average Ordinary Stock in issue. Under accounting standards shares of Bank of Ireland held by the Group's life assurance subsidiary are required to be deducted from the total number of shares in issue when calculating EPS. These shares are held for the benefit of policyholders and have been included in the weighted average number of shares for the purposes of calculating alternative earnings per share.

	2004	2003 (restated)
Basic	97.2c	83.4c
Own shares held for benefit of life assurance policyholders	(2.1c)	(1.7c)
Goodwill amortisation	1.6c	2.0c
Exceptional items	10.0c	15.5c
Alternative earnings per share	106.7c	99.2c
Weighted average number of shares in issue excluding own shares held for the benefit of life assurance policyholders	961m	991m
Weighted average ordinary shares held for the benefit of life assurance policyholders	19m	17m
Weighted average ordinary shares in issue including own shares for the benefit of life assurance policyholders	980m	1,008m

14 CENTRAL GOVERNMENT AND OTHER ELIGIBLE BILLS

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Investment securities				
- government bills and similar securities	7	7	-	-
Other securities				
- government bills and similar securities	204	168	-	2
	211	175	-	2

15 LOANS AND ADVANCES TO BANKS

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Funds placed with Central Bank of Ireland	114	111	68	63
Funds placed with other central banks	47	39	16	14
Funds placed with other banks	7,592	7,330	22,779	18,332
	7,753	7,480	22,863	18,409
Repayable on demand	482	745	903	865
Other loans and advances to banks by remaining maturity				
- 3 months or less	3,627	5,629	19,015	16,274
- 1 year or less but over 3 months	2,826	1,046	2,909	1,233
- 5 years or less but over 1 year	787	35	35	37
- over 5 years	31	25	1	-
	7,753	7,480	22,863	18,409

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

Amounts include:				
Due from group undertakings				
- unsubordinated			16,183	11,127

16 LOANS AND ADVANCES TO CUSTOMERS

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
(a) Loans and advances to customers				
Loans and advances to customers	63,876	53,946	41,916	34,982
Loans and advances to customers – finance leases	2,593	2,226	575	566
Hire purchase receivables	1,543	1,195	542	512
	68,012	57,367	43,033	36,060
Provision for bad and doubtful debts (see note 17)	(472)	(480)	(318)	(320)
	67,540	56,887	42,715	35,740
Repayable on demand	2,413	2,458	4,916	3,490
Other loans and advances to customers by remaining maturity				
- 3 months or less	2,142	2,373	6,965	8,231
- 1 year or less but over 3 months	5,425	4,036	4,997	3,843
- 5 years or less but over 1 year	16,295	12,537	11,828	8,903
- over 5 years	41,737	35,963	14,327	11,593
	68,012	57,367	43,033	36,060
Amounts include:				
Due from group undertakings				
- unsubordinated			11,969	10,262

The loans accounted for on a non-accrual basis at 31 March amounted to €179m (2003: €141m) and the provisions thereon amounted to €99m (2003: €88m).

(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),	Residential	Consolidated	150
1993	Residential Property Securities No. 3 plc (RPS3)	(i),(ii)	Residential	Linked	375
1994	Residential Property Securities No. 4 plc (RPS4)	(i),(iii)	Residential	Linked	751
1997	Residential Property Securities No. 5 plc (RPS5)	(i),(iii)	Residential	Linked	451
2000	Liberator Securities No. 1 plc	(iv)	Residential	Linked	500
2000	Shipshape Residential Mortgages No. 1 plc (SS1)	(v)	Residential	Linked	451

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. 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.

16 LOANS AND ADVANCES TO CUSTOMERS (continued)

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) On 27 June 2003 the Group exercised its option to repurchase the remaining mortgages outstanding on Residential Property Securities no. 3 plc. The balances on these mortgages had reduced to £25m at the time of repurchase.
On 28 November 2003 the Group exercised its option to repurchase the remaining mortgages outstanding on the private placement of £100m made in 1993. The balances on these mortgages had reduced to £10m at the time of repurchase.

(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 2003 and is registered and operates in the Republic of Ireland.

(v) 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 2004 for RPS3, RPS4, RPS5, Liberator Securities No 1 and SS1 is set out below:

	2004 €m	2003 €m
Interest receivable	32	51
Interest payable	(25)	(41)
Fee income	1	1
Deposit income	-	1
Operating expenses	(2)	(3)
Profit for the financial period	6	9

(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% (2003: 53%) of the total loans and advances to customers, 35% (2003: 33%) of the loans and advances in the Republic of Ireland and 71% (2003: 73%) in the United Kingdom.

(d) Leasing and hire purchase

	THE GROUP		THE BANK	
	2004 €m	2003 €m	**2004 €m**	2003 €m
Amount receivable by remaining maturity				
- within 1 year	1,331	948	651	611
- 5 years or less but over 1 year	1,885	1,430	432	428
- over 5 years	920	1,043	34	39
	4,136	3,421	1,117	1,078

The cost of assets acquired for finance leases and hire purchase contracts, net of grants received or receivable, amounted to €2,382m (2003: €1,029m).

Aggregate amounts receivable including capital repayments during the year in respect of finance leases and hire purchase contracts amounted to €1,135m (2003: €1,183m).

17 PROVISION FOR BAD AND DOUBTFUL DEBTS

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
At 1 April	480	500	320	360
Exchange adjustments	7	(30)	4	(18)
Charge against profits	86	100	54	47
Amounts written off	(114)	(96)	(70)	(73)
Recoveries	13	6	10	4
At 31 March	472	480	318	320
All of which relates to loans and advances to customers				
Provisions at 31 March				
- specific	191	170	141	116
- general	281	310	177	204
	472	480	318	320

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 €180m (2003: €175m) and a non designated element, for prudential purposes of €101m (2003: €135m). The non designated element is available for offset, in certain pre-defined circumstances, against specific loan losses as they crystallise.

18 DEBT SECURITIES

	THE GROUP			
	At 31 March 2004			
	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Issued by public bodies				
Investment securities				
- government securities	881	34	-	915
Other securities				
- government securities	4,174			4,174
- other public sector securities	-			-
	4,174			4,174
Issued by other issuers				
Investment securities				
- bank and building society certificates of deposit	811	-	-	811
- other debt securities	9,461	92	(46)	9,507
	10,272	92	(46)	10,318
Other securities				
- bank and building society certificates of deposit	-			-
- other debt securities	349			349
	349			349
	15,676	126	(46)	15,756

	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

18 DEBT SECURITIES (continued)

THE BANK

At 31 March 2004	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Issued by public bodies				
Investment securities				
- government securities	879	34	-	913
	879	34	-	913
Other securities				
- government securities	3,259			3,259
Issued by other issuers	3,259			3,259
Investment securities				
- bank and building society certificates of deposit	811	-	-	811
- other debt securities	5,816	74	(4)	5,886
	6,627	74	(4)	6,697
Other securities				
- bank and building society certificates of deposit	-			-
- other debt securities	254			254
	254			254
	11,019	108	(4)	11,123

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

18 DEBT SECURITIES (continued)

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Investment securities				
- listed	7,703	7,316	5,390	5,090
- unlisted	3,450	1,324	2,116	345
	11,153	8,640	7,506	5,435
Other securities				
- listed	4,349	3,330	3,425	2,695
- unlisted	174	367	88	302
	4,523	3,697	3,513	2,997
Unamortised premiums and (discounts) on investment securities	13	7	13	7

Income from listed and unlisted investments amounted to €331m (2003: €344m).

	THE GROUP		
Investment securities' movements	**Cost €m**	**Discount/ (Premium) €m**	**Carrying Value €m**
At 1 April 2003	8,685	(45)	8,640
Exchange adjustments	(195)	-	(195)
Acquisitions	6,507	-	6,507
Disposals and redemptions	(3,785)	-	(3,785)
Amortisation	-	(14)	(14)
At 31 March 2004	11,212	(59)	11,153

18 DEBT SECURITIES (continued)

Investment securities' movements	THE BANK Cost €m	Discount/ (Premium) €m	Carrying Value €m
At 1 April 2003	5,480	(45)	5,435
Exchange adjustments	(105)	-	(105)
Acquisitions	4,929	-	4,929
Disposals and redemptions	(2,739)	-	(2,739)
Amortisation	-	(14)	(14)
At 31 March 2004	7,565	(59)	7,506

	THE GROUP		THE BANK	
	2004 €m	2003 €m	**2004 €m**	2003 €m
Analysed by remaining maturity:				
Due within one year	4,371	2,601	3,950	2,276
Due one year and over	11,305	9,736	7,069	6,156
	15,676	12,337	11,019	8,432

The valuation of unlisted securities is based on the Directors' estimate. The cost of other securities is not disclosed as its determination is not practicable. Debt securities includes securities which are subject to sale and repurchase agreements of €2,489m (2003: €3,182m).

Debt securities with a market value of €6,460m (2003: €4,165m) were pledged as collateral to cover settlement risk for securities' transactions.

Securitisation

The Group has sold a pool of leveraged acquisition finance loan assets to Partholon CDO 1 plc ("Partholon"), which is incorporated under the Irish Companies Acts, 1963 to 2003 and is registered and operates in the Republic of Ireland. Partholon has issued a series of loan notes to finance this purchase. The Group holds 25% of the subordinated loan notes but does not own, directly or indirectly, any of the share capital of Partholon, which is owned by a charitable trust. The Group also holds €5m of AAA-rated loan notes in Partholon, which it intends to hold until maturity.

Under the terms of separate agreements the Group manages the assets of Partholon, including identification of additional assets for acquisition, for which it receives fees.

The market value at the date of sale of the assets sold to Partholon was €243m and they are disclosed by way of linked presentation on the Bank Balance Sheet and Group Balance Sheet. The Group is not obliged, nor intends to support any losses in respect of the assets of Partholon. Repayment of the loan notes issued by Partholon will be made solely from the cashflows generated by its pool of assets. This is clearly stated in the agreements with the holders of the loan notes. The proceeds generated by the acquired assets will be used to pay interest and capital on the loan notes and any other administrative expenses and taxation.

	THE GROUP €m	THE BANK €m
Securitisation and loan transfers	243	242
Less: non-returnable amounts	224	228
	19	14

19 EQUITY SHARES

	THE GROUP	THE BANK
	€m	€m
At 1 April 2003	38	7
Net increase during the year	26	11
At 31 March 2004	64	18

20 INTERESTS IN ASSOCIATED UNDERTAKINGS

	THE GROUP	
	2004 €m	2003 €m
At 1 April	13	16
Increase in investments	4	3
Decrease in investments	(1)	-
Retained losses	(2)	(2)
Transfer to Joint Ventures	-	(4)
At 31 March	14	13

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.

21 INTERESTS IN JOINT VENTURES

	THE GROUP	
	2004 €m	2003 €m
At 1 April	25	4
Acquisitions	156	2
Payment for Post Office Joint Venture Brand	44	-
Retained profits	15	16
Exchange adjustments	3	(1)
Transfer from associated undertakings	-	4
At 31 March	243	25
The Bank		
At 31 March	9	9

On 19 March 2004 Bank of Ireland UK Holdings plc signed the contract to acquire a 50.01% holding in the entity, Midasgrange Limited (trading as Post Office Financial Services), to sell financial products through the Post Office distribution network for a consideration of €149m (£100m). The remaining 49.99% holding is owned by Post Office Limited. The joint venture equity is being managed jointly by both parties according to the shareholder agreement and as such is currently being accounted for as a joint venture using the gross equity method.

As analysed below the acquisition gave rise to goodwill of €81m (£55m) which has been capitalised and will be written off to the profit and loss account over its useful estimated life of 10 years. An amount of €0.2m (£0.2m) was written off for the period through to the year end.

An additional payment was made of €44m (Stg£29m) to the UK Post Office for the use of the Post Office Brand in connection with the business of the joint venture. This is considered to be part of the goodwill arising on the Group's investment and will be written off to the profit and loss account over its useful estimated life of 10 years.

21 INTERESTS IN JOINT VENTURES (continued)

Share of net assets acquired	2004 €m	2004 £m
Cash at bank and in hand	75	50
Goodwill	81	55
	156	105
Consideration	149	100
Costs of Acquisition	7	5
	156	105

There were no fair value adjustments to the balance sheet of Midasgrange Limited (trading as Post Office Financial Services) on 18 March 2004.

22 SHARES IN GROUP UNDERTAKINGS

	THE BANK €m
At 1 April 2003	1,541
Exchange adjustments	26
Net increase in investments	6
At 31 March 2004	1,573
Group undertakings	
- Credit Institutions	119
- Others	1,454
	1,573

The principal group undertakings at 31 March 2004 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 121 to 124.

22 SHARES IN GROUP UNDERTAKINGS (continued)

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 2004.

23 INTANGIBLE FIXED ASSETS

	THE GROUP	
	2004	2003
Goodwill	**€m**	€m
Cost		
At 1 April	423	293
Goodwill arising on acquisitions during the year	11	186
Exchange adjustments	(10)	(48)
Goodwill written back on disposals	-	(8)
At 31 March	424	423
Amortisation		
At 1 April	157	22
Charge for year	19	23
Impairment (see note 10)	93	124
Exchange adjustments	8	(12)
At 31 March	277	157
Net Book Value	147	266

24 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 2003	509	24	89	1,186	12	186	2,006
Exchange adjustments	4	-	-	9	-	-	13
Additions	9	-	20	104	-	82	215
Disposals	(33)	-	(10)	(99)	(2)	-	(144)
Reclassifications	2	(2)	-	172	-	(172)	-
Revaluations	42	(3)	(18)	-	-	-	21
At 31 March 2004	533	19	81	1,372	10	96	2,111
Accumulated depreciation and amortisation							
At 1 April 2003	13	-	18	758	8	-	797
Exchange adjustments	-	-	-	10	-	-	10
Disposals	(3)	-	(1)	(84)	(2)	-	(90)
Charge for year	9	-	9	146	-	-	164
Revaluations	(19)	-	(19)	-	-	-	(38)
At 31 March 2004	-	-	7	830	6	-	843
Net book value							
At 31 March 2004	533	19	74	542	4	96	1,268
At 31 March 2003	496	24	71	428	4	186	1,209

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 2003	360	-	67	890	7	184	1,508
Exchange adjustments	1	-	-	4	-	-	5
Reclassifications	-	-	-	171	-	(171)	-
Revaluations	53	-	(18)	-	-	-	35
Additions	8	-	5	81	-	68	162
Disposals	(23)	-	(3)	(76)	(2)	-	(104)
At 31 March 2004	399	-	51	1,070	5	81	1,606
Accumulated depreciation and amortisation							
At 1 April 2003	11	-	10	580	7	-	608
Exchange adjustments	-	-	-	3	-	-	3
Revaluations	(18)	-	(13)	-	-	-	(31)
Disposals	(2)	-	-	(67)	(2)	-	(71)
Charge for year	9	-	5	109	-	-	123
At 31 March 2004	-	-	2	625	5	-	632
Net book value							
At 31 March 2004	399	-	49	445	-	81	974
At 31 March 2003	349	-	57	310	-	184	900

24 TANGIBLE FIXED ASSETS (continued)

Property and Equipment

A revaluation of all Group property 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.

A revaluation on fixed assets was carried out for the year end 31 March 2004 by external valuers Jones Lang LaSalle and the Bank's professionally qualified staff, in line with the Group policy to have an interim revaluation in year 3.

As at 31 March 2004 on a historical cost basis the cost of group property would have been included at €412m (2003: €426m) less accumulated depreciation €104m (2003: €86m). The Group occupies properties with a net book value of €597m (2003: €559m) in the course of carrying out its own activities.

In the year to 31 March 2004 salary and other costs of €67m (2002: €116m) incurred on computer software development and other projects have been capitalised. This expenditure when operational is depreciated in equal annual instalments over its estimated useful life, ranging between five and ten years.

	THE GROUP		THE BANK	
	2004 €m	2003 €m	**2004 €m**	2003 €m
Tangible fixed assets leased	27	31	-	-

	THE GROUP		THE BANK	
Future capital expenditure	**2004 €m**	2003 €m	**2004 €m**	2003 €m
- contracted but not provided in the accounts	11	14	5	13
- authorised by the Directors but not contracted	4	7	4	7

Rentals payable in 2004 under non-cancellable operating leases amounted to €54m (2003: €53m). Of this amount €1m (2003: €6m) relates to leases expiring within one year, €14m (2003: €7m) relates to leases expiring in two to five years and €39m (2003: €40m) relates to leases expiring after five years, split between property €54m and equipment €nil.

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

Year ended 31 March	**Payable €m**	**Receivable €m**
2005	54	3
2006	53	3
2007	52	3
2008	52	3
2009	46	2
Thereafter	656	8

The obligations under finance leases amount to €2.8m (2003: €3.7m) of which €0.7m (2003: €0.6m) is due within one year, €2.1m (2003: €3.1m) is due after more than one year but within five years and nil (2003: nil) is due after five years.

25 OTHER ASSETS

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Sundry debtors	1,492	1,373	239	381
Foreign exchange and interest rate contracts	1,663	1,897	1,676	1,904
Value of life assurance business in force	573	494	-	-
Other	39	77	5	4
	3,767	3,841	1,920	2,289

26 LIFE ASSURANCE BUSINESS

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

	2004	2003
	€m	€m
Long Term Assurance Business		
Net tangible assets of life companies including surplus	329	254
Value of life assurance business in force	573	494
	902	748
Increase in net tangible assets of life companies including surplus	75	48
Increase in value of life assurance business in force	79	51
Profit after tax	154	99

The net assets above of €902m is before payment of dividend, €50m to the Governor and Company of the Bank of Ireland and other capital movements €(2)m in relation to property revaluation.

The life assurance assets attributable to policyholders consist of:	**2004**	2003
	€m	€m
Property	430	373
Fixed interest securities	1,378	1,426
Other securities	4,578	3,071
Bank balances and cash	574	430
Income receivable	49	46
Other assets	200	36
Other liabilities	(13)	(40)
	7,196	5,342
Less Bank of Ireland shares held for the benefit of policyholders (see note 1.2)	(227)	(167)
	6,969	5,175

Value of in-force business

The principal assumptions used in the calculation of shareholders' value of in-force business are:	**2004**	2003
Risk adjusted discount rate (net of tax)	8%	10%
Investment returns on unit linked assets	6.0%	6.5%
- Equities and property	7.0%	7.5%
- Government fixed interest	4.5%	4.5%
Shareholder taxation	12.5%	12.5%

26 LIFE ASSURANCE BUSINESS (continued)

Mortality Rates	Based on actual experience
Lapse Rates	Based on actual experience on each block of business.
Asset Values	The value of unit-linked assets used to project future management charges is based on actual market values. Assets supporting the solvency margin are 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.
- 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 2004 and 2003.

	Life €m	Individual Pensions €m	Group Contracts €m	Total €m
Gross Premiums Written – 2004				
Recurring premiums	408	297	14	719
Single premiums	393	280	46	719
Non-life single premiums	155	0	0	155
Total gross premiums written	956	577	60	1,593
Gross Premiums Written – 2003				
Recurring premiums	426	262	26	714
Single premiums	307	211	42	560
Non-life single premiums	239	0	0	239
Total gross premiums written	972	473	68	1,513
Gross New Business Premiums Written – 2004				
Recurring premiums	52	124	0	176
Single premiums	393	280	46	719
Non-life single premiums	155	0	0	155
Total gross new business written	600	404	46	1,050
Gross New Business Premiums Written - 2003				
Recurring premiums	119	99	0	218
Single premiums	307	211	42	560
Non-life single premiums	239	0	0	239
Total gross new business written	665	310	42	1,017

27 DEPOSITS BY BANKS

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Deposits by Banks	17,060	12,617	20,174	15,304
Repayable on demand	3,591	3,908	5,121	4,501
Other deposits by remaining maturity				
- 3 months or less	11,824	7,289	12,952	8,203
- 1 year or less but over 3 months	1,175	1,082	1,453	1,477
- 5 years or less but over 1 year	324	318	480	1,100
- over 5 years	146	20	168	23
	17,060	12,617	20,174	15,304
Amounts include:				
Due to group undertakings			3,232	3,099

28 CUSTOMER ACCOUNTS

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Current accounts	11,259	9,646	13,706	12,149
Demand deposits	21,390	20,072	14,463	12,742
Term deposits and other products	21,098	18,331	13,309	10,861
Other short-term borrowings	648	447	555	464
	54,395	48,496	42,033	36,216
Repayable on demand	29,929	29,496	23,856	22,439
Other deposits with agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less	15,551	12,443	13,078	9,101
- 1 year or less but over 3 months	3,017	2,223	1,220	2,003
- 5 years or less but over 1 year	4,877	3,668	2,313	1,476
- over 5 years	1,021	666	1,566	1,197
	54,395	48,496	42,033	36,216
Amounts include:				
Due to group undertakings			2,488	2,533

29 DEBT SECURITIES IN ISSUE

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Bonds and medium term notes by remaining maturity				
- 3 months or less	338	520	338	520
- 1 year or less but over 3 months	1,303	618	1,303	618
- 5 years or less but over 1 year	3,876	3,215	3,876	3,215
Other debt securities in issue by remaining maturity				
- 3 months or less	5,744	4,179	5,744	4,179
- 1 year or less but over 3 months	1,655	1,120	1,655	1,120
- 5 years or less but over 1 year	1	-	1	-
	12,917	9,652	12,917	9,652

30 OTHER LIABILITIES

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Current taxation	85	126	40	60
Notes in circulation	761	683	760	683
Foreign exchange and interest rate contracts	1,686	2,016	1,702	2,033
Sundry creditors	1,452	1,340	389	626
Other	1,435	1,050	181	119
Dividends	257	238	257	238
	5,676	5,453	3,329	3,759

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

31 DEFERRED TAXATION

	THE GROUP		THE BANK	
	2004	2003	**2004**	2003
	€m	€m	**€m**	€m
Taxation treatment of capital allowances:				
- finance leases	103	104	8	9
- equipment used by group	14	8	18	13
Other short term timing differences	(51)	(58)	(50)	(49)
	66	54	(24)	(27)
At 1 April 2003	54	89	(27)	(11)
Exchange adjustments	(1)	2	-	-
Charge for year	13	(11)	3	(3)
Disposals	-	(27)	-	(16)
Other movements	-	1	-	3
At 31 March 2004	66	54	(24)	(27)

No provision is made for deferred tax on capital gains which might arise on the disposal of properties at their balance sheet amounts, due to the expectation that the greater portion of land and buildings will be retained by the Group.

During the year the Group disposed of a number of properties on which c. €4m tax has been provided. Finance Act 2003 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 on 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.

32 OTHER PROVISIONS FOR LIABILITIES AND CHARGES

The Group	Pensions obligations €m	Group Transformation Programme €m	Other €m	Total €m
At 1 April 2003	130	11	48	189
Exchange adjustments	1	-	3	4
Provisions made	51	-	45	96
Provisions utilised	(24)	(11)	(30)	(65)
Provisions released	-	-	(3)	(3)
At 31 March 2004	158	-	63	221
The Bank				
At 1 April 2003	119	11	11	141
Exchange adjustments	1	-	-	1
Provisions made	36	-	6	42
Provisions utilised	(7)	(11)	(7)	(25)
Provisions released	-	-	(3)	(3)
At 31 March 2004	149	-	7	156

33 SUBORDINATED LIABILITIES

	THE GROUP		THE BANK	
	2004 €m	2003 €m	**2004 €m**	2003 €m
Undated loan capital				
Bank of Ireland				
US\$150m Undated Floating Rate Primary Capital Notes	121	136	121	136
Bank of Ireland UK Holdings plc				
€600m 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	595	595	-	-
Stg£350m 6.25% Guaranteed Callable Perpetual Preferred Securities	521	502	-	-
Bristol & West				
Stg£75m $13^3/_8$ % Perpetual Subordinated Bonds	186	180	-	-
	1,423	1,413	121	136
Dated loan capital				
Bank of Ireland				
Stg£100m 9.75% Subordinated Bonds 2005	150	145	150	145
Stg£200m Subordinated Floating Rate Notes 2009	-	290	-	290
€750m 6.45% Subordinated Bonds 2010	748	747	748	747
€600m Subordinated Floating Rate Notes 2013	599	-	599	-
€650m Fixed/Floating Rate Subordinated Notes 2019	650	-	650	-
Bristol & West				
Stg£75m $10^3/_4$ % Subordinated Bonds 2018	112	108	-	-
	2,259	1,290	2,147	1,182
	3,682	2,703	2,268	1,318
Repayable				
in 1 year or less	150	-	150	-
between 2 and not more than 5 years	-	145	-	145
5 years or more	2,109	1,145	1,997	1,037
	2,259	1,290	2,147	1,182

33 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 IFSRA 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 IFSRA 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 the Bank.

The Bristol & West 13$^3/_8$% Perpetual Subordinated Bonds have a nominal value of Stg£75m and were revalued as part of the fair value adjustments on acquisition.

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. These notes were redeemed on 19 February 2004. The Programme was increased to Stg£1bn in July 1997. 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 and on 18 December 2003 €600m Subordinated floating rate notes were issued. In February 2004, the Programme was increased from €10bn to €15bn and on 25 February 2004 the bank issued €650m, 4.625% fixed/floating rate Subordinated notes due 2019.

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

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

34 MINORITY INTEREST - NON EQUITY

	2004 €m	2003 €m
Bristol & West		
Stg£50.4 m 8 1/8% Non-Cumulative Preference Shares of Stg£1each	76	73

These Preference Shares which are non redeemable, non equity shares rank equally amongst themselves as regards participation in profits and in priority to the ordinary shares of Bristol & West plc.

Holders of the Preference Shares are entitled to receive, in priority to the holders of any other class of shares in Bristol & West plc, a non-cumulative preference dividend at a fixed rate per annum payable in equal half yearly instalments in arrears on 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.

35 CAPITAL STOCK

	THE BANK	
	2004 €m	2003 €m
Authorised		
1,500m units of €0.64 of Ordinary Stock	960	960
8m units of Non-Cumulative Preference Stock of US$25 each	164	184
100m units of Non-Cumulative Preference Stock of Stg£1 each	150	145
100m units of Non-Cumulative Preference Stock of €1.27 each	127	127
	1,401	1,416

Allotted and fully paid	**2004**	2003 (restated)
Equity		
943.4m units of €0.64 of Ordinary Stock	604	627
106.7m units of €0.64 of Treasury Stock	68	45
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 2004, used in the earnings per unit of Ordinary Stock calculation, excludes the Treasury Stock which does not represent Ordinary Stock in issue. All Treasury Stock, excluding Bank of Ireland stock purchased by the Life Assurance company, does not rank for dividend.

Movements in issued Ordinary Stock

	Ordinary	Treasury
At 1 April 2003	996,170,626	53,944,863
Prior year adjustment	(17,109,974)	17,109,974
	979,060,652	71,054,837
Stock Option Schemes	776,000	(776,000)
Sharesave Scheme	3,580,943	(3,580,943)
Long Term Performance Stock Plan	169,509	(169,509)
Buy back	(34,963,806)	34,963,806
Stock purchased and held for the benefit of the life assurance policy holders	(5,206,694)	5,206,694
Stock purchased by subsidiary	(82,097)	82,097
At 31 March 2004	943,334,507	106,780,982

35 CAPITAL STOCK (continued)

During the year the total Ordinary Stock in issue decreased from 996,170,626 units of nominal value of €0.64 each to 943,334,507 units of nominal value of €0.64 each as a result of:

776,000 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.

3,580,943 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.

169,509 units of Ordinary Stock were issued to holders of conditional awards of stock under the terms of the Long Term Performance Stock Plan ('LTPSP') at a price of €6.92 per unit, by the re-issue of units of Treasury Stock

34,963,806 units of Ordinary Stock were bought back at a weighted average price of €10.59 during the year.

17,109,974 units of Ordinary stock held by the Group's life assurance company as at 31 March 2003 are categorised as "own shares" and a further 5,206,694 units of Ordinary Stock were purchased by the Life Assurance company and held for the benefit of policyholders during the year to 31 March 2004. The change is in line with UITF 37 "Purchase and Sales of Own Shares" and is further explained in Note 1.2.

82,097 units of Ordinary stock were purchased by a Subsidiary.

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 instalments, in arrears, on February 20 and August 20 in each year.

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

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

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

As at 31 March 2004 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. The first offer under the scheme was made 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 of the then market price. A further offer under the scheme was made in December 2003 and options to purchase Ordinary Stock were granted to participating employees in the Republic of Ireland at an option price of €7.84 which represented a 25% discount to the then market price and to participating employees in the UK at an option price of €8.37 which represented a 20% discount to the then market price. As at 31 March 2004, there are outstanding options under the scheme over 16,770,743 units of Ordinary Stock (1.74 % of the issued ordinary capital). These options are ordinarily exercisable, provided the participant's savings contracts are complete between May 2005 and February 2009.

35 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 2000 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 164,500 options lapsed. The market price of the Bank's Ordinary Stock at 31 March 2004 was €10.15 (2003: €9.71) and the range during the year to 31 March 2004 was €9.80 to €11.85. Outstanding options under the Stock Option Scheme are exercisable at prices ranging between €1.67 to €12.50 between now and December 2013. At 31 March 2004, options were outstanding in respect of 6,585,000 units, 0.6819% of the stock in issue (2003: 5,744,500 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
1st or 2nd	50%	Top decile	50%
3rd or 4th	40%	Top quartile	40%
5th (Median)	25%	Median to top quartile	25%
Below median	Nil	Below median	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 2004 conditional awards totalling 808,895 units of stock were outstanding to the current participants of this plan.

(e) Limitations on Employee Stock Issue and Stock Option Schemes
All of the above stock issue and stock option schemes are subject to a range of flow rate controls approved by the stockholders and which conform to current institutional investor guidelines.

36 RESERVES

	THE GROUP €m	THE BANK €m
Stock premium account		
Opening balance	770	770
Transfer to profit and loss account	(5)	(5)
	765	765
Exchange adjustments	2	2
Closing balance	767	767
Capital reserve		
Opening balance	436	31
Exchange adjustments	-	1
Transfer from revenue reserves	62	-
Closing balance	498	32
Profit and loss account		
Opening balance	2,129	512
Prior year adjustment	(35)	(35)
Transfer from stock premium account	5	5
	2,099	482
Profit retained	473	335
Exchange adjustments	60	32
Ordinary stock buyback and held as Treasury stock	(377)	(377)
Reissue of Treasury stock under employee stock scheme	25	25
Transfer from revaluation reserve	2	1
Purchase of stock by subsidiaries	(1)	-
Closing balance	2,281	498
Revaluation reserve		
Opening balance	181	152
Exchange adjustments	1	-
Revaluation of property	59	66
Transfer to revenue reserve on sale of property	(2)	(1)
Closing balance	239	217

The profit attributable to the Ordinary Stockholders of the Bank dealt with in the accounts of the Bank amounted to €734m (2003: €698m). 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.

37 PENSION COSTS

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

The Group has continued to account for pensions in accordance with SSAP24 and the disclosures given in (a) are those required by this standard. Accounting for pensions under FRS17 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 formal 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 percent higher than the annual rate of increase in pensionable remuneration and in pensions in course of payment.

37 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 the expected future increases in earnings and pensions represented 119% of the benefits that had accrued to members. The surplus was corrected by charging to the surplus, the cost of pension augmentations and by the Bank ceasing its contributions to the scheme until the current actuarial valuation which is being carried out as at 31 March 2004, is completed. The accounting treatment adopted in accordance with SSAP24 is as follows:-

- The actuarial surplus is being spread over the average remaining service lives of current employees;
- a provision of €141m (2003: €105m) 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 €36m in relation to the main scheme, compared to a net cost of €32m in 2003.

The total charge for the Group in respect of the year ended 31 March 2004 was €60m (2003: €57m).

Watson Wyatt have made a preliminary financial assessment of the Bank of Ireland Staff Pensions Fund as at 31 March 2004 using similar assumptions to those used when completing the formal valuation as at 31 March 2001. The assessment discloses that there is effectively equivalence between the actuarial value of the net assets and the value of the benefits that have accrued to members.

(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	**2004 Weighted average %**	2003 Weighted average %	2002 Weighted average %
Rate of general increase in salaries	3.08	3.29	3.26
Rate of increase in pensions in payment	2.66	2.91	2.91
Rate of increase to deferred pensions	2.25	2.50	2.50
Discount rate for scheme liabilities	5.50	5.50	6.00
Inflation rate	2.25	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 2004, 31 March 2003 and 31 March 2002 were as follows:-

	31 March 2004		31 March 2003		31 March 2002	
	Market value €m	**Expected long term rate of return**	Market value €m	Expected long term rate of return	Market value €m	Expected long term rate of return
Equities	2,048	7.5%	1,734	9.0%	2,484	7.5%
Bonds	668	4.8%	464	4.2%	579	5.5%
Property	363	6.5%	337	8.0%	329	6.5%
Other	38	4.0%	73	4.0%	89	4.5%
Total market value of schemes' assets	3,117		2,608		3,481	
Present value of schemes' liabilities	3,508		3,407		2,908	
	€m		**€m**		**€m**	
Aggregate deficit in schemes	(391)		(800)		(30)	
Aggregate surplus in schemes	-		1		603	
Overall (deficit)/ surplus in schemes	(391)		(799)		573	
Related deferred tax asset/(liabilities)	59		118		(67)	
Net pension (liability)/asset	(332)		(681)		506	

37 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 2004 **€m**	31 March 2003 €m
Net assets of the Group	4,281	4,034
Pension provision (net of deferred tax)	138	110
	4,419	4,144
Net pension (liability)	(332)	(681)
Net assets of the Group including pension (liability)/asset	4,087	3,463
Profit and loss account reserve	2,281	2,099
Pension provision (net of deferred tax)	138	110
	2,419	2,209
Pension reserve	(332)	(681)
Profit and loss account reserve including pension reserve	2,087	1,528

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

	31 March 2004 **€m**	31 March 2003 €m
Other finance income		
Expected return on pension scheme assets	203	239
Interest on pension scheme liabilities	(186)	(170)
Net return	17	69
Included within administrative expenses		
Current service cost	(117)	(95)
Past service cost	(5)	(1)
	(122)	(96)
Cost of providing defined retirement benefits	(105)	(27)

Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)	**31 March 2004** **€m**	31 March 2003 €m
Gain/(loss) on assets	327	(989)
Experience (loss) on liabilities	(29)	(24)
Gain/(loss) on change of assumptions (financial and demographic)	170	(357)
Currency (loss)/gain	(2)	8
Total gain/(loss) recognised in STRGL before adjustment for tax	466	(1,362)

37 PENSION COSTS (continued)

Movement in (deficit)/surplus during the year	31 March 2004 €m	31 March 2003 €m
(Deficit)/surplus in scheme at beginning of period	(799)	573
Contributions paid	47	21
Current service cost	(117)	(95)
Past service cost	(5)	(1)
Acquisition (loss)	-	(4)
Other finance income	17	69
Actuarial gain/(loss)	468	(1,370)
Currency (loss)/gain	(2)	8
(Deficit) in the scheme at end of period	(391)	(799)
Related deferred tax asset	59	118
	(332)	(681)

History of experience gains and losses	31 March 2004 €m	31 March 2003 €m
Gain/(loss) on scheme assets:		
Amount	327	(989)
Percentage of scheme assets	10.6%	(37.9%)
Experience (loss) on scheme liabilities:		
Amount	(29)	(24)
Percentage of scheme liabilities	(0.8%)	(0.7%)
Total actuarial (loss) recognised in STRGL:		
Amount	466	(1,362)
Percentage of scheme liabilities at end of period	13.3%	(40.0%)

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

Details of the objectives, policies and strategies arising from the Group's use of financial instruments, including derivative financial instruments are presented on page 18 of the Operating and Financial Review. Details of the market risk exposures are presented on page 17 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.

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2004				
	Within one year €m	**One to five years €m**	**Over five years €m**	**Total €m**	31 March 2003 Total €m
Underlying principal amount:					
Exchange Rate Contracts	16,961	2,897	405	20,263	12,666
Interest Rate Contracts	62,985	32,932	16,017	111,934	86,326
Equity Contracts	227	2,713	853	3,793	3,092
Replacement cost:					
Exchange Rate Contracts	219	118	22	359	489
Interest Rate Contracts	161	459	403	1,023	1,122
Equity Contracts	-	79	57	136	35

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 2004			31 March 2003
	Financial €m	**Non - Financial €m**	**Total €m**	Total €m
Exchange Rate Contracts	270	89	359	489
Interest Rate Contracts	953	70	1,023	1,122
Equity Contracts	136	-	136	35
	1,359	159	1,518	1,646

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Trading Instruments

Bank of Ireland Group maintains trading positions in a variety of financial instruments including derivatives. Most of these positions are a result of activity generated by corporate customers while others represent trading decisions of the Group's derivative and foreign exchange traders with a view to generating incremental income. The following table represents the underlying principal amounts, fair values and average fair values by class of derivative trading instrument for the Group at 31 March 2004 and 2003:

	31 March 2004		
Interest rate contracts:	**Underlying Principal Amount[1] €m**	**Fair Value €m**	**Average Fair Value €m**
Interest rate swaps	85,170		
in a favourable position		948	932
in an unfavourable position		(683)	(734)
Interest rate caps, floors & options	13,543		
held		3	2
in a favourable position		-	-
in an unfavourable position			
Interest rate caps, floors & options	10,590		
written		1	-
in a favourable position		(4)	(4)
in an unfavourable position			
Forward rate agreements	6,870		
in a favourable position		5	4
in an unfavourable position		(4)	(3)
Financial futures			
in a favourable position	1,861		
in an unfavourable position		-	-
		-	-
	118,034	266	
Foreign exchange contracts:			
Forward foreign exchange	14,605		
in a favourable position		171	143
in an unfavourable position		(189)	(169)
Currency Swaps	-		
in a favourable position		-	-
in an unfavourable position		-	-
	14,605	(18)	
	132,639		

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

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2003		
	Underlying Principal Amount(1) €m	Fair Value €m	Average Fair Value €m
Interest rate contracts:			
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.

	2004 €m	2003 €m
Dealing profits:		
Securities and interest rate contracts	41	48
Foreign exchange contracts	33	34
Equity contracts	(1)	3
Total	73	85

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

38 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 2004 and 2003.

	31 March 2004				
	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	8,822	0.28	2.57	2.64	30
1-5 years	2,598	2.90	0.89	3.26	14
5-10 years	438	6.30	0.92	2.48	8
Over 10 years	81	23.10	5.68	0.00	7
Interest Rate Swaps					
- pay fixed					
1 year or less	3,291	0.50	2.47	2.65	(14)
1-5 years	1,135	3.25	2.34	5.94	(102)
5-10 years	710	7.70	2.21	4.97	(60)
Over 10 years	610	15.61	2.24	5.73	(82)
Interest Rate Swaps					
- pay and receive floating					
1 year or less	147	0.61	2.15	2.12	-
1-5 years	224	3.16	2.55	2.41	1
5-10 years	136	7.11	3.24	3.10	2
Over 10 years	304	27.77	1.95	2.11	2
Forward Rate Agreements					
- loans					
1 year or less	33	0.54	0.00	4.53	-
1-5 years	8	1.05	0.00	4.88	-
Forward Rate Agreements					
- deposits					
1 year or less					
	235	0.88	0.00	2.82	-
Interest Rate Caps					
1 year or less					
1-5 years	158	2.0	6.09	0.00	-
	18,930				(194)

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2004		
	Underlying Principal Amount €m	Weighted Average Maturity in Years	Fair Value €m
Exchange rate contracts:			
Forward Foreign Exchange			
1 year or less	1,845	0.13	15
1-5 years	16	1.21	-
Currency Swaps			
1 year or less	218	0.73	1
1-5 years	2,352	2.33	(68)
5-10 years	140	7.01	9
Currency Options			
1 year or less	440	0.44	-
	5,011		(43)
Equity and commodity contracts:			
Equity Index Linked Contracts held			
1 year or less	227	0.57	(5)
1-5 years	2,713	3.17	(99)
5-10 years	853	6.17	14
	3,793		(90)
	27,734		(327)

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	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
	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)

38 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 year or less	1,702	0.16	55
1-5 years	54	1.63	2
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)

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 2004 were €16m (2003: losses: €242m).
The net gains expected to be recognised in 2004/2005 is €25m (2003/04: loss: €17m) and thereafter the net losses expected to be recognised is €41m (2003/04: losses: €225m).

The net losses recognised in 2003/04 in respect of previous years were €17m (2002/03: gain: €45m) and the net gains arising in 2003/04 which were not recognised in 2003/04 were €243m (2002/03: €11m).

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Non Trading Derivative Deferred Balances

The table below summarises the deferred gains and losses at 31 March 2004.

	Deferred Gains €m	Deferred Losses €m	Total net deferred gains/ (losses) €m
As at 1 April 2003	4.1	(3.3)	0.8
Gains and losses arising in previous years that were recognised in the year ended 31 March 2004	1.8	(0.6)	1.2
Gains and losses arising before 1 April 2003 that were not recognised in the year ended 31 March 2004	2.3	(2.7)	(0.4)
Gains and losses arising in the year ended 31 March 2004 that were not recognised in that year	0.2	(1.1)	(0.9)
As at 31 March 2004	2.5	(3.8)	(1.3)
Of which:			
Gains and losses expected to be recognised in the year ended 31 March 2005	1.4	(1.4)	-

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.

39 INTEREST RATE REPRICING – NON TRADING BOOK

The table below provides an indication of the repricing mismatch in the Non Trading Books at 31 March 2004. 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

	31 March 2004						
	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
Non Trading Interest Rate Repricing – Total							
Assets							
Central Government bills and other eligible bills	211	-	-	-	-	-	211
Loans and advances to banks	4,625	1,824	961	-	1	180	7,591
Loans and advances to customers	42,845	2,748	5,211	14,273	2,063	233	67,373
Debt securities and equity shares	6,858	1,736	595	1,595	732	54	11,570
Other assets	1,620	-	-	-	-	3,790	5,410
Total assets	56,159	6,308	6,767	15,868	2,796	4,257	92,155
Liabilities							
Deposits by banks	15,473	1,352	122	23	15	-	16,985
Customer accounts	38,758	1,329	1,849	2,870	970	9,271	55,047
Debt securities in issue	10,689	883	965	380	-	-	12,917
Other liabilities	540	33	19	64	87	2,748	3,491
Subordinated liabilities	2,268	-	-	-	1,414	-	3,682
Minority interests and shareholders' funds	-	-	-	-	-	4,534	4,534
Total liabilities	67,728	3,597	2,955	3,337	2,486	16,553	96,656
Net amounts due from / to Group units	6,172	221	(669)	(1,874)	110	(283)	3,677
Off balance sheet items	4,872	(1,031)	(1,455)	(6,139)	3,793	-	40
Interest rate repricing gap	(525)	1,901	1,688	4,518	4,213	(12,579)	(784)
Cumulative interest rate repricing gap	(525)	1,376	3,064	7,582	11,795	(784)	-
Euro							
Cumulative interest rate repricing gap 31 March 2004	1,172	2,689	3,794	6,231	9,008	1,203	-
Sterling							
Cumulative interest rate repricing gap 31 March 2004	2,052	330	553	2,429	3,855	(738)	-

39 INTEREST RATE REPRICING – NON TRADING BOOK (continued)

	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
Non Trading Interest Rate Repricing – Total							
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)	-

40 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has estimated fair value wherever possible using market prices or data available for instruments with characteristics either identical or similar to those of the instruments held by Group. In certain cases, however, including some advances to customers, there are no ready markets. Accordingly, various techniques have been developed to estimate what the approximate fair value of such instruments might be. These estimation techniques are necessarily extremely subjective in nature and involve assumptions which are based upon management's view of market conditions at 31 March 2004 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 2004.

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 2004 and 2003.

	2004		2003	
	Carrying Amount €m	**Fair Values €m**	Carrying Amount €m	Fair Values €m
Financial instruments held for trading				
Debt securities	4,542	4,542	3,120	3,120
Equity shares	35	35	22	22
Derivative financial instruments				
Interest rate contracts	266	266	108	108
Foreign exchange contracts	(18)	(18)	(30)	(30)
Non trading financial instruments				
Assets				
Cash and balances at central banks (1)	1,397	1,397	679	679
Items in course of collection (1)	584	584	508	508
Central government bills and other eligible bills (1)	211	211	175	175
Loans and advances to banks	7,753	7,751	7,480	7,482
Loans and advances to customers	67,629	67,483	56,887	57,100
Securitisation and loan transfers (1)	89	89	127	127
Debt securities	11,153	11,233	9,217	9,319
Equity shares	29	29	16	16
Liabilities				
Deposits by banks	17,060	16,997	12,617	12,632
Customer accounts	54,395	54,268	48,496	48,331
Debt securities in issue	12,917	12,918	9,652	9,657
Items in course of transmission (1)	230	230	136	136
Subordinated liabilities	3,682	3,975	2,703	2,876
Minority interests : non equity	76	138	73	82
Derivative financial instruments				
Interest rate contracts		(194)		(174)
Exchange rate contracts		(43)		8
Equity and commodity contracts		(90)		(244)

(1) The fair value of these financial instruments is equal to the carrying value. These instruments are either carried at market value, or have minimal credit losses and are either short term in nature or reprice frequently.

40 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following notes summarise the methods and assumptions used in estimating the fair values of financial instruments shown above.

1. Loans and Advances to Banks
   The Group places funds with Banks. Several different techniques are employed, as considered appropriate, in estimating the fair value of loans and advances. The carrying amount of variable rate loans is considered to be at market value. The fair value of fixed rate loans was calculated by discounting expected cash flows using market rates where practicable, or rates currently offered by other financial institutions with similar characteristics.

2. Loans and Advances to Customers
   The Group provides lending facilities of varying rates and maturities to corporate and personal customers. Several different techniques are employed as considered appropriate in estimating the fair value of loans and advances.
   Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type. Each loan category is further segmented into fixed and variable rate interest terms and by performing and nonperforming categories.
   The carrying amount of variable rate loans was considered to be at market rate if there was no significant change in the credit risk of the borrower.

   The fair value of fixed rate loans is estimated by discounting future cash flows using market rates for similar loans with the same residual maturities, offered by the Group including an adjustment, where necessary to reflect the fact that the credit risk on a proportion of the loan has changed.

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. 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.

5. 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.

6. 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.

7. Subordinated Liabilities
   The estimated fair value of subordinated liabilities is based on quoted market rates for debt instruments with similar maturities.

8. Financial Instruments with Off-Balance Sheet Risk
   Financial instruments with off-balance sheet risk are detailed in Note 38 of the Notes on the Financial Statements and include the fair value of these instruments.

9. 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.

41 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 2004		31 March 2003	
The Group - Contingent Liabilities	**Contract Amount €m**	**Risk Weighted Amount €m**	Contract Amount €m	Risk Weighted Amount €m
Acceptances and endorsements	33	18	81	65
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	1,291	1,236	1,172	1,107
Other contingent liabilities	494	223	508	239
	1,818	1,477	1,761	1,411
The Group - Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	75	18	52	19
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	622	10	776	27
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- irrevocable with original maturity of over 1 year	5,416	2,489	4,212	2,065
- revocable or irrevocable with original maturity of 1 year or less (ii)	19,122	-	14,010	-
	25,235	2,517	19,050	2,111

41 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

The Bank – Contingent Liabilities	31 March 2004 Contract Amount €m	31 March 2004 Risk Weighted Amount €m	31 March 2003 Contract Amount €m	31 March 2003 Risk Weighted Amount €m
Acceptances and endorsements	33	18	81	65
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	3,391	1,211	3,079	1,088
Other contingent liabilities	494	223	508	239
	3,918	1,452	3,668	1,392

The Bank – Commitments	31 March 2004 Contract Amount €m	31 March 2004 Risk Weighted Amount €m	31 March 2003 Contract Amount €m	31 March 2003 Risk Weighted Amount €m
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	75	18	52	19
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	622	10	776	46
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- irrevocable with original maturity of over 1 year	2,591	1,077	2,035	976
- revocable or irrevocable with original maturity of 1 year or less (ii)	16,852	-	11,790	-
	20,140	1,105	14,653	1,041

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.

42 GENERAL

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

(b) The Bank has provided a guarantee under Section 17 of the Companies (Amendment) Act, 1986 for the following companies: Addano Limited, Bank of Ireland Asset Management (U.S.) Limited, Bank of Ireland Asset Management Limited, Bank of Ireland Car Loans Limited, Bank of Ireland Commercial Finance Limited, Bank of Ireland Unit Trust Managers Limited, Davy Corporate Finance Limited, Davy Holdings (International) Limited, Davy International, First Rate Enterprises Limited, Florenville Limited, IBI Corporate Finance Limited, J & E Davy, J & E Davy Holdings Limited, Bank of Ireland Insurance Services Limited, Bushfield Leasing Limited, Clonvern Limited, Davy Securities Limited, Edendork Leasing Limited, Focus Investments Limited, Glenswilly Leasing Limited, Nerling Limited, Nestland Limited, Premier – Direct Management Limited, Premier – Direct Insurance Services Limited and Tustin Limited.

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

43 NOTES TO THE CASH FLOW STATEMENT

	THE GROUP	
(i) Gross Cashflows	**2004 €m**	2003 €m
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Operating Profit	1,238	1,155
(Increase)/decrease in accrued income and prepayments	(144)	31
Increase/(decrease) in accruals and deferred income	39	(87)
Provisions for bad and doubtful debts	86	100
Loans and advances written off net of recoveries	(101)	(90)
Depreciation and amortisation	183	182
Interest charged on subordinated liabilities	177	156
Other non-cash movements	21	(2)
Profit on disposal of fixed assets	(20)	(37)
Profit on disposal of leases	-	(21)
Net cash flow from trading activities	1,479	1,387
Net decrease in collections/transmissions	23	18
Net (increase) in loans and advances to banks	(492)	(257)
Net (increase) in loans and advances to customers	(9,425)	(3,774)
Net increase in deposits by banks	4,405	187
Net increase in customers accounts	5,102	60
Net increase in debt securities in issue	3,127	3,617
Net (increase) in non-investment debt and equity securities	(890)	(1,192)
Net decrease/(increase) in other assets	94	(1,572)
Net increase in other liabilities	177	1,934
Exchange movements	64	701
Net cash flow from operating activities	3,664	1,109
Returns on investment and servicing of finance		
Interest paid on subordinated liabilities	(161)	(158)
Preference dividends paid	(8)	(9)
Dividends paid to minority shareholders in subsidiary undertakings	(20)	(9)
Issue expenses on subordinated liabilities	(1)	(5)
	(190)	(181)

43 NOTES TO THE CASH FLOW STATEMENT (continued)

	THE GROUP	
Capital expenditure and financial investment	**2004 €m**	2003 €m
Net (purchases) of investment debt and equity securities	(2,734)	(1,214)
Purchase of tangible fixed assets	(215)	(299)
Sale of tangible fixed assets	74	146
	(2,875)	(1,367)

Acquisitions and disposals		
Disposal of State Street	36	-
Acquisition of Foreign Currency Exchange Corp (FCEC)	(11)	-
Acquisition of Post Office Financial Services net of cash balances acquired	(156)	-
Payment for use of Post Office brand	(44)	-
Acquisition of Focus Investments	(5)	-
Increase in investments in associated undertakings	(3)	(3)
Acquisition of Iridian	-	(184)
Net cash balances of Group undertaking acquired	4	10
Disposal of subsidiary undertaking	-	13
Costs of terminating joint venture	-	(8)
	(179)	(172)

Financing		
Reissue of Treasury stock	25	5
Repayment of subordinated liabilities	(289)	(174)
Issue of subordinated liabilities	1,250	507
Preference stock buyback	-	-
Ordinary stock buyback	(377)	(133)
	609	205

(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**
2004			
At 1 April 2003	679	745	1,424
Cash flow	716	(262)	454
Foreign exchange movement	2	(1)	1
At 31 March 2004	1,397	482	1,879
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

43 NOTES TO THE CASH FLOW STATEMENT (continued)

(iii) Analysis of changes in financing

	Capital Stock (including stock premium) [1] €m	Subordinated Liabilities €m	Minority Interest – Non Equity €m
2004			
At 1 April 2003	1,449	2,703	73
Effect of foreign exchange differences	2	16	3
Cash flow	-	961	-
Other non cash movements	(5)	1	-
At 31 March 2004	1,446	3,681	76
2003			
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

(1) Excludes €377m for the buy back of ordinary stock and €25m of proceeds received on the reissue of Treasury stock.

(iv) Foreign Currency Exchange Corp (FCEC) Acquisition

	€m
Net assets acquired	3
Goodwill	8
	11
Satisfied by:	
Cash	11

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

(v) Focus Investments Acquisition

	€m
Net assets acquired	2
Goodwill	3
	5
Satisfied by:	
Cash	5

(vi) Post Office Financial Services

	€m
Share of net assets acquired	74
Goodwill	82
	156
Satisfied by:	
Cash	156

An analysis of net assets is set out in note 21.

44 RELATED PARTY TRANSACTIONS

(a) Subsidiary, Associated Undertakings and Joint Ventures

Details of the principal subsidiary undertakings are shown in Note 22 on page 73. In accordance with FRS8, transactions or balances between Group entities that have been eliminated on consolidation are not reported.

One of the Group's subsidiaries Cashback Limited is 49% owned by Fexco who had a balance outstanding at 31 March 2004 of €0.1m (2003: €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 2004 was €24m (2003: €38m).

(b) Pension Funds

The Group provides a number of normal banking and financial services for various pension funds operated by the Group for the benefits of its employees (principally for the Bank Staff Pension Fund), which are conducted on similar terms to third party transactions and are not material to the Group.
Further details on pensions are set out in Note 37.

(c) Directors

Directors' emoluments and details of transactions between Directors and the Group are set out in the Remuneration Report on pages 35 to 40. In the year to 31 march 2004, Donal Geaney, Director, was a partner in The Common Street Partnership, the owner of New Century House, Mayor Street, IFSC, Dublin 1, which is leased ultimately to Bank of Ireland, for 10 years at an annual rent of €1.49m. This lease was entered into prior to Mr. Geaney's appointment to the Court.

(d) Securitisation

RPS3, RPS4, RPS5, SS1, Liberator and Partholon are considered to be related parties of the Group. The Group has entered into both an interest exchange agreement and a subordinated loan agreement with RPS3, RPS4, RPS5. As at 31 March 2004 the net amount due to RPS4 was €0.6m. (2003: due to RPS4 nil) and from SS1 was €13.5m (2003: €13.7m). The net amount due to RPS5 was €0.1m (2004: €0.1m). There are no balances due to or from RPS3 at 31 March 2004 (2003: €0.1m). The net amount due from Liberator was €1.4m (2003: €1.4m). The net amount due from Partholon was €18.8m (2003: nil).

45 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	THE GROUP		THE BANK	
	2004	2003 (restated)	**2004**	2003 (restated)
	€m	€m	**€m**	€m
Denominated in euro	52,391	42,485	47,158	35,202
Denominated in currencies other than euro	54,040	46,818	36,459	33,729
Total Assets	106,431	89,303	83,617	68,931
Denominated in euro	45,399	43,025	32,811	33,992
Denominated in currencies other than euro	61,032	46,278	50,806	34,939
Total Liabilities	106,431	89,303	83,617	68,931

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

46 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 the identifiable assets and liabilities acquired is capitalised and amortised over its estimated useful economic life.	Prior to 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.
Goodwill arising on the acquisition of subsidiary undertakings prior to 31 March 1998 was written off directly to reserves in the year of acquisition.	Post 1 April 2002 goodwill is capitalised on the Balance Sheet and is subject to an annual review for impairment. It is not subject to annual amortisation.
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.	

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Stock Based Compensation

Irish GAAP

Where shares are awarded, 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. Where conditional awards are dependent on performance criteria, the cost is spread over the performance period.

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.

US GAAP

As permitted by FAS 123, 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 by the employee is charged to the profit and loss account over the period to vesting.

Investments

Irish GAAP

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.

Pensions

Irish GAAP

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 generally 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.

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Long-term assurance policies	
Income from long term assurance business consists of surpluses attributable to stockholders from the long term fund which arise in the year plus increases in the present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis.	The present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis are not recognised by the Group under US GAAP. Unearned revenues and acquisition costs related to unit linked products are deferred and amortised in proportion to total estimated gross profits over the expected life of policyholders' contracts. Unearned revenues are amounts assessed from policyholders that represent compensation for services to be provided in future periods. Acquisition costs consist of commissions and other costs which vary with and are primarily related to the production of revenues.
Acceptances	
Acceptances are not recorded on the balance sheet.	Acceptances and related customer liabilities are recorded on the balance sheet.
Dividends payable	
Dividends declared after the period end are recorded in the period to which they relate.	Dividends are recorded in the period in which they are declared.
Securitisation Transactions	
Depending on specified qualifying criteria there are three methods of accounting for securitised and loan transfer transactions: continued recognition, linked presentation and derecognition. The linked presentation method is adopted where there is no significant change in the Group's rights to benefits and the Group's exposure is limited to a fixed monetary ceiling. Under this method, only the net amount is consolidated, however on the face of the Group balance sheet, the related gross amounts are disclosed.	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.

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Derivatives

Irish GAAP

Where a derivative is documented and evidenced as reasonably expected to match or eliminate risk from a transaction, accrual 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 accrual accounted are recorded at fair value, with the change recorded in the profit and loss account.

US GAAP

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

Irish GAAP

Certain loan fees are recognised when received.

US GAAP

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.

Restructuring

Irish GAAP

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.

US GAAP

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.

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Net Income	**2004 €m**	2003 €m
Net income under Irish GAAP	935	826
Depreciation	(1)	(2)
Software development costs	4	5
Goodwill	12	6
Pension costs	(48)	(44)
Long-term assurance policies	(86)	(39)
Group Transformation Programme	(11)	(23)
Leasing	(27)	(38)
Stock based compensation (1)	(3)	(3)
Derivatives	97	75
Other	12	1
Deferred tax effect on these adjustments	8	3
Net income under US GAAP	892	767
Earnings per unit of €0.64 Ordinary Stock under US GAAP		
- basic	92.8c	77.4c
- diluted	92.2c	76.7c

Consolidated Total Stockholders' Funds	**2004 €m**	2003 (restated) €m
Total stockholders' funds including non equity interest under Irish GAAP	4,281	4,034
Property less related depreciation	(382)	(347)
Software development costs	-	(4)
Goodwill	445	422
Debt securities - available for sale	104	113
Pension costs	(20)	(12)
Long-term assurance policies	(415)	(359)
Dividends	257	238
Leasing	(72)	(45)
Group Transformation Programme	-	11
Derivatives	99	2
Other	(7)	(20)
Deferred taxation on these adjustments	28	30
Consolidated stockholders' funds including non equity interests under US GAAP	4,318	4,063

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Total Assets	**2004**	2003 (restated)
	€m	€m
Total assets under Irish GAAP	106,431	89,303
Property less related depreciation	(382)	(347)
Goodwill	473	449
Software development costs	-	(4)
Debt securities - available for sale	104	113
Pension costs	(15)	(7)
Acceptances	33	81
Long-term assurance policies	(415)	(359)
Special purpose entities	1,389	1,019
Derivatives	883	1,214
Other	(80)	(76)
Total assets under US GAAP	108,421	91,386

Consolidated Total Liabilities and Stockholders' Funds	**2004**	2003 (restated)
	€m	€m
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	106,431	89,303
Stockholders' funds (US GAAP adjustment)	37	29
Dividends	(257)	(238)
Special purpose entities	1,389	1,019
Acceptances	33	81
Leasing	72	45
Group Transformation Programme	-	(11)
Derivatives	784	1,212
Other	(19)	(3)
Deferred taxation on these adjustments	(49)	(51)
Total liabilities and stockholders' funds including non equity interests under US GAAP	108,421	91,386

(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 2004 would have been €13m and the pro forma net income under US GAAP would have been €879m. The total cost of these schemes therefore for the twelve months to 31 March 2004, not included in the Irish GAAP Profit and Loss Account, amounted to €16m of which €11m approximately relates to the Group Employee Sharesave Scheme.

47 THE COURT OF DIRECTORS APPROVED THE FINANCIAL STATEMENTS ON 12 MAY 2004.

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, 2004 and 2003. 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 31-3-2004			Year Ended 31-3-2003 (restated)		
	Average Balance €m	**Interest €m**	**Rate %**	Average Balance €m	Interest €m	Rate %
ASSETS						
Loans to banks						
Domestic offices	7,385	171	2.3	6,835	196	2.9
Foreign offices	755	26	3.4	406	12	2.9
Loans to customers (1)						
Domestic offices	28,987	1,394	4.8	25,140	1,419	5.6
Foreign offices	29,533	1,494	5.0	28,533	1,503	5.3
Central government and other eligible bills						
Domestic offices	9	-	-	7	-	-
Foreign offices	-	-	-	-	-	-
Debt Securities						
Domestic offices	8,942	268	3.0	8,132	279	3.4
Foreign offices	1,453	63	4.3	1,285	65	5.1
Instalment credit						
Domestic offices	502	35	7.0	451	32	7.1
Foreign offices	869	61	7.0	708	56	7.9
Finance lease receivables						
Domestic offices	2,043	114	5.6	2,238	126	5.6
Foreign offices	194	5	2.4	75	3	4.0
Total interest-earning assets						
Domestic offices	47,868	1,982	4.1	42,803	2,052	4.8
Foreign offices	32,804	1,649	5.0	31,007	1,639	5.3
	80,672	3,631	4.5	73,810	3,691	5.0
Allowance for loan losses	(496)			(485)		
Non interest earning assets (2)	17,447			15,729		
Total Assets	97,623	3,631	3.7	89,054	3,691	4.1
Percentage of assets applicable to foreign activities	35.4%			36.60%		

AVERAGE BALANCE SHEET AND INTEREST RATES (continued)

	Year Ended 31-3-2004			Year Ended 31-3-2003 (restated)		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits by banks						
Domestic offices	13,946	388	2.8	10,912	353	3.2
Foreign offices	1,028	34	3.3	1,144	38	3.3
Customer accounts						
Demand deposits						
Domestic offices	10,936	124	1.1	10,919	186	1.7
Foreign offices	8,449	240	2.8	9,628	266	2.8
Term deposits						
Domestic offices	9,640	73	0.8	7,559	87	1.2
Foreign offices	9,893	504	5.1	10,488	487	4.6
Other deposits						
Domestic offices	550	39	7.1	1,322	54	4.1
Foreign offices	14	1	5.0	24	1	4.2
Interest bearing current accounts						
Domestic offices	850	8	1.0	750	11	1.5
Foreign offices	2,312	61	2.6	2,013	52	2.6
Debt securities in issue						
Domestic offices	8,049	131	1.6	6,233	168	2.7
Foreign offices	3,037	107	3.5	2,559	103	4.0
Subordinated liabilities						
Domestic offices	1,566	75	4.8	1,431	82	5.7
Foreign offices	1,382	102	7.4	928	74	8.0
Total interest bearing liabilities						
Domestic offices	45,537	838	1.8	39,126	941	2.4
Foreign offices	26,115	1,049	4.0	26,784	1,021	3.8
	71,652	1,887	2.6	65,910	1,962	3.0
Non interest bearing liabilities						
Current accounts	7,426			6,547		
Other non interest bearing liabilities (2)	14,153			12,261		
Stockholders equity including non equity interests	4,392			4,336		
Total liabilities and stockholders' equity	97,623	1,887	1.9	89,054	1,962	2.2
Percentage of liabilities applicable to foreign activities	35.4%			36.60%		

(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 2004

(EURO, US$ & STG£)

	€m	US$m(1)	Stg£m(1)
INTEREST RECEIVABLE			
Interest receivable and similar income arising from debt securities	331	405	220
Other interest receivable and similar income	3,300	4,033	2,197
INTEREST PAYABLE	(1,887)	(2,306)	(1,256)
NET INTEREST INCOME	1,744	2,132	1,161
Fees and commissions receivable	1,134	1,387	755
Fees and commissions payable	(200)	(245)	(133)
Dealing profits	73	89	49
Contribution from life assurance companies	177	216	118
Other operating income	50	61	34
TOTAL OPERATING INCOME	2,978	3,640	1,984
Administrative expenses	1,471	1,798	980
Depreciation and amortisation	183	223	122
OPERATING PROFIT BEFORE PROVISIONS	1,324	1,619	882
Provision for bad and doubtful debts	86	106	58
OPERATING PROFIT	1,238	1,513	824
Income from associated undertakings and joint ventures	29	35	19
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS	1,267	1,548	843
Exceptional Items	(97)	(118)	(64)
PROFIT BEFORE TAXATION	1,170	1,430	779
Taxation	(208)	(255)	(139)
PROFIT AFTER TAXATION	962	1,175	640
Minority interests : equity	13	16	9
: non equity	6	7	4
Non-cumulative preference stock dividends	8	10	5
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS	935	1,142	622
Transfer to capital reserve	62	75	41
Ordinary dividends	400	489	266
PROFIT RETAINED FOR THE YEAR	473	578	315
Earnings per unit of €0.64 Ordinary Stock	97.2c	118.8c	64.7p
Alternative earnings per unit of €0.64 Ordinary Stock	106.7c	130.4c	71.1p

(1) Converted at closing exchange rates.

(EURO, US$ & STG£)

	€m	US$m(1)	Stg£m(1)
ASSETS			
Cash and balances at central banks	1,397	1,707	930
Items in the course of collection from other banks	584	714	389
Central government and other eligible bills	211	258	140
Loans and advances to banks	7,753	9,477	5,162
Loans and advances to customers	67,629	82,669	45,034
Debt securities	15,695	19,185	10,451
Equity shares	64	78	43
Interests in associated undertakings	14	18	10
Interests in joint ventures	243	297	162
Intangible fixed assets	147	179	98
Tangible fixed assets	1,268	1,551	844
Other assets	3,767	4,606	2,509
Prepayments and accrued income	690	844	460
	99,462	121,583	66,232
Life assurance assets attributable to policyholders	6,969	8,519	4,641
	106,431	130,102	70,873
LIABILITIES			
Deposits by banks	17,060	20,854	11,360
Customer accounts	54,395	66,493	36,222
Debt securities in issue	12,917	15,790	8,602
Items in the course of transmission to other banks	230	281	153
Other liabilities	5,676	6,938	3,780
Accruals and deferred income	621	759	413
Provisions for liabilities and charges			
- deferred taxation	66	81	44
- other	221	270	147
Subordinated liabilities	3,682	4,500	2,451
Minority interests			
- equity	54	66	36
- non equity	76	93	50
Called up capital stock	679	830	452
Stock premium account	767	938	511
Capital reserve	498	609	332
Profit and loss account	2,281	2,789	1,520
Revaluation reserve	239	292	159
	4,464	5,458	2,974
Own shares held for the benefit of life assurance policyholder	(183)	(224)	(122)
Stockholders' funds including non equity interests	4,281	5,234	2,852
Life assurance liabilities attributable to policyholders	7,152	8,743	4,763
	106,431	130,102	70,873

(1) Converted at closing exchange rates.

Holders of Ordinary Stock

Stockholder profile*

	31 March 2004 % by value	31 March 2003 % by value
Ireland	18	18
Great Britain	16	17
USA	20	22
Europe/Other	19	18
Retail	27	25
	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	23,908	35.5	4.8	0.5
501 to 1,000	11,299	16.8	8.7	0.9
1,001 to 5,000	21,359	31.7	50.9	5.3
5,001 to 10,000	5,192	7.7	37.3	3.9
10,001 to 50,000	4,637	6.9	94.7	9.8
50,001 to 100,000	487	0.7	33.7	3.5
100,001 to 500,000	353	0.5	73.9	7.6
over 500,000	149	0.2	661.7	68.5
	67,384	100.0	965.7	100.0

Financial calendar

Results	Year to 31 March 2004 - announced 13 May 2004
	Half year to 30 September 2004 - to be announced 11 November 2004
Annual General Court of Proprietors	Wednesday, 7 July 2004
Dividends - Ordinary Stock	2003/2004 Final Dividend - to be declared 7 July 2004 - payable 16 July 2004
2004/2005 Interim Dividends	- to be announced 11 November 2004 - payable 5 January 2005
Dividends - Preference Stocks	Payable in equal semi-annual instalments - 20 August 2004 - 20 February 2005

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 2003/2004

An Interim Dividend of 14.8 cent was paid in respect of each unit of Ordinary Stock on 6 January 2004.

A Final Dividend of 26.6 cent is proposed in respect of each unit of Ordinary Stock payable on or after 16 July 2004.

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 119) 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: +1-610-382-7836
E-mail inquiries: shareowners@bankofny.com
Website: www.stockbny.com

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 2004 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 119).

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 119).

Internet address

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

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 Senior Management
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 Warren

Group Secretary:
John Clifford
Head of Group Corporate Communications:
Dan Loughrey
Group Legal Advisor:
Finbarr Murphy
Head of Group Investor Relations:
Fiona Ross
Head of Group Risk Management:
Ronan Murphy
Head of Group Human Resources:
Michael Grealy

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
40 Mespil Road, Ballsbridge, Dublin 4
Tel: + 353 1 665 3400, Fax: + 353 1 665 3450
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, IFSC, 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
Head of Business: Alan Daly

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 56 775 7747 and 1890 251 251
Fax: + 353 1 679 5351
Email: boics@boimail.com
Website: www.boi.ie/cards
Managing Director: Kevin Murphy

Bank of Ireland Private Banking Ltd
40 Mespil Road, Ballsbridge, Dublin 4
Tel: + 353 1 637 8600, Fax: + 353 1 637 8700
Email: info@privatebanking.ie
Website: www.privatebanking.ie
Managing Director: Mark Cunningham

WHOLESALE FINANCIAL SERVICES

Corporate Banking

Bank of Ireland Corporate Banking
Lower Baggot Street, Dublin 2
Tel: + 353 1 604 4000, Fax: + 353 1 604 4012
Email: corporate.banking@boimail.com
Website: www.bankofireland.ie
Chief Executive: Richie Boucher

International and Structured Finance

Bank of Ireland Global Markets
Colvill House, Talbot Street,Dublin 1
Tel: + 353 1 799 3000, Fax: + 353 1 799 3055
Email: Info@boigm.com
Website: www.boilink.com
Chief Executive: Mick Sweeney

Corporate Finance

IBI Corporate Finance Ltd
40 Mespil Road, Dublin 4
Tel: + 353 1 637 7800, Fax: + 353 1 637 7801
Website: www.ibicf.ie
Chief Executive: Peter Crowley

Stockbroking

Davy
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, IFSC, Dublin 1
Tel: + 353 1 829 0333, Fax: + 353 1 829 0368
Managing Director: Garrett Stokes

ASSET MANAGEMENT SERVICES

Bank of Ireland Asset Management Ltd
40 Mespil Road, Dublin 4
Tel: + 353 1 637 8000; Fax: + 353 1 637 8100
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: Liam Manahan

Iridian Asset Management LLC
276 Post Road West,
Westport, CT 06880
Tel: +1 203 341 7800, Fax: +1 203 341 7801
Co-Chief Executive Officers & Co-Chief Investment Officers: David Cohen & Harold Levy

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

Bank of Ireland Global Markets
PO Box 27, One Temple Quay, Bristol, BS99 7AX
Tel: + 44 117 929 1504, Fax: + 44 117 921 1607
Treasurer: Ian Montgomery

Bank of Ireland (IOM) Ltd
PO Box 246, Christian Road, Douglas, Isle of Man IM99 1XF
Tel: + 44 162 464 4200, Fax: + 44 162 464 4298
Website: www.boiiom.com
Managing Director: Roly Alden

UK FINANCIAL SERVICES

Bank of Ireland UK Financial Services Ltd
PO 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
PO 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)
PO 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 Financial Solutions
Quay House, The Ambury, Bath, BA1 2HD
Tel: + 44 122 546 9371, Fax: + 44 122 544 5744
Website: www.chasedevere.co.uk
Managing Director: Evelyn Bourke

Business Banking U.K.
36 Queen Street, London, EC4R 1HJ
Tel: + 44 207 236 2000, Fax: + 44 207 634 3110
Website: www.bank-of-ireland.co.uk

54 Donegall Place, Belfast, BT1 5BX
Tel: + 44 28 90 244901, Fax: + 44 28 90 283111
Website: www.bankofireland.co.uk
Managing Director: David McGowan

Management Services Company

Post Office Financial Services
PO Box 27, One Temple Quay, Bristol, BS99 7AX
Tel: + 44 117 979 2222, Fax: + 44 117 929 3787
Chief Operating Officer: Donal Heylin

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

Iridian Asset Management LLC
276 Post Road West, Westport, CT 06880
Tel: +1 203 341 7800, Fax: +1 203 341 7801
Co-Chief Executive Officers & Co-Chief Investment Officers: David Cohen & Harold Levy

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

CANADA

Bank of Ireland Asset Management (U.S.) Ltd
Canadian Representative Office
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

Bank of Ireland Asset Management (U.S.) Ltd
Canadian Representative Office
Scotia Plaza, Suite 4900, 40 King Street West
Toronto, Ontario, Canada M5H 4A2
Tel: +1 416 777 0004, Fax: +1 416 777 0034
Email: canada@biam.boi.ie
Website: www.biam.ie
Vice President, Client Services: Padraig Connolly

JERSEY

Bank of Ireland Trust Company (Jersey) Ltd
Bank of Ireland House, PO Box 416, Francis Street,
St Helier, Jersey, JE4 9WD, Channel Islands
Tel: + 44 153 463 8660, Fax: + 44 153 473 3442
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

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

JAPAN

Bank of Ireland Asset Management (Japan) Ltd
Level 5, Akasaka Tokyu Building, 2-14-3 Nagatacho,
Chiyoda-ku, Tokyo 100-0014 JAPAN
Tel: + 813 3539 3180, Fax: + 813 3539 3182
Email: japan@biam.boi.ie
Website: www.biam.ie
President: Kikuo Kuroiwa