



# Bank of Ireland

*The Governor and Company of the Bank of Ireland  
(Established in Ireland by Charter in 1783, and having limited liability  
Registered in Ireland No. C-1)*

**Issue of**  
**up to 5,000,000 Units of Non-Cumulative Sterling  
Preference Stock, Series A, of nominal value £1.00 each**  
**and**  
**up to 6,500,000 Units of Non-Cumulative Irish Pound  
Preference Stock, Series A, of nominal value IR£1.00 each**

This document contains particulars in accordance with the listing rules made by The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the "Stock Exchange") for the purpose of giving information with regard to an issue of up to 5,000,000 units of Non-Cumulative Sterling Preference Stock, Series A, of £1.00 each and carrying a liquidation premium of £9.00 each and a gross dividend of £1.2625 (equal to an annual yield on £10.00 of 12½ per cent. per annum) (the "Sterling Preference Stock") and an issue of up to 6,500,000 units of Non-Cumulative Irish Pound Preference Stock, Series A, of IR£1.00 each and carrying a liquidation premium of IR£9.00 each and a gross dividend of IR£1.20 (equal to an annual yield on IR£10.00 of 12 per cent. per annum) (the "Irish Pound Preference Stock") (together with the Sterling Preference Stock the "Preference Stock") by the Governor and Company of the Bank of Ireland (the "Bank"). For the stamp duty position on transfers of Preference Stock see page 36.

The Directors of the Bank, whose names appear on page 16 herein, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made to the Stock Exchange for the Preference Stock to be admitted to the Official List in London and Dublin.

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**Issue Price: £10.0111 and IR£10.0976 per unit of Sterling and Irish Pound Preference Stock**

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Copies of this document, which comprises the listing particulars required by Section 142 of the Financial Services Act 1986 and the European Communities (Stock Exchange) Regulations 1984 of Ireland (the "Regulations"), have been delivered to the respective Registrars of Companies in London and Dublin for registration as required by Section 149 of the Act and in accordance with the Regulations.

In this document, all references to "£", "Stg", "Stg £" and "Sterling" are to the lawful currency of, and all references to "U.K." are to, the United Kingdom, all references to "IR£" and "Irish Pounds" are to the lawful currency of Ireland and all references to "U.S.\$" and "Dollars" are to the lawful currency of, and all references to the "United States" and "U.S." are to, the United States of America.

**Salomon Brothers International Limited**  
**Hoare Govett Corporate Finance Limited**  
**J & E Davy**

## DESCRIPTION OF THE PREFERENCE STOCK

*Except where specifically stated, the following description of the terms of issue applies to each of the Sterling Preference Stock and the Irish Pound Preference Stock and unless the context otherwise requires references to "Preference Stock" shall be construed as references to each such class of stock separately.*

Pursuant to the Bye-Laws of the Bank (the "Bye-Laws") the Court of Directors of the Bank (the "Directors") has authority to issue and allot up to £100,000,000 aggregate nominal value of preference stock denominated in Sterling and up to IR£100,000,000 aggregate nominal value of preference stock denominated in Irish Pounds. The terms of, and the rights attaching to, the Preference Stock are contained in the Bye-Laws and in resolutions of a duly constituted committee of the Directors approving the issue of the Preference Stock passed on February 13, 1992 (together, the "Terms of Issue").

### 1. Denomination, Form and Transfer

The capital stock of the Bank is IR£550,000,000 divided into 550,000,000 units of Ordinary Stock of IR£1 each ("Ordinary Stock"), U.S.\$200,000,000 divided into 8,000,000 units of Non-Cumulative Preference Stock of U.S.\$25 each ("Dollar Preference Stock"), Stg£100,000,000 divided into 100,000,000 units of Non-Cumulative Preference Stock of Stg£1 each and IR£100,000,000 divided into 100,000,000 units of Non-Cumulative Preference Stock of IR£1 each.

The issue price of each unit of Preference Stock will be Stg £10.0111: each unit will carry a liquidation premium of Stg £9.00 over its nominal value of Stg £1.00 and will be issued fully paid for cash. The issue price of each unit of Irish Pound Preference Stock will be IR£10.0976: each unit will carry a liquidation premium of IR£9.00 over its nominal value of IR£1.00 and will be issued fully paid for cash. The Sterling Preference Stock and the Irish Pound Preference Stock will rank *pari passu inter se* and with the Dollar Preference Stock when and if issued as regards the right to receive dividends and the rights on winding up of, or other return of capital by the Bank and in priority to the Ordinary Stock in respect of payment of dividends and in priority to any other class of stock in respect of repayment of capital in the event of a winding up of, or other return of capital by, the Bank (other than on a redemption of stock of any class in the capital of the Bank) (see "Dividends", "Capital" and "Voting" below). The Preference Stock will be in registered form but will initially be represented by renounceable letters of allotment (see page 41 below).

Transfers of the Preference Stock may be effected by instrument in writing, in the form of stock transfer or brokers' transfer (as may be appropriate) set out in the Schedules to the Stock Transfer Act, 1963 of Ireland or in a form substantially corresponding thereto and any such instrument shall be executed by or on behalf of the transferor. The Directors may refuse to register a transfer if:—

- (i) the transfer is in respect of Preference Stock on which the Bank has a lien; or
- (ii) the transfer is not accompanied by the certificate or (where no certificate has been issued) the receipt for the Preference Stock to which it relates and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer.

The registration of transfers may be suspended at such times and for such periods not exceeding in whole 30 days in each year, as the Directors may from time to time determine.

### 2. Dividends

(a) Each unit of Preference Stock shall entitle the holder (each a "Preference Stockholder") thereof to receive a non-cumulative preferential dividend calculated by reference to the liquidation value thereof (a "Preference Dividend") which, in the case of the Sterling Preference Stock, will be payable in Sterling in a gross amount of Stg £1.2625 per annum (including the Associated Tax described below) and, in the case of the Irish Pound Preference Stock, will be payable in Irish Pounds in a gross amount of IR£1.20 per annum (including the Associated Tax described below) in equal semi-annual instalments in arrear on February 20 and August 20 in each year (each, a "Dividend Payment Date" and each period commencing on and including any Dividend Payment Date up to but excluding the next succeeding Dividend Payment Date is hereinafter referred to as a "Dividend Period") when and if declared by the Directors. The Bank shall be required to increase or, as the case may be, decrease the cash dividend (i.e. excluding the Associated Tax defined below) payable on each unit of Preference Stock so that the sum

of such cash dividend paid or payable on any Dividend Payment Date together with any related Associated Tax (as defined below) shall equal the appropriate instalment of Stg £1.2625 per unit in the case of the Sterling Preference Stock and IR£1.20 per unit in the case of the Irish Pound Preference Stock. For these purposes, the term "Associated Tax" means any Irish taxation in accordance with, and at the rate specified by, Irish law in effect at the relevant time (a) which is, or is treated as having been, borne by recipients of dividends on the Preference Stock by deduction at source or (b) for which a credit (which term shall include an absence of or relief from liability for all or part of any Irish taxation which would otherwise be imposed in respect of such dividends) in respect of Irish taxation is available to the recipients of such dividends, in each case as if such recipients were individuals resident in Ireland for Irish taxation purposes.

(b) The Preference Stock shall rank as regards the right to receive dividends *pari passu inter se* and with the Dollar Preference Stock when and if issued and with any further stock created and issued pursuant to sub-paragraph (f) below and otherwise in priority to any Ordinary Stock.

(c) If, on any Dividend Payment Date, the distributable profits and distributable reserves of the Bank are together insufficient to enable payment in full to be made of any instalment of the Preference Dividend and, if applicable, of any instalments of dividends payable on such date on any other preference stock ranking *pari passu* with the Preference Stock as regards dividend, then none of the said instalments shall be paid. If it shall subsequently appear that any instalment of the Preference Dividend or of any such other preferential dividend which has been paid should not, in accordance with the provisions of this sub-paragraph, have been so paid, then, provided the Directors shall have acted in good faith, they shall not incur any liability for any loss which any stockholder may suffer in consequence of such payment having been made.

(d) Where any instalment of the Preference Dividend on the Preference Stock is payable, the Directors shall, subject to sub-paragraph (c) above, resolve to make payment of such instalment in cash, provided however that such instalment shall not be payable in cash if, in the judgement of the Directors, after consultation with the Central Bank of Ireland, the payment of such instalment in cash would breach or cause a breach of the Central Bank of Ireland's capital adequacy requirements from time to time applicable to the Bank.

(e) Subject to the right to be allotted additional preference stock in accordance with sub-paragraph (f) below, the Preference Stock shall carry no further right to participate in the profits and reserves of the Bank other than the Preference Dividend and if on any occasion an instalment of the Preference Dividend is not paid in cash for the reasons described in sub-paragraph (c) or sub-paragraph (d) above, the Preference Stockholders shall have no claim in respect of such instalment.

(f) (i) The provisions of this sub-paragraph shall apply where any instalment of the Preference Dividend payable on a particular Dividend Payment Date is, for the reasons specified in sub-paragraph (c) or sub-paragraph (d) above, not to be paid in cash and the amount (if any) standing to the credit of the profit and loss account of the Bank together with the amount of the reserves of the Bank available for the purpose are sufficient to enable the allotments of additional preference stock referred to in the further provisions of this sub-paragraph to be made in full;

(ii) For the purposes of this sub-paragraph:—

"Relevant Stock" means the Preference Stock and any preference stock of the Bank carrying similar rights to those set out in this sub-paragraph (f) and ranking *pari passu* with the Preference Stock as regards dividends in respect of which an instalment of preference dividend which would have been payable on the same date as a Relevant Instalment on the Preference Stock is not to be paid in cash; and

"Relevant Instalment" means an instalment of preference dividend which is not to be paid in cash on Relevant Stock on any occasion for the reasons specified in sub-paragraph (c) or sub-paragraph (d) above; and

where a member holds Relevant Stock of more than one class, the provisions of this sub-clause shall be interpreted and applied separately in respect of each class of Relevant Stock held by him;

(iii) Each holder of Relevant Stock shall, on the date for payment of the Relevant Instalment, had such instalment been paid in cash, be allotted such additional nominal amount (together with liquidation

premium in the case of the Preference Stock) of preference stock of the class in question, credited as fully paid, as together with the attributable liquidation premium is equal to an amount determined by multiplying the cash amount of the Relevant Instalment that would have been payable to him, had such instalment been payable in cash, (exclusive of any associated tax credit) by a factor to be determined by the Directors prior to allotment of the Relevant Stock. In the case of the Preference Stock the factor is four-thirds. The Bank shall not issue fractions of preference stock of any class ("Fractional Stock") on any such allotment of additional preference stock. In lieu of any Fractional Stock each holder of Relevant Stock otherwise entitled to receive Fractional Stock shall receive a payment in cash equal to such holder's proportionate interest in the net proceeds from the sale or sales in the open market by the Bank, on behalf of all such holders, of the aggregate of the preference stock of the relevant class equal in nominal amount to the aggregate amount of all Fractional Stock of the relevant class otherwise payable as a dividend rounded down to the nearest integral multiple of the par value of such preference stock, provided that the Bank shall not be obliged to make any such payment where the entitlement of the relevant holder is less than Stg£5 in the case of Sterling Preference Stock and IR£5 in the case of Irish Pound Preference Stock. Such sale shall be effected promptly after the record date fixed for determining the holders entitled to payment of the Preference Dividend. A holder receiving an allotment of additional preference stock in terms of this sub-paragraph shall not be entitled to receive any part of the Relevant Instalment relating to Relevant Stock of that class in cash except in lieu of Fractional Stock;

(iv) For the purpose of paying up preference stock to be allotted on any occasion pursuant to this sub-paragraph, the Directors shall capitalise out of the sums standing to the credit of the profit and loss account of the Bank and/or to the credit of the Bank's reserve accounts available for the purpose, as the Directors may determine a sum equal to the aggregate nominal amount of the additional preference stock then to be allotted and shall apply the same in paying up in full the appropriate amount of unissued preference stock of the class or classes in question. The provisions of the Bye-Laws shall apply *mutatis mutandis* to any such capitalisation;

(v) The additional preference stock so allotted shall rank *pari passu* in all respects with the fully paid Relevant Stock of the same class then in issue save only as regards participation in the Relevant Instalment.

(g) The Directors shall undertake and do such acts and things as they may consider necessary or expedient for the purpose of giving effect to the provisions of sub-paragraph (f). If any additional preference stock falling to be allotted pursuant to such sub-paragraph cannot be allotted by reason of any insufficiency in the Bank's authorised capital stock the Directors shall convene a General Court to be held as soon as practicable, for the purpose of considering a resolution or resolutions effecting an appropriate increase in the authorised capital stock. The Preference Stock shall not confer the right to participate in any issue of stock on capitalisation of reserves except as provided in sub-paragraph (f) above.

(h) If any Dividend Payment Date is not a day on which banks in London (in the case of the Sterling Preference Stock) or Dublin (in the case of the Irish Pound Preference Stock) are open for business and on which foreign exchange dealings may be conducted there (in each case a "Business Day"), then payment of the instalment of Preference Dividend otherwise payable on such Dividend Payment Date will be made on the next succeeding Business Day and without any interest or other payment in respect of such delay unless such day shall fall within the next calendar month in which case such payment will be made on the preceding Business Day.

(i) Instalments of Preference Dividend in respect of any period shorter or longer than a full Dividend Period will be calculated on the basis of a 365 day year (or, in a leap year, a 366 day year), and the actual number of days elapsed in such period.

### **3. Capital**

(a) On a winding up of, or other return of capital (other than on a redemption of stock of any class in the capital of the Bank) by the Bank, the Preference Stockholders shall in respect of the Preference Stock held by them be entitled to receive in Pounds Sterling, in the case of the Sterling Preference Stock, or Irish Pounds in the case of the Irish Pound Preference Stock out of the surplus assets available for distribution to the Bank's members, an amount equal to the amount paid up or credited as paid up on the Preference Stock including the premium paid to the Bank in respect thereof.

(b) In addition to the amount repayable on the Preference Stock pursuant to sub-paragraph (a) above there shall be payable a sum equal to the amount of any Preference Dividend which is due for payment after the date of commencement of the winding up or other return of capital but which is payable in respect of a period ending on or before such date and the amount of any Preference Dividend which would have been payable by the Bank in accordance with “Dividends” above in respect of the period commencing with the Dividend Payment Date which shall most recently have occurred prior to the winding up of the Bank or the date of return of capital, as the case may be, and ending with the date of such return of capital, whether on a winding up or otherwise, as though such period had been one in relation to which an instalment of the Preference Dividend would have been payable pursuant to “Dividends” above, but subject always to the provisions of sub-paragraphs (c), (d) and (e) thereof.

(c) The amounts payable or repayable under sub-paragraphs (a) and (b) above in the event of a winding up of, or other return of capital (other than on a redemption of stock of any class in the capital of the Bank) by the Bank, shall be so paid *pari passu* with any amounts payable or repayable in that event upon or in respect of any further preference stock of the Bank ranking *pari passu* with the Preference Stock as regards repayment of capital and shall be so paid in priority to any repayment of capital on any other class of stock of the Bank. The Preference Stockholders shall not be entitled in respect of the Preference Stock held by them to any further or other right of participation in the assets of the Bank.

#### **4. Redemption**

The Preference Stock shall be non-redeemable.

#### **5. Voting**

(a) The Preference Stockholders shall be entitled to receive notice of any General Court of the Bank and a copy of every circular or like document sent out by the Bank to the holders of Ordinary Stock but shall not be entitled to attend any General Court or to speak or vote thereat unless:—

- (i) a resolution is to be proposed at such meeting for the winding up of the Bank; or
- (ii) a resolution is to be proposed at such meeting varying, altering or abrogating any of the rights, privileges, limitations or restrictions attached to the Preference Stock;

and then to vote only on such resolution or resolutions; or

unless at the date of such meeting the most recent instalment of the Preference Dividend due to be paid prior to such meeting shall not have been paid in cash in which event the Preference Stockholders shall be entitled to speak and vote on all resolutions proposed at such meeting.

For the avoidance of doubt and without prejudice to the rights attached to the Preference Stock to participate in any return of capital, the rights attached to the Preference Stock shall not be deemed to be varied, altered or abrogated by a reduction in any capital stock ranking as regards participation in the profits and assets of the Bank *pari passu* with or after the Preference Stock or by any redemption of any such capital stock, unless, in either of the foregoing cases, the then most recent dividend due to be paid on each class of preference stock in the capital of the Bank prior to such reduction or redemption shall not have been paid in cash.

(b) (i) At a separate meeting of the Preference Stockholders referred to in “Restriction on Capitalisations and Issues of Securities” on a show of hands each Preference Stockholder present in person or every proxy for every such member shall have one vote and on a poll each Preference Stockholder present in person or by proxy shall have one vote in respect of each unit of Preference Stock held by him.

(ii) Whenever the Preference Stockholders are entitled to attend and vote at a General Court of the Bank then, on a show of hands, each Preference Stockholder present in person, or every proxy for every such member, shall have one vote and on a poll each Irish Pound Preference Stockholder, present in person or by proxy shall have one vote for each unit of Irish Pound Preference Stock held by him and each Sterling Preference Stockholder present in person or by proxy shall have one vote for every IR£1 of the Irish Pound amount decided by the Directors as being equivalent to the nominal amount of

Sterling Preference Stock held by him, such calculation to be made by applying the rate of exchange prevailing at the date of allotment of the Sterling Preference Stock. For the purpose of making the above calculation the Irish Pound amount shall be adjusted downwards to the nearest IR£1.

(iii) Whenever the Preference Stockholders are entitled to attend and vote at any General Court of the Bank the following provisions shall apply:—

- (a) A Preference Stockholder holding (otherwise than as trustee or nominee for some other person) more than one per cent. of the nominal amount of the Preference Stock then in issue shall not be entitled to vote in respect of that part of his holding which exceeds such one per cent. For the purposes of this paragraph a statutory declaration by a Preference Stockholder that the Preference Stockholder is a trustee or nominee for some other person specifying such person and the amount of Preference Stock held for such person shall be *prima facie* evidence of such separate holding by the Preference Stockholder as such trustee or nominee and the aforesaid limit of voting entitlement shall apply separately in respect of each such separate holding. Any such statutory declaration shall be deposited at the head office of the Bank or at such other place within Ireland as may be specified for that purpose by the Directors from time to time not less than 48 hours before the time for holding the General Court or adjourned General Court at which the Preference Stockholder proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for the taking of the poll;
- (b) Any person beneficially entitled to Preference Stock (whether registered in his name or not) in excess of one per cent. of the nominal amount of the Preference Stock then in issue, shall not be entitled to any vote in respect of that part of his holding which exceeds such one per cent.;
- (c) Where any Preference Stock in excess of one per cent. of the nominal amount of the Preference Stock then in issue is controlled by one person or jointly by two or more persons (whether registered in his name or their names or not) such person or persons shall not be entitled to any vote in respect of that part of his or their holding which in aggregate exceeds such one per cent.; and for the purposes of this paragraph, (b)(iii)(c), Preference Stock shall be deemed to be controlled by a person or (as the case may be) jointly by two or more persons if he has or they have power to direct or secure that the votes attaching thereto shall be cast in accordance with his or their wishes or that it be transferred to or vested in him or them or his or their nominee or nominees.

(c) On a relevant requisition given in accordance with the provisions of (d) below, the Directors shall procure that an Extraordinary General Court of the Bank shall be convened forthwith.

(d) A “relevant requisition” is a requisition:—

- (i) which has been signed by or on behalf of the holders of a majority of the Preference Stock in issue at the date of such requisition; and
- (ii) which states the objects of the meeting to be convened;

and a relevant requisition may consist of several documents in like form each signed by or on behalf of one or more of the requisitionists. The provisions of the Bye-Laws in relation to requisition of an Extraordinary General Court shall apply *mutatis mutandis* to any such relevant requisition.

(e) The right to requisition a General Court of the Bank contained herein shall be exercisable only at a time when the most recent instalment of the Preference Dividend due to be paid prior to such requisition shall not have been paid in cash.

(f) The Directors shall procure that, on any resolution at a General Court of the Bank upon which the Preference Stockholders are entitled to vote and on each resolution at a separate meeting, referred to under “Restriction on Capitalisations and Issues of Securities” below, of the Preference Stockholders, a poll is demanded by the Chairman of such meeting in accordance with the Bye-Laws.

## **6. Restriction on Capitalisations and Issues of Securities**

Save with the written consent of the holders of not less than 75 per cent. in nominal value of the Preference Stock, or with the sanction of a resolution passed at a separate meeting of the holders of the Preference Stock where holders of not less than 75 per cent. in nominal value of the Preference Stock in attendance and voting have voted in favour of such resolution, the Directors shall not (i) capitalise any part of the amounts standing to the credit of the Bank's reserves (including any Stock Premium Account) or to the credit of the profit and loss account and available for distribution if after such capitalisation the aggregate of such amounts would be less than four times the aggregate amount of the annual dividends (exclusive of any associated tax credit) payable on the Preference Stock then in issue and any other preference stock then in issue ranking as regards the right to receive dividends or the rights on winding up of, or other return of capital by, the Bank, *pari passu* with or in priority to the Preference Stock, or (ii) authorise or create, or increase the amount of any stock of any class or any security convertible into the stock of any class ranking as regards the right to receive dividends or the rights on winding up of, or other return of capital by, the Bank in priority to the Preference Stock. A separate meeting shall be deemed to be a class meeting pursuant to the Bye-Laws and subject always to the overriding provisions of paragraph (f) of "Voting" above.

## **7. Further Preference Stock**

The Bank may from time to time create and issue further preference stock ranking as regards participation in the profits and assets of the Bank *pari passu* with the Preference Stock and so that any such further preference stock may be denominated in any currency and may carry as regards participation in the profits and assets of the Bank rights identical in all respects to those attaching to the Preference Stock or rights differing therefrom in any respect including, but without prejudice to the generality of the foregoing:—

- (a) the rate of dividend may differ and the dividend may be cumulative or non-cumulative;
- (b) the periods by reference to which dividend is payable may differ;
- (c) a premium may be payable on a return of capital or there may be no such premium;
- (d) the further preference stock may be redeemable at the option of the Bank or the holder or may be non-redeemable; and
- (e) the further preference stock may be convertible into Ordinary Stock or any other class of stock ranking as regards participation in the profits and assets of the Bank *pari passu* with or after the Preference Stock, in each case on such terms and conditions as may be prescribed by the terms of issue thereof.

The creation or issue of, or the variation, alteration or abrogation of or addition to the rights, privileges, limitations or restrictions attaching to, any stock of the Bank ranking after the Preference Stock as regards participation in the profits and assets of the Bank and the creation or issue of further preference stock ranking *pari passu* with the Preference Stock as provided for above shall be deemed not to be a variation, alteration or abrogation of the rights, privileges, limitations or restrictions attaching to the Preference Stock. Provided, however, as regards further preference stock ranking *pari passu* with the Preference Stock that, on the date of such creation or issue, the most recent instalment of the dividend due to be paid on each class of preference stock in the capital of the Bank prior to such date shall have been paid in cash. If any further preference stock of the Bank shall have been issued, then any subsequent variation, alteration or abrogation of or addition to the rights, privileges, limitations or restrictions attaching to any of such further preference stock shall be deemed not to be a variation, alteration or abrogation of the rights, privileges, limitations or restrictions attaching to the Preference Stock provided that the rights attaching to such preference stock thereafter shall be such that the creation and issue by the Bank of further preference stock carrying those rights would have been permitted under this paragraph.

## **8. Variation of Class Rights**

The rights, privileges, limitations or restrictions attached to the Preference Stock may be varied, altered or abrogated, either whilst the Bank is a going concern or during or in contemplation of a winding up, with the written consent of the holders of not less than 75 per cent. in nominal value of the Preference Stock or with the sanction of a resolution passed at a class meeting of holders of the Preference Stock provided that the holders of not less than 75 per cent. in nominal value thereof in attendance and voting vote in favour of such resolution.

## **9. Notices**

Any notice required to be given by the Bank to the holders of the Preference Stock shall be sufficiently given if posted to such holders in accordance with the Bye-Laws.

## **10. Registrar and Paying Agent**

The Registration Department of the Bank, presently located at Bank of Ireland, 2 College Green, Dublin 2, will act as registrar and paying agent for the Preference Stock.

## **PROCEEDS OF ISSUE**

The net proceeds arising from the issue of the Preference Stock are estimated to be approximately IR £117.1 million.

The net proceeds of both issues will be incorporated into cash deposits or amalgamated with other cash or receipts of the Bank and used by its treasury in the management of the Bank's overall cash or liquidity position.



## ORDINARY STOCK

The following is a summary of certain information concerning the Bank's Ordinary Stock and certain provisions of the Bye-Laws. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the Bye-Laws, copies of which are available for inspection (see "Documents available for inspection" below).

### Dividend Rights

A General Court may declare dividends but no dividend shall exceed the amount recommended by the Directors and no dividend may be declared or interim dividend paid on the Ordinary Stock unless the dividend on the Dollar Preference Stock, the Sterling Preference Stock and the Irish Pound Preference Stock (and any further sterling preference stock and Irish pound preference stock that may be issued pursuant to the Bye-Laws) most recently payable prior to the relevant General Court or Directors' resolution to pay such interim dividend, as the case may be, shall have been paid in cash. No dividend shall be paid otherwise than out of profits.

All dividends shall be declared and paid according to the amounts paid or credited as paid on the Ordinary Stock in respect whereof the dividend is paid, but no amount paid or credited as paid on Ordinary Stock in advance of calls shall be treated as paid thereon.

### Voting Rights

Every member being the holder of at least IR£1.00 of Ordinary Stock of the Bank present in person and every proxy for every such member shall have one vote so however that no individual shall have more than one vote; and on a poll every member present in person or by proxy shall have one vote for each IR£1.00 of Ordinary Stock of the Bank of which he is then and has for six months previously been the registered holder, provided however that:

- (a) a member holding (otherwise than as trustee or nominee for some other person) more than one per cent. of the nominal amount of the Ordinary Stock of the Bank then in issue shall not be entitled to any vote in respect of that part of his holding which exceeds such one per cent.;
- (b) any person beneficially entitled to Ordinary Stock (whether registered in his name or not) in excess of one per cent. of the nominal amount of the Ordinary Stock of the Bank then in issue, shall not be entitled to any vote in respect of that part of his holding which exceeds such one per cent.;
- (c) where any Ordinary Stock in excess of one per cent. of the nominal amount of the Ordinary Stock of the Bank then in issue is controlled by one person or jointly by two or more persons (whether registered in his name or their names or not), such person or persons shall not be entitled to any vote in respect of that part of his or their holding which in aggregate exceeds such one per cent.

At any General Court a resolution put to the vote of the Court shall be decided on a show of hands unless, before the show of hands or before or on the declaration of the result of the show of hands, a poll is demanded: (a) by the Chairman; or (b) by at least nine members of the Bank present in person or by proxy and entitled to vote on a poll.

### Variation of Rights

Whenever the capital of the Bank is divided into different classes of stock, the special rights attached to any class may, subject to the provisions of the Bye-Laws, be varied or abrogated either whilst the Bank is a going concern or during or in contemplation of a winding-up, with the sanction of a resolution passed at a class meeting of the holders of the stock of the class but not otherwise. In the case of any such class meeting all the provisions of the Bye-Laws relating to General Courts of the Bank and to the proceedings thereat shall apply, *mutatis mutandis*.

### Miscellaneous

A General Court of the Bank may, by resolution before the issue of any new Ordinary Stock, determine that the same or any of it shall be offered in the first instance, and either at par or at a premium, to all the holders of the existing Ordinary Stock in such proportion as nearly as may be to the amount of such Ordinary Stock held by them respectively, or make any other provisions as to the issue of such new Ordinary Stock. In default of any such determination and insofar as the same shall not extend, the new Ordinary Stock may be dealt with by the Directors as if it forms part of the existing Ordinary Stock and it shall be at the disposal of the Directors who may allot, grant options over or otherwise dispose of it to such persons on such terms and conditions as they may consider to be in the best interests of the Bank and its members.

## THE BANK

### Business

Bank of Ireland is the parent of a group of subsidiary companies (together with the Bank, the "Group") operating in the financial services sector and described below.

The Bank, incorporated by Royal Charter of George III in 1783, is the second largest commercial bank in Ireland with total Group assets of IR£14.818 billion at March 31, 1991.

The expansion of the Bank was accelerated with the acquisition in 1958 of The Hibernian Bank Limited and the acquisition in 1966 of the Irish business of The National Bank Limited, then a London clearing bank, and all the branches were integrated under the Bank of Ireland name.

In 1988, the Bank acquired, through its U.S. holding company, Bank of Ireland First Holdings, Inc. (formerly Bank of Ireland (U.S.) Holdings Inc.), all of the common stock of First NH Banks, Inc. ("First NH"), of New Hampshire, for U.S.\$370 million.

The Bank has a network of 357 retail branches, of which 290 are in Ireland, 43 in Northern Ireland and 24 in Great Britain. The Bank's international business is centred mainly in Dublin, London, New York and Hong Kong. In addition, the Bank has representative offices in Frankfurt, Brussels and Tokyo, and wholly-owned subsidiaries in Jersey and the Isle of Man. In the U.S., through its New York branch, the Bank provides retail and wholesale banking services.

In addition to its commercial banking business, the Bank has a merchant banking subsidiary, The Investment Bank of Ireland Limited, two finance companies, Bank of Ireland Finance Limited in Ireland and British Credit Trust Limited in Britain. The Bank is, however, winding down the instalment credit business of British Credit Trust Limited. Other subsidiaries include a life assurance company in Ireland (Lifetime Assurance Company Limited), home mortgage businesses in Ireland (ICS Building Society) and Great Britain (Bank of Ireland Home Mortgages Limited) together with a number of other subsidiaries in the financial services industry.

The Bank provides, by itself or through its wholly-owned subsidiaries, a full range of financial services to the personal, commercial, industrial and agricultural sectors. These include current and deposit accounts, term deposits and certificates of deposit, overdrafts, term loans, mortgages, currency loans, leasing in Irish pounds and other currencies, instalment credit, hire purchase, debt factoring, foreign exchange facilities, executor and trustee and taxation services, investment management, advice on a range of financial matters, including mergers and acquisitions and underwriting services.

### Group Activities

The Group currently organises its businesses into four groupings:—

- Retail Division
- Corporate and Treasury Division
- First NH Banks (New Hampshire); and
- Other Group Activities

The profit contribution by each grouping over the past three years has been as follows:—

|                                   | 1989<br>IR£m | 1990<br>IR£m | 1991<br>IR£m |
|-----------------------------------|--------------|--------------|--------------|
| Retail .....                      | 90.0         | 120.4        | 75.1         |
| Corporate & Treasury .....        | 49.0         | 65.3         | 65.6         |
| First NH Banks .....              | 1.4          | (0.6)        | (60.0)       |
| Other Group Activities .....      | 62.1         | 25.4         | 24.3         |
|                                   | 202.5        | 210.5        | 105.0        |
| Exceptional Items .....           | (31.0)       | (16.0)       | —            |
| Special Levy on Irish Banks ..... | 15.0         | 14.4         | 14.3         |
| Taxation .....                    | 74.5         | 81.3         | 63.3         |
| Profit after taxation .....       | 82.0         | 98.8         | 27.4         |

The major constituent parts of each grouping is set out in more detail below.

### ***Retail Division***

The Retail Division includes all branch banking operations in Ireland (290 branches), Northern Ireland (43 branches) and Britain (24 branches). In both Irish jurisdictions the branches offer a wide range of financial products and services in addition to the deposit, lending, current account and other money transmission services traditionally offered by banks. There are some 5,600 staff employed in branch banking in Ireland.

In Britain, the branches are focused on the professional and small to medium sized business sectors and are outlets for the full range of group products. Of the 24 branches, 11 are located in Greater London, the remainder in Birmingham, Leeds, Manchester, Cardiff, Glasgow, Leicester, Liverpool, Luton, Reading and Southampton.

The Retail Division also includes the Group's building society (ICS Building Society), its instalment credit and leasing operations — (Bank of Ireland Finance Limited and NIIB Group Limited), as well as its Credit Card Services and International Banking operations.

- ICS Building Society — In 1985 the Bank acquired in excess of 99 per cent. of the investment shares of the ICS (increased to 100 per cent. in 1990) and it is now the 4th largest building society in Ireland with assets of IR£650m and 130 staff. The majority of its mortgage business is transacted through intermediaries.
- Bank of Ireland Finance Limited and NIIB Group Limited are engaged in industrial banking, instalment credit, leasing and commercial mortgages. Bank of Ireland Commercial Finance Limited, a subsidiary of Bank of Ireland Finance, is engaged in asset financing (providing finance against book debts and stock), factoring and export credit finance.

Additionally, the Group has recently established a direct selling operation — “Premier Banking” which offers personal loan facilities by telephone, outside as well as during normal business hours, — and “First Rate Bureau de Change Limited” which provides foreign exchange services through a network of outlets and agencies located in all major tourist areas.

### ***Corporate and Treasury Division***

The Division comprises the following five business units:

- Corporate Banking — this unit provides an integrated banking service to 400 of the largest corporates in Ireland. In addition Corporate Banking is responsible for a subsidiary company, Bank of Ireland International Finance Limited, which operates from the International Financial Services Centre in Dublin and is engaged in international asset financing.
- Group Treasury — activities in Dublin include the provision of a full range of treasury products to the corporate sector, trading in interest rate and foreign exchange instruments and the management of the Group's substantial portfolio of government securities. The Group has wholesale treasury operations in London and New York and subsidiary companies in the Isle of Man and Jersey which are primarily deposit-taking operations.
- Private Banking — this unit commenced business in 1989 and provides an integrated banking service for high net-worth individuals. The unit is the first of its kind in Ireland.
- New York branch provides corporate and retail banking services. A loan production office was established in Boston in 1991.

- Hong Kong — the Group operates a branch of Bank of Ireland and a subsidiary in Hong Kong which are engaged in wholesale lending and trade finance in that region.

The Division is also responsible for the relationship with Development Capital Corporation (“DCC”) of which the Bank owns 20.19 per cent. DCC is the largest Irish-based venture and development capital group with subsidiaries in London and Boston.

### ***First NH Banks***

Bank of Ireland acquired First NH Banks Inc. (FNH), in December 1988. At the time of acquisition FNH had 67 offices throughout the State. It has its Head Office in Manchester, New Hampshire and a number of non-branch subsidiaries engaged in mortgage finance and leasing. During the year ended December 1990, FNH reported losses of U.S.\$96 million. Losses continued to be sustained in the poor economic environment of 1991. Losses for the first 6 months as reported in the Group’s interim results were U.S.\$55.5 million.

In October 1991 Bank of Ireland acquired, from the Federal Deposit Insurance Corporation, (the FDIC), for a capital outlay of U.S.\$50M, certain assets and certain liabilities of Amoskeag Bank and BankEast Corporation. Amoskeag Bank and BankEast Corporation had 29 and 28 branches respectively, both banks have headquarters in Manchester, New Hampshire. At the time of acquisition the two acquired banks had deposits of approximately U.S.\$1 billion and loans of U.S.\$1.6 billion. The terms of the acquisition resulted in FNH securing a U.S.\$2 billion deposit book and a loan book completely free of non-performing loans. Under the terms of the acquisition FNH has the right, over a three year period, to put back to the FDIC any non-performing commercial loans; the loans can be put back at no discount in year 1 and in years 2 and 3 at discounts of 2 per cent. and 4 per cent. respectively. Losses on other loans are limited during this period to 0.35 per cent. on mortgages and 1 per cent. on consumer loans plus 10 per cent. of any further loss.

First NH Banks is currently reducing the cost base of its expanded network and is engaged in a process of branch closures and rationalisations designed to give it a substantially better network in New Hampshire. As a result of the acquisition, FNH has a clear market leadership in the State with some 25 per cent. of deposits and total assets in excess of U.S.\$4 billion.

### ***Other Group Activities***

The principal constituents are the Group’s life assurance company, Lifetime Assurance Company Limited; its funds management operations, IBI Investment Services Limited; its UK residential mortgage company, Bank of Ireland Home Mortgages Limited and the Group’s corporate finance operation, IBI Corporate Finance Limited, all of which are described in more detail below. Additionally the profit contribution from this grouping includes the contribution from J & E Davy Holdings Limited, the holding company for J & E Davy (Ireland’s leading stockbrokers) of which the Bank owns 89.9 per cent.

- Lifetime Assurance Company Limited was established by the Bank in 1987. It now holds approximately a 10 per cent. share of the new combined single premium and annual premium business with sums assured of more than IR£1 billion. Its products are sold through the Group’s extensive branch banking network.
- IBI Investment Services Limited is one of the largest fund and investment managers in Ireland with funds under management of IR£3.5 billion. It has a portfolio of unit trusts and investment funds which is marketed widely to the general public and provides significant fund management to institutions and pension funds. It also manages the funds of Lifetime Assurance Company Limited and has investment and fund management operations in London, Isle of Man and Connecticut in the USA.
- Bank of Ireland Home Mortgages Limited, based in Britain, provides residential mortgages through intermediaries, mainly life assurance companies, and through the Bank’s branches in Britain. It has approximately 1 per cent. of the U.K. residential mortgage market.
- IBI Corporate Finance Limited advises companies on take-overs, mergers and restructuring, the raising of equity and loan capital; public flotations and Stock Exchange listings.

### **Current Trading and Prospects**

The Group has experienced a continuing satisfactory performance in its Irish based businesses since March 31, 1991.

Losses in Britain fell from £50.2 million in the year to March 31, 1991 to £4.7 million in the six months to September 30, 1991. Bank of Ireland Home Mortgages continues to trade very satisfactorily.

Substantial losses continue at FNH largely because of the recessionary conditions being experienced in the New Hampshire economy. Losses for 1991 will exceed those of 1990. The medium term outlook for FNH has improved materially as a result of the acquisitions made in 1991; significant cost savings have already been achieved and the market share of FNH has nearly doubled. Acquired loans have minimal risk attached to them and increased resources have been committed to the management of FNH's pre-acquisition loans. While losses are expected to continue in 1992 the Directors are satisfied that the appropriate management actions have been and will continue to be taken to achieve a material reduction in the level of losses.

The Irish Bank Officials Association ("IBOA") is currently engaged in limited industrial action against all four Associated Banks in Ireland. This action involves an over-time ban and seeks to affect referral of enquiries for assurance and insurance products by IBOA members.

Except as disclosed herein, there has been no significant change in the financial or trading position of the Bank or the Group since November 13, 1991, the date of the publication of the interim results stating the position as at September 30, 1991.

## CAPITALISATION OF THE BANK AND ITS SUBSIDIARIES

### Ordinary Capital and Dividends

The authorised capital of the Bank is IR£550,000,000 divided into 550,000,000 units of Ordinary Stock of IR£1 each ("Ordinary Stock"), U.S.\$200,000,000 divided into 8,000,000 units of Non-Cumulative Preference Stock of U.S.\$25 each ("Dollar Preference Stock"), Stg£100,000,000 divided into 100,000,000 units of Non-Cumulative Preference Stock of Stg£1 each and IR£100,000,000 divided into 100,000,000 units of Non-Cumulative Preference Stock of IR£1 each.

|  | As at January 31, 1992 |
|--|------------------------|
|  | (Unaudited)<br>(IR£m)  |
| <b>Capital stock</b>   |                        |
| <b>Authorised:</b>   |                        |
| 550.0m units of IR£1 each of Ordinary Stock .....                    | 550.0                  |
| 8.0m units of Non-Cumulative Preference Stock of U.S.\$25 each ..... | 121.2                  |
| 100.0m units of Non-Cumulative Preference Stock of Stg£1 each .....  | 107.5                  |
| 100.0m units of Non-Cumulative Preference Stock of IR£1 each .....   | 100.0                  |
|  | 878.7                  |
| <b>Issued and fully paid:</b>  |                        |
| Units of IR£1 of Ordinary Stock .....                                | 402.3                  |
|  | 518.4                  |
| <b>Loan Capital</b>  |                        |
| U.S.\$150.0m Undated Floating Rate Primary Capital Notes .....       | 90.9                   |
| U.S.\$133.0m Floating Rate Capital Notes 1997 .....                  | 80.6                   |
| U.S.\$32.0m Floating Rate subordinated loan facility 1998 .....      | 19.4                   |
| U.S.\$300.0m Undated Variable Rate Notes .....                       | 181.8                  |
| U.S.\$100.0m Undated Variable Rate Notes .....                       | 60.6                   |
| YEN 14.6Bn Fixed Rate subordinated loan facility 1998 .....          | 71.5                   |
| YEN 3.0Bn Subordinated loan facility 2001 .....                      | 13.6                   |
|  | 75.8                   |
| <b>Preferred stock issued by a subsidiary</b>                        |                        |
| Cumulative Preferred Stock U.S.\$75.0m .....                         | 45.5                   |
| Non-Cumulative Preferred Stock U.S.\$50.0m .....                     | 30.3                   |
|  | 75.8                   |

### Notes

1. The Loan Capital is subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Bank.
2. The principal rates of exchange used in the preparation of the above are as follows:  
     IR£/U.S.\$1.65  
     IR£/STG£0.93  
     Yen facilities have been translated into Irish Pounds to reflect currency swap agreements which have been entered into by the Bank.

### Capital of Bank and its Subsidiary Undertakings

The total dividends paid on the Bank's Ordinary Stock in respect of each of the three years ended 31 March, 1991 were equivalent to 9.2 pence per IR£1 unit of stock for 1990/1991, 9.2 pence per IR£1 unit of stock for 1989/1990 and 7.8 pence per IR£1 unit of stock for 1988/1989, restated for the scrip issues in July 1991 and July 1989 and the rights issue in May 1988.

During the year ended March 31, 1989, 49,528,351 units of Ordinary Stock of IR£1 each were issued by way of rights on the basis of one new unit for every four held, following stockholder approval at an Extraordinary General Meeting in May 1988. A further 1,055,701 units of Ordinary Stock were issued to the trustees of the Employee Stock Issue Scheme in September 1988.

During the year ended March 31, 1990, the Ordinary Stock in issue was increased by 82,899,152 units by way of a scrip issue in the proportion of one new unit of Ordinary Stock for every three existing units held. A further 1,546,144 units of stock were issued to the trustees of the Employee Stock Issue Scheme and a further 833,178 units of Ordinary Stock were issued to holders on the exercise of their options under the terms of the Senior Executive Stock Option Scheme at a subscription price of 127.84p per IR£1 unit.

During the year ended March 31, 1991, 1,000,234 units of Ordinary Stock were issued to the trustees of the Employee Stock Issue Scheme and 47,277 units were issued to holders on the exercise of their options under the terms of the Senior Executive Stock Option Scheme at a subscription price of 127.84p per unit of IR£1.

During the period from April 1, 1991 to January 31, 1992 (the latest practicable date before the issue of this document) the Ordinary Stock in issue was increased in June 1991 by the issue of 224,299 units of stock to holders on the exercise of their options, 207,022 units at a subscription price of 173.63p and 17,277 units at a subscription price of 127.84p and by a further 67,049,548 units by way of a scrip issue in the proportion of one new unit for every five existing units held. The stock in issue was further increased by the issue of 15,000 units of stock to the holders on the exercise of their options at a subscription price of 106.53p.

Under the terms of the 1986 Senior Executive Stock Option Scheme, options may be granted enabling senior executives to subscribe for specific numbers of units of Ordinary Stock. At January 31, 1992, options exercisable between that date and 2001, at prices ranging from 106.53p to 222.35p per unit of IR£1 of Ordinary Stock were outstanding in respect of 4,328,786 units.

Save as mentioned above, no Ordinary Stock of the Bank or any of its subsidiary undertakings has been issued during the last three years, is under option or is agreed conditionally or unconditionally to be put under option.

At the Annual General Court of the Bank held on July 9, 1991, the authorised capital of the Bank was increased from 450,000,000 units to 550,000,000 units of Ordinary Stock of IR£1. In accordance with the requirements of the Stock Exchange, the Directors were then granted the power to allot Ordinary Shares otherwise than pro rata to Ordinary Stockholders for a further year up to 20,100,000 units in aggregate. This authorisation does not exceed Institutional Investment Committee guidelines which accordingly restrict such authorisation to an amount equal to 5 per cent. of the aggregate issued Ordinary Stock of the Bank.

No issue of Ordinary Stock will be made which would effectively alter control of the Bank without prior approval of the stockholders in General Court.

As of January 31, 1992, the Bank had been notified by the following of their interest in the issued Ordinary Stock of the Bank. Irish Life Assurance plc had advised that it held an interest in 10.4 per cent. of the issued Ordinary Stock and the Standard Life Assurance Company had advised that it held an interest of between 3 and 5 per cent. of the issued Ordinary Stock. Additionally IBI Nominees Limited advised that it held, in a nominee capacity on behalf of numerous clients, a non-beneficial interest in 12.3 per cent. of the issued Ordinary Stock and AIB Investment Nominees Ltd. held 6.5 per cent. on a similar basis. The Directors have not been advised by any other persons other than the above that they had an interest of 3 per cent. or more in the issued Ordinary Stock of the Bank.

#### **Court of Directors**

The business of the Bank is managed by the Directors, each of whose business address is Bank of Ireland, Lower Baggot Street, Dublin 2, who may exercise all such powers of the Bank as are not by the Charter and Bye-Laws required to be exercised by the Bank in General Court. The number of Directors (including the Governor and Deputy Governor) shall not be less than 10 nor more than 18. The Directors are appointed by the General Court.

The members of the Court of Directors, their functions within the Group and their principal activities (if any) outside the Group, are as follows:-

| <i>Name</i>            | <i>Function within the Group</i>                | <i>Principal Outside Activity</i>   |
|------------------------|---|---|
| Howard E. Kilroy       | Governor  | President and Chief Operations Director of the Jefferson Smurfit Group plc      |
| Bernard J. Breen       | Deputy Governor                                 | —   |
| Patrick J. A. Molloy   | Group Chief Executive                           | —   |
| Maurice A. Keane       | Deputy Group Chief Executive                    | —   |
| Michael J. Meagher     | Chief Executive Corporate and Treasury Division | —   |
| John E. Callaghan      | Non-Executive Director                          | Chief Executive Fyffes plc  |
| Laurence G. Crowley    | Non-Executive Director                          | Company Director, Chairman of P J Carroll and Company plc                       |
| Dr. Margaret Downes    | Non-Executive Director                          | Company Director, Chairman of Gallagher (Dublin) Limited                        |
| Niall W. A. FitzGerald | Non-Executive Director                          | Executive Director of Unilever PLC  |
| David M. Kennedy       | Non-Executive Director                          | Company Director, Professor of Strategic Marketing in University College Dublin |
| Thomas C. Toner        | Non-Executive Director                          | Company Director, Chairman of Arnotts plc                                       |
| R. Brian Williamson    | Non-Executive Director                          | Chairman of Gerrard & National Holdings plc                                     |



## FINANCIAL INFORMATION

The consolidated financial information set forth on pages 17 to 31 have been extracted from the audited accounts for the three years ended March 1989, 1990 and 1991.

The earnings per unit of IR£1 of Ordinary Stock and dividends per unit of IR£1 of Ordinary Stock as set out on page 17 have been adjusted for the scrip issue in July 1991.

### BANK OF IRELAND

#### CONSOLIDATED PROFIT & LOSS ACCOUNT

For the three years ended March 31, 1989, 1990 and 1991

|   | Notes | 1991<br>IR£m | 1990<br>IR£m | 1989<br>IR£m |
|---|-------|--------------|--------------|--------------|
| <b>Income</b>   |       |              |              |              |
| Net interest .....  |       | 487.7        | 473.1        | 424.7        |
| Other income .....  |       | 191.9        | 169.1        | 139.2        |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| Total income .....  |       | 679.6        | 642.2        | 563.9        |
| Loan loss provisions .....  |       | 175.3        | 56.5         | 39.8         |
|   |       | <hr/>        | <hr/>        | <hr/>        |
|   |       | 504.3        | 585.7        | 524.1        |
| <b>Operating Expenses</b>   |       |              |              |              |
| Employee costs .....  | 22    | 265.8        | 268.2        | 236.5        |
| Other costs .....   |       | 200.1        | 193.4        | 147.7        |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| Total costs .....   |       | 465.9        | 461.6        | 384.2        |
| <b>Profit before exceptional item, taxation and extraordinary items</b>       |       |              |              |              |
| The Bank and subsidiaries .....   |       | 38.4         | 124.1        | 139.9        |
| Non-consolidated subsidiaries and share of associated companies .....         |       | 15.1         | 26.1         | 19.6         |
|   |       | <hr/>        | <hr/>        | <hr/>        |
|   |       | 53.5         | 150.2        | 159.5        |
| Exceptional item .....  | 2     | —            | 16.0         | 31.0         |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| Profit before taxation .....  |       | 53.5         | 134.2        | 128.5        |
| Taxation (including special levy on banks of IR£14.3m – 1990: IR£14.4m) ..... | 4     | 26.1         | 35.4         | 46.5         |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| Profit after taxation .....   |       | 27.4         | 98.8         | 82.0         |
| Preferred stock dividend .....  | 11    | 4.6          | 4.9          | 1.3          |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| Profit before extraordinary items .....                                       |       | 22.8         | 93.9         | 80.7         |
| Extraordinary items .....   | 5     | 19.0         | —            | —            |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| Profit attributable to ordinary stockholders .....                            |       | 3.8          | 93.9         | 80.7         |
| Transfer to capital reserves .....  | 13    | 7.5          | 10.3         | 11.0         |
| Dividends .....   | 6     | 36.9         | 36.7         | 31.1         |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| (Decrease)/Increase in revenue reserves .....                                 | 13    | (40.6)       | 46.9         | 38.6         |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| Earnings per unit of IR£1 of Ordinary Stock* .....                            | 7     | 5.7p         | 23.5p        | 20.7p        |
|   |       | <hr/>        | <hr/>        | <hr/>        |
| Dividends (per unit of IR£1 of Ordinary Stock)* .....                         |       | 9.2p         | 9.2p         | 7.8p         |
|   |       | <hr/>        | <hr/>        | <hr/>        |

Movements in reserves are shown in note 13

\*Adjusted for scrip issue

*The notes on pages 22 to 31 form part of these accounts.*

**BANK OF IRELAND**

**BALANCE SHEETS**

At March 31, 1989, 1990 and 1991

|   | Notes | The Group       |                 |                 | The Bank        |                |                |
|---|-------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
|   |       | 1991<br>IR£m    | 1990<br>IR£m    | 1989<br>IR£m    | 1991<br>IR£m    | 1990<br>IR£m   | 1989<br>IR£m   |
| <b>Assets</b>   |       |                 |                 |                 |                 |                |                |
| Cash and short term funds .....   | 15    | 2,185.9         | 1,929.7         | 1,063.0         | 1,256.4         | 1,322.8        | 817.4          |
| Investments .....   | 16    | 1,683.2         | 1,338.6         | 1,303.4         | 876.9           | 981.3          | 982.0          |
| Advances and other accounts .....   | 17    | 10,524.3        | 9,818.7         | 8,399.7         | 5,033.7         | 5,417.6        | 4,419.4        |
| Amounts due by subsidiaries .....   |       | —               | —               | —               | 2,105.6         | 1,319.5        | 1,002.0        |
|   |       | <u>14,393.4</u> | <u>13,087.0</u> | <u>10,766.1</u> | <u>9,272.6</u>  | <u>9,041.2</u> | <u>7,220.8</u> |
| Trade investments .....   | 18    | 21.9            | 21.9            | 17.2            | 0.4             | 0.3            | 1.0            |
| Investments in subsidiaries .....   | 19    | —               | —               | —               | 770.7           | 350.9          | 304.5          |
| Investments in non-consolidated<br>subsidiaries and associated<br>companies ..... | 20    | 63.5            | 70.5            | 51.5            | 8.5             | 12.2           | 12.2           |
| Property and equipment .....  | 21    | 339.5           | 242.4           | 244.3           | 241.1           | 175.0          | 179.1          |
|   |       | <u>14,818.3</u> | <u>13,421.8</u> | <u>11,079.1</u> | <u>10,293.3</u> | <u>9,579.6</u> | <u>7,717.6</u> |
| <b>Liabilities</b>  |       |                 |                 |                 |                 |                |                |
| Current and deposit accounts .....  | 8     | 12,882.2        | 11,714.3        | 9,695.8         | 8,499.8         | 7,834.0        | 6,133.5        |
| Accruals and creditors .....  |       | 588.7           | 396.3           | 290.4           | 287.2           | 156.3          | 106.5          |
| Amounts due to subsidiaries .....   |       | —               | —               | —               | 282.4           | 403.8          | 511.6          |
| Proposed dividend payable .....   | 6     | 23.5            | 23.4            | 21.2            | 23.5            | 23.4           | 21.2           |
| Notes in circulation .....  |       | 97.9            | 61.8            | 57.0            | 97.9            | 61.8           | 57.0           |
| Current taxation .....  |       | 33.4            | 33.0            | 56.7            | 23.2            | 20.0           | 30.5           |
| Deferred taxation .....   | 9     | 14.6            | 45.2            | 68.6            | 5.0             | 26.7           | 36.0           |
|   |       | <u>13,640.3</u> | <u>12,274.0</u> | <u>10,189.7</u> | <u>9,219.0</u>  | <u>8,526.0</u> | <u>6,896.3</u> |
| <b>Capital resources</b>  |       |                 |                 |                 |                 |                |                |
| Loan capital .....  | 10    | 553.6           | 549.3           | 314.3           | 553.6           | 549.3          | 314.3          |
| Preferred stock .....   | 11    | 42.3            | 48.2            | 49.8            | —               | —              | —              |
| Capital stock .....   | 12    | 335.0           | 334.0           | 248.7           | 335.0           | 334.0          | 248.7          |
| Reserves .....  | 13    | 247.1           | 216.3           | 276.6           | 185.7           | 170.3          | 258.3          |
|   |       | <u>1,178.0</u>  | <u>1,147.8</u>  | <u>889.4</u>    | <u>1,074.3</u>  | <u>1,053.6</u> | <u>821.3</u>   |
|   |       | <u>14,818.3</u> | <u>13,421.8</u> | <u>11,079.1</u> | <u>10,293.3</u> | <u>9,579.6</u> | <u>7,717.6</u> |

*The notes on pages 22 to 31 form part of these accounts.*

**BANK OF IRELAND**

**CONSOLIDATED STATEMENT OF  
SOURCE & APPLICATION OF FUNDS**

**For the years ended March 31, 1989, 1990 and 1991**

|   | 1991<br>IR£m          | 1990<br>IR£m          | 1989<br>IR£m<br>(reformatted) |
|---|-----------------------|-----------------------|-------------------------------|
| <b>Banking Activities</b>   |                       |                       |                               |
| Profit before taxation and before extraordinary items .....       | 53.5                  | 134.2                 | 128.5                         |
| Extraordinary items .....   | (19.0)                | —                     | —                             |
|   | <u>34.5</u>           | <u>134.2</u>          | <u>128.5</u>                  |
| <i>Add items not involving movement of funds:</i>                 |                       |                       |                               |
| Depreciation .....  | 31.8                  | 30.3                  | 26.7                          |
| Accruals and prepayments .....                                    | 17.6                  | (21.9)                | 34.6                          |
| Non-consolidated subsidiaries and associated companies .....      | (10.2)                | (26.0)                | (16.7)                        |
|   | <u>73.7</u>           | <u>116.6</u>          | <u>173.1</u>                  |
| Funds inflow from trading activities .....                        | 73.7                  | 116.6                 | 173.1                         |
| Increase in deposits .....  | 787.6                 | 2,023.3               | 419.1                         |
| Increase in advances .....  | (256.4)               | (1,334.6)             | (1,179.2)                     |
| (Increase)/decrease in investments .....                          | (243.0)               | (35.2)                | 483.4                         |
| Taxation .....  | (41.7)                | (64.0)                | (49.3)                        |
|   | <u>320.2</u>          | <u>706.1</u>          | <u>(152.9)</u>                |
| Funds inflow/(outflow) from banking activities .....              | 320.2                 | 706.1                 | (152.9)                       |
| <b>Investing Activities</b>                                       |                       |                       |                               |
| Acquisition of First NH Banks Inc. ....                           | —                     | —                     | (244.0)                       |
| Acquisition of minority interest in J & E Davy .....              | —                     | —                     | (20.9)                        |
| Property and equipment .....                                      | (66.6)                | (33.7)                | (36.0)                        |
| Trade investments .....   | —                     | (4.7)                 | (0.5)                         |
|   | <u>(66.6)</u>         | <u>(38.4)</u>         | <u>(301.4)</u>                |
| Funds outflow from investing activities .....                     | (66.6)                | (38.4)                | (301.4)                       |
| <b>Financing Activities</b>                                       |                       |                       |                               |
| Capital Stock .....   | 2.7                   | 5.0                   | 73.5                          |
| Loan capital .....  | —                     | 233.4                 | 100.4                         |
| Dividends .....   | (41.4)                | (39.4)                | (26.6)                        |
| Preferred Stock .....   | —                     | —                     | 50.9                          |
|   | <u>(38.7)</u>         | <u>199.0</u>          | <u>198.2</u>                  |
| Funds (outflow)/inflow from financing activities .....            | (38.7)                | 199.0                 | 198.2                         |
| <b>Net increase/(decrease) in cash and short term funds</b> ..... | <b>214.9</b>          | <b>866.7</b>          | <b>(256.1)</b>                |
| Consolidation of ICS Building Society .....                       | 41.3                  | —                     | —                             |
| Acquisition of First NH Banks Inc. ....                           | —                     | —                     | 134.9                         |
| Cash and short term funds at March 31, 1990, 1989, 1988 .....     | <u>1,929.7</u>        | <u>1,063.0</u>        | <u>1,184.2</u>                |
| Cash and short term funds at March 31, 1991, 1990, 1989 .....     | <u><u>2,185.9</u></u> | <u><u>1,929.7</u></u> | <u><u>1,063.0</u></u>         |

*The notes on pages 22 to 31 form part of these accounts.*

# BANK OF IRELAND

## ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are as follows:

### 1. Basis of Accounting

The accounts, which were approved by the Directors on May 15, 1991, have been prepared under the historical cost convention as modified by revaluation of property, investments and long-term assurance business.

The accounts are drawn up in Irish Pounds (IR£) and except where otherwise indicated are expressed in millions. Costs, assets and liabilities are inclusive of irrecoverable value added taxes where appropriate.

The assets, liabilities and results of all subsidiary companies together with the Group's share of the results of associated companies, based on the latest available statutory accounts, have been included in the consolidated accounts with the exception of:

#### (i) *Lifetime Assurance Company Limited:*

The assets of Lifetime represent mainly its assurance funds which provide for the future claims of policyholders and, in the Directors' view, it would be misleading to consolidate them with the assets and liabilities of the Group.

The value of the Group's investment in Lifetime, which is determined annually in consultation with independent actuaries, is shown separately in the consolidated balance sheet. This value is represented by Lifetime's share capital, profit and loss account balance, and non-distributable reserves, comprising the value of investment in business on policies in force (embedded value).

Movements in the profit and loss account balance and the embedded value, grossed-up for taxation, are dealt with in the consolidated profit and loss account.

Lifetime's accounts are made up to December 31, 1990.

#### (ii) *ICS Building Society:*

The Bank has consolidated ICS Building Society into the Group accounts for the year ended March 31, 1991 and consequently to bring ICS in line with the Group's year end, accounts for the 15 months to March 31, 1991 have been included in the consolidated accounts. The Society's statutory accounts are made up to December 31, 1990 (*see note 1(b)*).

#### (iii) *DCC Limited:*

During the year, DCC changed its accounting policy for related companies and now includes its share of the results of non-consolidated subsidiaries and associated companies in its profit and loss account. The Bank has included its share of these results in the consolidated profit and loss account. This represents a change in accounting policy as in prior years the consolidated profit and loss account included the Bank's share of DCC's realised and unrealised profits or losses on investments. DCC states investments at current value in its balance sheet and this treatment continues to be adopted in the Group's balance sheet. The effect of the change is shown in *note 1(c)*.

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

The accounts of certain subsidiaries are made up to December 31, 1990 and February 28, 1991 (*see notes 19 and 20*).

### 2. Investments (other than in subsidiary and associated companies)

Investments held for dealing purposes are included in the balance sheets at market value. Listed investments, other than dated stocks, which are held for investment purposes, are shown at the lower of cost or market value; and in the case of unlisted investments, at the lower of cost or Directors' valuation.

Income from dated stocks, held for investment purposes, includes amortisation of premiums and discounts on a straight-line basis from date of purchase to date of maturity. These investments are stated in the balance sheets at amortised acquisition cost.

In the case of the Bank and ICS Building Society, realised profits and losses on sales of investments in dated stocks are transferred to Investment Suspense Account (*note 14*) and are taken into the profit and loss account evenly over three years commencing with the year of realisation.

### 3. Provisions for Loan Losses

Advances and other accounts are stated in the balance sheets after deduction of specific and general provisions for loan losses. Interest on doubtful advances is normally included in income and provision made as appropriate.

The specific provision arises as a result of a detailed appraisal of the advances portfolio.

A general provision is also made against advances to cover latent loan losses which are present in any portfolio of bank advances but which have not been specifically identified.

### 4. Finance Leases

Amounts receivable under finance leases are included with other amounts receivable under "Advances and Other Accounts" and represent the outstanding amount of primary rentals, excluding unearned finance charges.

Leasing charges are credited to the profit and loss account in proportion to the funds invested in the lease after taking account of taxation cash flows.

## **5. Instalment Finance**

Charges for instalment finance, including hire purchase finance, are credited to the profit and loss account in proportion to the balance outstanding.

## **6. Property and Equipment**

Property, other than leasehold property with unexpired terms of 50 years or less, is stated at valuation or subsequent cost. Leasehold property with unexpired terms of 50 years or less is stated at valuation or subsequent cost less depreciation. Equipment used by the Group is stated at cost less accumulated depreciation.

## **7. 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 it is considered that residual values are such that depreciation is not significant; consequently from April 1, 1990 this property is not depreciated (*see note 1(d)*). Equipment is depreciated by equal annual instalments over its estimated useful life.

## **8. Taxation**

Irish Government levies are included as taxation.

Provision is made for deferred taxation, using the liability method, to recognise timing differences between profits stated in the accounts and profits computed for taxation purposes where, in the opinion of the Directors, it is expected that a liability to taxation is likely to arise in the foreseeable future.

## **9. Pensions**

The annual pension cost relating to the Group schemes is assessed in accordance with the advice of qualified independent actuaries and is charged to the profit and loss account on an accruals basis. Variations from regular cost are allocated over the average remaining service lives of current employees (*see note 1(e)*).

## **10. Foreign Currencies**

Assets and liabilities in foreign currencies are translated into Irish Pounds at the rates of exchange ruling on the dates of the respective balance sheets. Profits and losses in foreign currencies are translated into Irish Pounds at average rates of exchange for the period.

Exchange differences arising from trading are dealt with in the profit and loss account; those arising from the application of closing rates of exchange to the opening net assets held overseas and to related foreign currency borrowings are taken to reserves.

## **11. Goodwill**

Goodwill arising on acquisition of shares in subsidiary and associated companies, being the excess of cost over the fair value of the Group's share of net tangible assets acquired, is charged against reserves in the year of acquisition.

## **12. Off-Balance Sheet Items**

Off-balance sheet items such as forward rate agreements, swaps, options and futures are used throughout the Group in trading and hedging transactions.

Trading activities are marked to market with the resulting profits and losses taken to the profit and loss account as they arise. Profits and losses arising from hedging activities are recognised in accordance with the underlying transactions.

## NOTES TO THE ACCOUNTS

### 1. Accounts Information

#### (a) Profit before exceptional item, taxation and extraordinary items

|  | The Group    |              |
|--|--------------|--------------|
|  | 1991<br>IR£m | 1990<br>IR£m |
| <i>The profit before exceptional item, taxation and extraordinary items of the Bank and its subsidiaries is arrived at after charging:</i> |              |              |
| <b>Depreciation of property and equipment:</b>   |              |              |
| Equipment used by the Group .....  | 28.6         | 24.9         |
| Freehold and leasehold property (note 1(d)) .....  | 3.2          | 5.4          |
|  | 31.8         | 30.3         |
| <b>Operating lease rentals:</b>  |              |              |
| Equipment .....  | 6.8          | 4.3          |
| Leasehold property .....   | 12.5         | 11.5         |
|  | 19.3         | 15.8         |
| Auditors' remuneration including VAT .....   | 0.6          | 0.7          |
| <i>and after crediting:</i>  |              |              |
| Income from investments .....  | 143.4        | 108.6        |
| Net gain on foreign exchange borrowings .....  | 8.8          | —            |

(b) As explained in accounting policy 1(ii) on page 20, accounts for the 15 months to March 31, 1991 have been prepared for ICS Building Society to bring it in line with the Group's year end. The effect of including the additional three months' results on profit before taxation is IR£2.8m.

(c) As explained in accounting policy 1(iii) on page 20, the accounting policy for DCC Ltd has changed. The effect of the change on the accounts for the year ended March 31, 1991 has been to increase profit before taxation by IR£4.4m. A prior year adjustment has not been made as the effect of the change on prior years is not material.

(d) As explained in accounting policy 7 on page 21, freehold and leasehold property with unexpired terms in excess of 50 years is not depreciated with effect from April 1, 1990. Previously such property was depreciated over 50 years, the charge for 1989/90 being IR£2.7m.

#### (e) Pension cost

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

The pension cost of the Bank of Ireland Staff Pension Fund (the main scheme) is assessed using the attained age method which is calculated to spread the cost of pensions over the employees' expected service lives and is based on the most recent actuarial review as at March 31, 1990. The principal assumption in the review was that the annual rate of return on new investments would be 4.0 per cent. higher than the annual rate of increase in pensionable remuneration and pensions in course of payment.

The market value of the assets of the main scheme at March 31, 1990 was IR£616.1m and the actuarial value of the assets, after allowing for expected future increases in earnings and pensions, represented 108 per cent. of the benefits that had accrued to members.

For funding purposes the surplus on the main scheme is being eliminated by reducing the Bank's contribution rate over the average remaining service lives of the members of the scheme.

The total pension charge for the Group in respect of the year ended March 31, 1991 was IR£18.4m (1990: IR£29.6m), of which IR£14.1m (1990: IR£24.8m) related to the main scheme. The reduced charge for the year arises primarily from a change in the principal actuarial assumption from the previous valuation.

#### (f) Principal rates of exchange used in the preparation of the accounts are as follows:

|                  | March 31, 1991 |         | March 31, 1990 |         |
|------------------|----------------|---------|----------------|---------|
|                  | Closing        | Average | Closing        | Average |
| IR£/U.S.\$ ..... | 1.5638         | 1.6935  | 1.5750         | 1.4619  |
| IR£/Stg£ .....   | 0.8993         | 0.9200  | 0.9595         | 0.9028  |

## 2. Exceptional item

|   | The Group    |              |
|---|--------------|--------------|
|   | 1991<br>IR£m | 1990<br>IR£m |
| Provision for losses on swap transactions with U.K. Local Authorities ..... | —            | 16.0         |

## 3. Directors' emoluments

|   | The Group      |                |
|---|----------------|----------------|
|   | 1991<br>IR£000 | 1990<br>IR£000 |
| Emoluments for services as Directors including fees of IR£118,000 (1990: IR£125,000) .....                      | 136            | 170            |
| Salaries and other emoluments .....   | 1,643          | 1,565          |
| Pensions of former directors, of which IR£112,000 (1990: IR£121,000) is in respect of management services ..... | 321            | 319            |
| Compensation to directors for loss of office .....  | 582            | —              |
|   | <u>2,682</u>   | <u>2,054</u>   |

## 4. Taxation

|   | The Group    |              |
|---|--------------|--------------|
|   | 1991<br>IR£m | 1990<br>IR£m |
| <i>Based on profit for the year:</i>  |              |              |
| Corporation tax .....   | 17.4         | 14.1         |
| Tax credits applicable to distributions received .....                          | 4.6          | 0.7          |
| Duty on certain tax-based lending .....   | 10.4         | 11.8         |
| Deferred taxation .....   | (26.2)       | (16.1)       |
| Non-consolidated subsidiaries and share of associated companies' taxation ..... | 5.6          | 10.5         |
|   | <u>11.8</u>  | <u>21.0</u>  |
| Special levy on banks .....   | 14.3         | 14.4         |
|   | <u>26.1</u>  | <u>35.4</u>  |

The charge for taxation has been reduced by relief arising from tax based lending of IR£33.6m (1990: IR£43.6m). Included in the charge for corporation tax is IR£3.7m (1990: IR£9.7m) in respect of overseas taxation. The special levy on banks is as provided for in the Finance Bill 1991.

## 5. Extraordinary items

The Group decided in May 1990 to withdraw from instalment credit business in Great Britain, in October 1990 to withdraw from insurance premium financing in the United States and in February 1991 to withdraw from small ticket leasing business in the United States. Provisions amounting to IR£19.0m (Tax: IR£Nil) have been made for anticipated losses associated with these withdrawals.

## 6. Dividends (per unit of IR£1 of Ordinary Stock)

|  | The Bank     |              |
|--|--------------|--------------|
|  | 1991<br>IR£m | 1990<br>IR£m |
| <i>1990: On 333,975,929 units of IR£1 of Ordinary Stock:</i> |              |              |
| Interim dividend 4.0p (Tax credit 1.1662p) .....             | —            | 13.3         |
| Additional dividend 7.0p (Tax credit 2.1356p) .....          | —            | 23.4         |
| <i>1991: On 335,023,440 units of IR£1 of Ordinary Stock:</i> |              |              |
| Interim dividend 4.0p (Tax credit 1.2456p) .....             | 13.4         | —            |
| Final dividend 7.0p (Tax credit 1.8670p) .....               | 23.5         | —            |
|  | <u>36.9</u>  | <u>36.7</u>  |

The tax credits relating to these dividends were reduced under the provisions of Section 64 of the Corporation Tax Act 1976 and Section 45 of the Finance Act 1980.

## 7. Earnings (per unit of IR£1 of Ordinary Stock)

The calculation of earnings per unit of IR£1 of Ordinary Stock is based on the profit after taxation and preferred stock dividend and before extraordinary items of IR£22.8m (1990: IR£93.9m) and the weighted average ordinary stock in issue of IR£334.5m (1990: IR£332.7m), appropriate adjustment having been made for the changes in the issued ordinary stock during each year (note 12).

## 8. Current and Deposit Accounts

|                          | The Group       |                 | The Bank       |                |
|--------------------------|-----------------|-----------------|----------------|----------------|
|                          | 1991<br>IR£m    | 1990<br>IR£m    | 1991<br>IR£m   | 1990<br>IR£m   |
| Current Accounts .....   | 1,408.1         | 1,415.2         | 1,217.3        | 1,233.0        |
| Time Deposits .....      | 3,560.0         | 3,050.6         | 1,426.6        | 1,085.2        |
| Demand Deposits .....    | 4,794.5         | 4,168.4         | 3,336.7        | 3,202.0        |
| Interbank Deposits ..... | 2,888.6         | 2,987.6         | 2,396.4        | 2,258.5        |
| Other Deposits .....     | 231.0           | 92.5            | 122.8          | 55.3           |
|                          | <u>12,882.2</u> | <u>11,714.3</u> | <u>8,499.8</u> | <u>7,834.0</u> |

## 9. Deferred Taxation

|  | The Group    |              | The Bank     |              |
|--|--------------|--------------|--------------|--------------|
|  | 1991<br>IR£m | 1990<br>IR£m | 1991<br>IR£m | 1990<br>IR£m |
| Accelerated capital allowances on finance leases .....                 | 17.4         | 27.3         | 1.1          | 2.9          |
| Accelerated capital allowances on<br>equipment used by the Group ..... | 19.5         | 25.8         | 17.4         | 22.0         |
| Other short-term timing differences .....                              | (22.3)       | (7.9)        | (13.5)       | 1.8          |
|  | <u>14.6</u>  | <u>45.2</u>  | <u>5.0</u>   | <u>26.7</u>  |

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

## 10. Loan Capital

|   | The Group    |              | The Bank     |              |
|---|--------------|--------------|--------------|--------------|
|   | 1991<br>IR£m | 1990<br>IR£m | 1991<br>IR£m | 1990<br>IR£m |
| 7% Loan Stock 1986/91 .....                                     | 6.7          | 6.3          | 6.7          | 6.3          |
| U.S.\$150.0m Undated Floating Rate Primary Capital Notes        | 95.9         | 95.2         | 95.9         | 95.2         |
| U.S.\$133.0m Floating Rate Capital Notes 1997 .....             | 85.0         | 84.4         | 85.0         | 84.4         |
| YEN14.6Bn Fixed Rate subordinated loan facility 1998 .....      | 75.4         | 74.9         | 75.4         | 74.9         |
| U.S.\$32.0m Floating Rate subordinated loan facility 1998 ..... | 20.5         | 20.3         | 20.5         | 20.3         |
| U.S.\$300.0m Undated Variable Rate Notes .....                  | 191.9        | 190.5        | 191.9        | 190.5        |
| U.S.\$100.0m Undated Variable Rate Notes .....                  | 63.9         | 63.5         | 63.9         | 63.5         |
| YEN3.0Bn Subordinated loan facility 2001 .....                  | 14.3         | 14.2         | 14.3         | 14.2         |
|   | <u>553.6</u> | <u>549.3</u> | <u>553.6</u> | <u>549.3</u> |

The 7% Loan Stock provides an option to the holders to require payment of principal and interest when due as if the Stock were denominated in sterling and accordingly has been treated as a sterling liability. The loan stock is redeemable on September 30, 1991.

The U.S.\$150.0m Undated Floating Rate Primary Capital Notes and the U.S.\$133.0m Floating Rate Capital Notes 1997, which were issued at par on December 5, 1985 and December 3, 1987 respectively, are subordinated in right of payment to the claims of depositors and other creditors of the Bank including holders of other Loan Stock.

On June 28, 1988 the Bank availed of subordinated loan facilities in the principal amounts of YEN14.6Bn and U.S.\$32.0m. The Yen facility has been translated into Irish Pounds to reflect a currency swap agreement which has been entered into by the Bank. The loan facilities are subordinated in right of payment to the claims of depositors and other creditors of the Bank including holders of other Loan Stock.

On June 13, 1989 the Bank availed of a subordinated loan facility in the principal amount of YEN3.0Bn. This has been translated into Irish Pounds to reflect a dual currency swap agreement which has been entered into by the Bank. The loan facility is subordinated in right of payment to the claims of depositors and other unsecured creditors of the Bank.

On September 5, 1989 and October 23, 1989, respectively, the Bank issued U.S.\$300.0m and U.S.\$100.0m Undated Variable Rate Notes. These notes constitute unsecured subordinated and conditional obligations of the Bank ranking *pari passu* with one another and with the U.S.\$150.0m Undated Floating Rate Primary Capital Notes.



## 11. Preferred Stock

|                                   | The Group    |              |
|-----------------------------------|--------------|--------------|
|                                   | 1991<br>IR£m | 1990<br>IR£m |
| Preferred Stock U.S.\$75.0m ..... | 42.3         | 48.2         |

The Bank's wholly owned subsidiary Bank of Ireland First Holdings Inc., formerly Bank of Ireland (U.S.) Holdings, Inc., issued U.S.\$75.0m adjustable rate cumulative preferred stock, series A at par on October 13, 1988 as part of a funding arrangement to acquire First NH Banks, Inc. The minimum interest rate attaching to the preferred stock is 7 per cent. per annum. The stock has been translated into Irish Pounds using the exchange rate prevailing on December 31, 1990.

## 12. Capital Stock

|  | The Bank     |              |
|--|--------------|--------------|
|  | 1991<br>IR£m | 1990<br>IR£m |
| <i>Authorised:</i>   |              |              |
| 450.0m units of IR£1 of Ordinary Stock .....                         | 450.0        | 450.0        |
| 8.0m units of Non-Cumulative Preference Stock of U.S.\$25 each ..... | 127.9        | —            |
| 100.0m units of Non-Cumulative Preference Stock of Stg£1 each .....  | 111.2        | —            |
| 100.0m units of Non-Cumulative Preference Stock of IR£1 each .....   | 100.0        | —            |
|  | <u>789.1</u> | <u>450.0</u> |
| <i>Issued and fully paid:</i>  |              |              |
| Units of IR£1 of Ordinary Stock .....                                | 335.0        | 334.0        |

Pursuant to a resolution passed at the Annual General Court held on July 10, 1990, the Authorised Capital Stock of the Bank was increased by the creation of 8.0m units of Non-Cumulative Preference Stock of U.S.\$25 each, 100.0m units of Non-Cumulative Preference Stock of Stg£1 each and 100.0m units of Non-Cumulative Preference Stock of IR£1 each.

Pursuant to a resolution passed at the Annual General Court held on July 11, 1984, 1,000,234 units of Ordinary Stock were issued to the Trustees for employees on September 11, 1990. The total cost of this issue based on a price of 274.0p per unit of IR£1 was provided in the accounts for the year ended March 31, 1990 (note 22).

47,277 units of Ordinary Stock were issued on November 28, 1990 to holders on the exercise of their options under the terms of the Senior Executive Stock Option Scheme at a subscription price of 127.84p per unit of IR£1.

Under the terms of the 1986 Senior Executive Stock Option Scheme, options may be granted enabling senior executives to subscribe for specified numbers of units of Ordinary Stock. At March 31, 1991, options exercisable between 1991 and 2000, at prices ranging from 127.84p to 266.82p per unit of IR£1 of Ordinary Stock, were outstanding in respect of 2.1m units.

## 13. Reserves

|   | The Group<br>IR£m | The Bank<br>IR£m |
|---|-------------------|------------------|
| Stock premium account .....   | 49.6              | 49.6             |
| Capital reserves .....  | 88.2              | 56.8             |
| Revenue reserves .....  | 109.3             | 79.3             |
| At March 31, 1991 .....   | <u>247.1</u>      | <u>185.7</u>     |
| <i>Stock premium account:</i>   |                   |                  |
| At March 31, 1990 .....   | 47.9              | 47.9             |
| Premium on issue of ordinary stock .....  | 1.7               | 1.7              |
| At March 31, 1991 .....   | <u>49.6</u>       | <u>49.6</u>      |
| <i>Capital reserves:</i>  |                   |                  |
| At March 31, 1990 .....   | 21.9              | 3.7              |
| Exchange adjustments .....  | 1.3               | 0.7              |
| Share of unrealised profits of non-consolidated subsidiaries and associated companies ..... | 7.5               | —                |
| Revaluation of premises .....   | 60.9              | 52.4             |
| Share of unrealised losses on investments in associated companies .....                     | (3.4)             | —                |
| At March 31, 1991 .....   | <u>88.2</u>       | <u>56.8</u>      |
| <i>Revenue reserves:</i>  |                   |                  |
| At March 31, 1990 (excluding investment suspense account) .....                             | 142.1             | 114.6            |
| Loss for year .....   | (40.6)            | (45.5)           |
| Exchange adjustments .....  | 4.2               | 6.3              |
| Share of realised losses on investments in associated companies .....                       | (0.4)             | —                |
|   | <u>105.3</u>      | <u>75.4</u>      |
| Investment suspense account (note 14) .....   | 4.0               | 3.9              |
| At March 31, 1991 .....   | <u>109.3</u>      | <u>79.3</u>      |

The loss attributable to ordinary stockholders of the Bank dealt with in the accounts of the Bank amounted to IR£8.6m (1990: Profit IR£45.3m).

#### 14. Investment Suspense Account

|  | The Group<br>IR£m | The Bank<br>IR£m |
|--|-------------------|------------------|
| Balance at March 31, 1990 representing net profits of preceding two years .....          | 7.5               | 7.2              |
| Realised profits less losses arising during year .....                                   | 9.2               | 9.1              |
| Transferred to profit and loss account .....   | (10.1)            | (9.8)            |
| Balance at March 31, 1991 of realised net profits to be dealt with in future years ..... | 6.6               | 6.5              |
| Tax appropriate thereto .....  | (2.6)             | (2.6)            |
| Addition to revenue reserves (note 13) .....   | 4.0               | 3.9              |

#### 15. Cash and Short Term Funds

|  | The Group      |                | The Bank       |                |
|--|----------------|----------------|----------------|----------------|
|  | 1991<br>IR£m   | 1990<br>IR£m   | 1991<br>IR£m   | 1990<br>IR£m   |
| Cash in hand and balances with other banks .....     | 258.6          | 167.5          | 169.7          | 101.2          |
| Money with Central Bank of Ireland .....             | 293.8          | 298.7          | 199.0          | 252.4          |
| Money at call and short notice .....                 | 649.9          | 1,170.5        | 490.5          | 796.6          |
| Cheques in course of collection on other banks ..... | 152.3          | 106.8          | 146.8          | 106.8          |
| Exchequer bills .....                                | 148.6          | 62.7           | 56.8           | 46.4           |
| Other bills .....                                    | 145.0          | 0.9            | 126.4          | —              |
| Certificates of deposit .....                        | 537.7          | 122.6          | 67.2           | 19.4           |
|  | <u>2,185.9</u> | <u>1,929.7</u> | <u>1,256.4</u> | <u>1,322.8</u> |

Money at short notice is that which is repayable within one month of year end.

#### 16. Investments

|                        | 1991                     |                         | 1990                     |                         |
|------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
|                        | Balance<br>Sheet<br>IR£m | Valua-<br>tions<br>IR£m | Balance<br>Sheet<br>IR£m | Valua-<br>tions<br>IR£m |
| <i>Listed:</i>         |                          |                         |                          |                         |
| <b>The Group</b>       |                          |                         |                          |                         |
| Irish Government ..... | 1,161.0                  | 1,161.5                 | 1,041.6                  | 1,034.7                 |
| Other .....            | 522.2                    | 523.4                   | 297.0                    | 300.1                   |
|                        | <u>1,683.2</u>           | <u>1,684.9</u>          | <u>1,338.6</u>           | <u>1,334.8</u>          |
| <i>Listed:</i>         |                          |                         |                          |                         |
| <b>The Bank</b>        |                          |                         |                          |                         |
| Irish Government ..... | 738.4                    | 738.5                   | 927.8                    | 921.4                   |
| Other .....            | 138.5                    | 139.0                   | 53.5                     | 52.4                    |
|                        | <u>876.9</u>             | <u>877.5</u>            | <u>981.3</u>             | <u>973.8</u>            |

The amounts shown for the valuations of listed investments have been arrived at by reference to middle market prices on balance sheet dates. The majority of the Irish Government listed investments are redeemable at fixed dates within three years.

Other listed investments are comprised mainly of securities issued by other governments and institutions of the European Community.

## 17. Advances and Other Accounts

|   | The Group       |                | The Bank       |                |
|---|-----------------|----------------|----------------|----------------|
|   | 1991<br>IR£m    | 1990<br>IR£m   | 1991<br>IR£m   | 1990<br>IR£m   |
| <i>Advances and other accounts comprise:</i>                            |                 |                |                |                |
| Lending to customers .....  | 9,283.2         | 8,300.4        | 4,732.7        | 4,795.6        |
| Finance lease receivables .....   | 293.1           | 248.9          | 2.3            | 6.4            |
| Hire purchase receivables .....   | 342.6           | 364.4          | —              | —              |
| Placings with banks (over 1 month) .....                                | 361.9           | 712.1          | 226.7          | 565.5          |
| Other accounts .....  | 500.9           | 346.4          | 229.9          | 144.7          |
|   | <u>10,781.7</u> | <u>9,972.2</u> | <u>5,191.6</u> | <u>5,512.2</u> |
| Less: Provisions .....  | 257.4           | 153.5          | 157.9          | 94.6           |
|   | <u>10,524.3</u> | <u>9,818.7</u> | <u>5,033.7</u> | <u>5,417.6</u> |
| <i>The movements in provisions for the year are:</i>                    |                 |                |                |                |
| Provisions at beginning of year .....                                   | 153.5           | 146.5          | 94.6           | 106.1          |
| Exchange adjustments .....  | (4.5)           | (8.9)          | 3.3            | (5.3)          |
|   | <u>149.0</u>    | <u>137.6</u>   | <u>97.9</u>    | <u>100.8</u>   |
| Amounts written off .....   | (90.0)          | (61.7)         | (40.9)         | (32.5)         |
|   | <u>59.0</u>     | <u>75.9</u>    | <u>57.0</u>    | <u>68.3</u>    |
| Provisions raised, less amounts released .....                          | 178.8           | 61.2           | 100.9          | 26.3           |
| Provision on discontinued operations .....                              | 18.5            | —              | —              | —              |
| Consolidation of ICS Building Society .....                             | 1.1             | —              | —              | —              |
| Pre-acquisition provisions of Bank of Ireland First Holdings, Inc. .... | —               | 16.4           | —              | —              |
| Provisions at end of year .....   | <u>257.4</u>    | <u>153.5</u>   | <u>157.9</u>   | <u>94.6</u>    |
| <i>Provisions at March 31, 1991:</i>                                    |                 |                |                |                |
| Specific .....  | 213.7           | 111.4          | 134.1          | 69.0           |
| Sovereign .....   | —               | 7.8            | —              | 7.8            |
| General .....   | 43.7            | 34.3           | 23.8           | 17.8           |
|   | <u>257.4</u>    | <u>153.5</u>   | <u>157.9</u>   | <u>94.6</u>    |

The Group's charge for specific provisions, net of amounts recovered and excluding sovereign provisions, amounted to IR£165.0m (1990: IR£41.0m).

Advances include loans to directors totalling IR£160,000 (1990: IR£307,000) on terms similar to those on which loans are made to staff. Amounts advanced on these accounts during the year were IR£Nil (1990: IR£2,000).

The cost of assets acquired for finance leases and hire purchase contracts, net of grants received or receivable, amounted to IR£495.6m (1990: IR£450.2m).

Aggregate amounts receivable during the year in respect of finance leases and hire purchase contracts amounted to IR£444.0m (1990: IR£347.5m).

## 18. Trade Investments

|                  | 1991                  |                    | 1990                  |                    |
|------------------|-----------------------|--------------------|-----------------------|--------------------|
|                  | Balance Sheet<br>IR£m | Valuations<br>IR£m | Balance Sheet<br>IR£m | Valuations<br>IR£m |
| <b>The Group</b> |                       |                    |                       |                    |
| Listed .....     | 0.1                   | 0.1                | 0.1                   | 0.1                |
| Unlisted .....   | 21.8                  | 21.8               | 21.8                  | 21.8               |
|                  | <u>21.9</u>           | <u>21.9</u>        | <u>21.9</u>           | <u>21.9</u>        |
| <b>The Bank</b>  |                       |                    |                       |                    |
| Listed .....     | 0.1                   | 0.1                | 0.1                   | 0.1                |
| Unlisted .....   | 0.3                   | 0.3                | 0.2                   | 0.2                |
|                  | <u>0.4</u>            | <u>0.4</u>         | <u>0.3</u>            | <u>0.3</u>         |

The amounts shown for the valuations of listed trade investments have been arrived at by reference to middle market prices on balance sheet dates.

## 19. Investments in Subsidiaries

|   | The Bank     |              |
|---|--------------|--------------|
|   | 1991<br>IR£m | 1990<br>IR£m |
| Shares in subsidiaries at beginning of year .....       | 350.9        | 304.5        |
| Exchange adjustments .....                              | 1.8          | (23.4)       |
| Investment in ICS Building Society (note 20) .....      | 5.7          | —            |
| Investment in Bank of Ireland First Holdings, Inc. .... | 92.7         | —            |
| Investments in other subsidiaries .....                 | 319.6        | 69.8         |
|   | <u>770.7</u> | <u>350.9</u> |

The directors have considered the value, as at March 31, 1991, of all fixed assets of the Bank and are satisfied that the aggregate value of those assets on that date is not less than the aggregate amount at which they are stated in the accounts of the Bank. However, except for the revaluation of Property as set out in note 21, this valuation has not been reflected in these accounts.

The Principal Consolidated Subsidiaries are:

| Name   | Principal Activity | Principal Country of Operation | Year End    |
|--|--------------------|--------------------------------|-------------|
| Bank of Ireland Finance Limited .....        | Instalment Finance | Ireland                        | February 28 |
| Bank of Ireland Home Mortgages Limited ..... | Mortgage Finance   | England                        | February 28 |
| British Credit Trust Limited .....           | Instalment Finance | England                        | February 28 |
| Bank of Ireland First Holdings Inc. ....     | Banking            | USA                            | December 31 |
| The Investment Bank of Ireland Limited ..... | Merchant Banking   | Ireland                        | March 31    |
| ICS Building Society .....                   | Building Society   | Ireland                        | December 31 |

The Group owns 100 per cent. of the equity share capital of all consolidated subsidiaries.

The registered offices of the above subsidiaries are given on page 38.

The Non-Consolidated Subsidiary is designated in note 20.

The Balance Sheet of ICS Building Society is represented as follows:

|                           | March 31,<br>1991<br>IR£m | December 31,<br>1989<br>IR£m |
|---------------------------|---------------------------|------------------------------|
| Advances .....            | 378.8                     | 292.2                        |
| Investments .....         | 98.2                      | 101.6                        |
| Placings with banks ..... | 164.7                     | 40.8                         |
| Other .....               | (8.4)                     | (4.0)                        |
|                           | <u>633.3</u>              | <u>430.6</u>                 |
| Deposits .....            | (609.8)                   | (416.4)                      |
| Net Assets .....          | <u>23.5</u>               | <u>14.2</u>                  |

## 20. Investments in Non-Consolidated Subsidiaries & Associated Companies

|   | The Group    |              | The Bank     |              |
|---|--------------|--------------|--------------|--------------|
|   | 1991<br>IR£m | 1990<br>IR£m | 1991<br>IR£m | 1990<br>IR£m |
| Non-consolidated subsidiaries:                    |              |              |              |              |
| — ICS Building Society (note 19) .....            | —            | 11.9         | —            | 3.7          |
| — Lifetime Assurance Company Limited .....        | 29.3         | 22.8         | 8.5          | 8.5          |
| Associated companies .....                        | 34.2         | 35.8         | —            | —            |
|   | <u>63.5</u>  | <u>70.5</u>  | <u>8.5</u>   | <u>12.2</u>  |
| <i>ICS Building Society:</i>                      |              |              |              |              |
| Shares at acquisition cost .....                  | —            | 7.2          | —            | 7.2          |
| Less: goodwill written off .....                  | —            | (3.5)        | —            | (3.5)        |
|   | —            | 3.7          | —            | 3.7          |
| Share of retained post-acquisition reserves ..... | —            | 8.2          | —            | —            |
| Share of net assets .....                         | —            | 11.9         | —            | —            |
| <i>Lifetime Assurance Company Limited:</i>        |              |              |              |              |
| Shares at cost .....                              | 8.9          | 8.9          | 8.5          | 8.5          |
| Reserves .....                                    | 20.4         | 13.9         | —            | —            |
| Net assets .....                                  | <u>29.3</u>  | <u>22.8</u>  | —            | —            |

The assets and liabilities in Lifetime Assurance Company Limited representing the value of the assurance business together with the policyholders' funds are:

|                                       | December 31,<br>1990<br>IR£m | December 31,<br>1989<br>IR£m |
|---------------------------------------|------------------------------|------------------------------|
| Investments .....                     | 342.5                        | 338.7                        |
| Value of investment in business ..... | 24.6                         | 17.1                         |
| Other net liabilities .....           | (0.9)                        | (1.3)                        |
|                                       | <u>366.2</u>                 | <u>354.5</u>                 |
| Policyholders' funds .....            | (336.9)                      | (331.7)                      |
|                                       | <u>29.3</u>                  | <u>22.8</u>                  |

The increase in the value to the Group of Lifetime's long-term life assurance and pensions business in force credited to the profit and loss account amounted to IR£11.1m (1990: IR£17.4m) after grossing-up for taxation.

|   | The Group    |              |
|---|--------------|--------------|
|   | 1991<br>IR£m | 1990<br>IR£m |
| Associated companies:                             |              |              |
| Shares at acquisition cost .....                  | 32.9         | 32.5         |
| Less: goodwill written off .....                  | (12.3)       | (12.3)       |
|   | <u>20.6</u>  | <u>20.2</u>  |
| Share of retained post-acquisition reserves ..... | 13.6         | 15.6         |
|   | <u>34.2</u>  | <u>35.8</u>  |

|  | The Group    |              |
|--|--------------|--------------|
|  | 1991<br>IR£m | 1990<br>IR£m |
| Loans to associated companies .....      | 5.8          | 3.7          |
| Deposits from associated companies ..... | 7.9          | 13.5         |
|  | <u>13.7</u>  | <u>17.2</u>  |

| Name  | % Ownership | Principal Activity                 | Year end     |
|---|-------------|------------------------------------|--------------|
| The Non-Consolidated Subsidiary is:   |             |                                    |              |
| Lifetime Assurance Company Limited  | 100.00      | Life Assurance                     | December 31, |
| The Associated Companies are:   |             |                                    |              |
| DCC Limited<br>DCC House<br>Stillorgan<br>Co Dublin Ireland                         | 20.27       | Venture and<br>Development Capital | March 31,    |
| The total issued capital of the company is 13,481,666 ordinary shares of IR£1 each. |             |                                    |              |
| J & E Davy Holdings Limited<br>49 Dawson Street<br>Dublin 2 Ireland                 | 49.00       | Stockbroking                       | December 28, |

The total issued capital of the company is 1,747,116 ordinary shares of IR£1 each. All the above companies operate principally in the Republic of Ireland.

## 21. Property and Equipment

|  | The Group    |              | The Bank         |                 |
|--|--------------|--------------|------------------|-----------------|
|  | 1991<br>IR£m | 1990<br>IR£m | 1991<br>IR£m     | 1990<br>IR£m    |
| <b>Summary:</b>                                  |              |              |                  |                 |
| Property at valuation or cost .....              | 244.2        | 174.2        | 167.2            | 124.9           |
| Equipment at cost .....                          | 240.2        | 213.7        | 181.7            | 163.9           |
|  | <u>484.4</u> | <u>387.9</u> | <u>348.9</u>     | <u>288.8</u>    |
| <b>Accumulated depreciation:</b>                 |              |              |                  |                 |
| Property .....                                   | 6.1          | 31.5         | —                | 23.1            |
| Equipment .....                                  | 138.8        | 114.0        | 107.8            | 90.7            |
|  | <u>144.9</u> | <u>145.5</u> | <u>107.8</u>     | <u>113.8</u>    |
| <b>Net book amounts</b> .....                    | <u>339.5</u> | <u>242.4</u> | <u>241.1</u>     | <u>175.0</u>    |
|  |              |              | <u>The Group</u> | <u>The Bank</u> |
|  |              |              | <u>IR£m</u>      | <u>IR£m</u>     |
| <i>(a) Property</i>                              |              |              |                  |                 |
| At cost or valuation at March 31, 1990 .....     |              |              | 174.2            | 124.9           |
| Exchange adjustments .....                       |              |              | (2.8)            | 1.4             |
| Consolidation of ICS Building Society .....      |              |              | 3.0              | —               |
| Additions at cost .....                          |              |              | 38.3             | 14.8            |
| Disposals .....                                  |              |              | (1.3)            | (0.7)           |
| Revaluation surplus .....                        |              |              | 32.8             | 26.8            |
| <b>At March 31, 1991</b> .....                   |              |              | <u>244.2</u>     | <u>167.2</u>    |
| Accumulated Depreciation at March 31, 1990 ..... |              |              | 31.5             | 23.1            |
| Exchange adjustments .....                       |              |              | (0.4)            | 0.3             |
| Consolidation of ICS Building Society .....      |              |              | 0.3              | —               |
| Depreciation for year .....                      |              |              | 3.2              | 2.3             |
| Disposals .....                                  |              |              | (0.4)            | (0.1)           |
| Revaluation surplus .....                        |              |              | (28.1)           | (25.6)          |
| <b>At March 31, 1991</b> .....                   |              |              | <u>6.1</u>       | <u>—</u>        |
| <b>Net book amounts at March 31, 1991</b> .....  |              |              | <u>238.1</u>     | <u>167.2</u>    |
| <i>(b) Equipment</i>                             |              |              |                  |                 |
| At cost at March 31, 1990 .....                  |              |              | 213.7            | 163.9           |
| Exchange adjustments .....                       |              |              | (1.1)            | 0.9             |
| Consolidation of ICS Building Society .....      |              |              | 3.3              | —               |
| Additions at cost .....                          |              |              | 34.5             | 21.6            |
| Disposals .....                                  |              |              | (10.2)           | (4.7)           |
| <b>At March 31, 1991</b> .....                   |              |              | <u>240.2</u>     | <u>181.7</u>    |
| Accumulated Depreciation at March 31, 1990 ..... |              |              | 114.0            | 90.7            |
| Exchange adjustments .....                       |              |              | (0.7)            | 0.5             |
| Consolidation of ICS Building Society .....      |              |              | 1.8              | —               |
| Depreciation for year .....                      |              |              | 28.6             | 18.9            |
| Disposals .....                                  |              |              | (4.9)            | (2.3)           |
| <b>At March 31, 1991</b> .....                   |              |              | <u>138.8</u>     | <u>107.8</u>    |
| <b>Net book amounts at March 31, 1991</b> .....  |              |              | <u>101.4</u>     | <u>73.9</u>     |

A revaluation of Group property has been carried out as at March 31, 1991 by Jones Lang Wootton who revalued all Freehold and Long Leasehold (50 years and over unexpired) commercial properties in Ireland and the U.K. The Bank's professionally qualified staff valued all Short Leasehold (under 50 years unexpired) and other properties. The basis of valuation is Open Market Value for existing use together with the depreciated replacement cost of adaptation works where these are not adequately reflected in the Open Market Value. In the U.S., where property was revalued in November 1988, a valuation update was carried out as at March 31, 1991, which supported the present carrying values.

The estimated useful lives of leasehold property, with unexpired terms of 50 years or less, and equipment by reference to which depreciation is calculated are as follows:

Leasehold Property  
Adaptation works  
Equipment

*Unexpired term of lease*  
*Estimated useful life subject to a maximum period of 20 years*  
*5 to 10 years*

In the year to March 31, 1991 salary and overhead costs of IR£3.8m (1990: IR£3.0m) incurred on computer software development and other projects have been capitalised and included in equipment. This expenditure is depreciated in equal annual instalments over its estimated useful life subject to a maximum period of five years.

## 22. Employee Costs

This figure includes a provision of IRENil (1990: IR£3.0m) payable to the Trustees for employees to acquire an issue of Ordinary Stock as provided pursuant to a resolution passed at the Annual General Court held on July 11, 1984.

## 23. General

|   | The Group    |              | The Bank     |              |
|---|--------------|--------------|--------------|--------------|
|   | 1991<br>IR£m | 1990<br>IR£m | 1991<br>IR£m | 1990<br>IR£m |
| (a) Commitments for capital expenditure contracted for but not provided for in the accounts ..... | 22.0         | 3.4          | 10.7         | 2.6          |

(b) The Group enters into various commitments in the normal course of banking business which are not reflected in the balance sheets. These include:

|  | The Group    |              | The Bank     |              |
|--|--------------|--------------|--------------|--------------|
|  | 1991<br>IR£m | 1990<br>IR£m | 1991<br>IR£m | 1990<br>IR£m |
| Letters of credit .....                  | 139.1        | 94.4         | 111.0        | 59.9         |
| Acceptances and endorsements .....       | 104.9        | 110.6        | 48.7         | 58.7         |
| Guarantees and similar engagements ..... | 384.3        | 383.5        | 378.4        | 372.7        |

In addition there are outstanding financial contracts, agreements and other financial instruments entered into in the normal course of business. No material losses are anticipated as a result of these transactions, other than losses for which provision has been made in the accounts.

(c) Rentals payable under non-cancellable operating leases amount to IR£19.3m per annum, of which over 59 per cent. relates to leases expiring after five years.

(d) In accordance with the licensing requirements of the Central Bank of Ireland, the Bank has guaranteed the liabilities of Bank of Ireland Finance Limited and The Investment Bank of Ireland Limited.

(e) The Bank has notified the Economic Adviser, State of Jersey, that the Bank will ensure that Bank of Ireland (Jersey) Limited is always in a position to meet its liabilities for as long as the Bank continues to hold the majority of its equity capital.

(f) The Bank has notified the Isle of Man Financial Supervision Commission that the Bank will ensure that Bank of Ireland (I.O.M.) Limited is always in a position to meet its liabilities for as long as the Bank continues to control the company either directly or indirectly.

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

**INTERIM FINANCIAL RESULTS**  
**(Unaudited)**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

|  | Half Year<br>September 30,<br>1991<br><br>IR£M | Half Year<br>September 30,<br>1990<br>(Re-stated)<br><br>IR£M |
|--|--|---|
| Net interest income .....  | 240.1  | 237.5   |
| Other income .....   | 100.7  | 91.4  |
| <b>Total income</b> .....  | <b>340.8</b>                                   | <b>328.9</b>  |
| Loan loss provisions .....   | 70.4   | 81.2  |
| <b>Net operating income</b> .....                                      | <b>270.4</b>                                   | <b>247.7</b>  |
| Employee costs .....   | 139.4  | 135.2   |
| Other costs .....  | 101.9  | 99.4  |
| <b>Total costs</b> .....   | <b>241.3</b>                                   | <b>234.6</b>  |
| <b>Profit before taxation and extraordinary items</b>                  |  |   |
| The Bank and subsidiaries .....  | 29.1   | 13.1  |
| Non-consolidated subsidiary and<br>share of associated companies ..... | 9.5  | 8.1   |
| <b>Profit before taxation</b> .....                                    | <b>38.6</b>                                    | <b>21.2</b>   |
| Taxation .....   | 15.2   | 5.1   |
| <b>Profit after taxation</b> .....                                     | <b>23.4</b>                                    | <b>16.1</b>   |
| Preferred Stock Dividend .....   | 2.0  | 2.1   |
| <b>Profit before extraordinary items</b> .....                         | <b>21.4</b>                                    | <b>14.0</b>   |
| Extraordinary items .....  | —  | 11.3  |
| <b>Profit attributable to ordinary stockholders</b> .....              | <b>21.4</b>                                    | <b>2.7</b>  |
| Transfer to capital reserves .....                                     | 4.8  | 3.9   |
| Dividend .....   | 13.4   | 13.4  |
| <b>Increase/(Decrease) in revenue reserves</b> .....                   | <b>3.2</b>                                     | <b>(14.6)</b>   |
| <b>Earnings per unit of IR£1 of ordinary stock*</b> .....              | <b>5.3p</b>                                    | <b>3.5p</b>   |

\*Adjusted for Scrip Issue



**INTERIM FINANCIAL RESULTS**  
**(Unaudited)**

**CONSOLIDATED BALANCE SHEET**

|                                    | As at<br>September 30,<br>1991<br>IR£M | As at<br>September 30,<br>1990<br>IR£M |
|------------------------------------|--|--|
| Cash and short term funds .....    | 1,934.7                                | 2,295.1                                |
| Investments .....                  | 1,583.2                                | 1,465.0                                |
| Advances and other accounts .....  | 10,574.1                               | 10,392.4                               |
| Other assets .....                 | 446.9                                  | 350.4                                  |
|                                    | 14,538.9                               | 14,502.9                               |
| Current and deposit accounts ..... | 12,746.5                               | 12,859.0                               |
| Other liabilities .....            | 616.3                                  | 536.2                                  |
| Loan capital .....                 | 531.9                                  | 505.3                                  |
| Preferred stock .....              | 50.8                                   | 46.5                                   |
| Capital stock .....                | 402.3                                  | 335.0                                  |
| Reserves .....                     | 191.1                                  | 220.9                                  |
|                                    | 14,538.9                               | 14,502.9                               |

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**

1. The profit and loss account for the half year to September 30, 1990 has been restated to reflect a change in the accounting policy for Development Capital Corporation as outlined in the Report and Accounts for the year to March 31, 1991. The effect of the change is to increase the profit before taxation by IR£5.4m in the half year to September 30, 1990.
2. Taxation for the year to March 31, 1991 includes a special levy on banks of IR£14.3m. No amount has been provided in the Interim Accounts for the half years to September 30, 1991 and 1990.
3. On July 9, 1991 a scrip issue of ordinary stock was made in the proportion of one unit for every five existing units of IR£1 of ordinary stock held, by capitalising from reserves an amount of IR£67.0m.

## TAXATION

The comments below are based on the Bank's understanding of certain relevant aspects of current Irish and U.K. law and practice which may apply to holders who are the beneficial owners of the Preference Stock. The comments are not exhaustive, and in particular do not deal with the position of certain classes of stockholder, such as dealers in securities. **Stockholders who are in any doubt as to their tax position should consult their professional advisers.**

### **1 Taxation of Cash Dividends**

#### **(a) Tax Credits**

Under current tax legislation the Bank is not obliged to withhold tax from dividends paid but it is required to account to the Irish Revenue Commissioners for advance corporation tax ("ACT") on the amount of such dividends paid. A tax credit attaches to such dividends which is calculated by reference to the tax rate levied on the profits out of which the dividends are paid or deemed to be paid:—

- (i) if sourced from profits liable to tax at the Irish standard rate of corporation tax, the tax credit is currently equal to 25/75ths of the amount of the dividend;
- (ii) if sourced from profits liable to Irish corporation tax at 10 per cent. (manufacturing relieved income), the tax credit is currently 1/18th of the amount of the dividend;
- (iii) if sourced from profits liable to Irish corporation tax at different rates, the dividend will be apportioned between those profits, and the dividend will carry a mixed tax credit calculated accordingly.

#### **(b) U.K. Taxation**

A person who (a) beneficially owns the Preference Stock and the dividends thereon and (b) is not resident in the Republic of Ireland but is resident in the U.K. for the purpose of the U.K./Ireland double taxation treaty relating to income and capital gains (the "Treaty") and (c) whose holding of Preference Stock is not effectively connected with a permanent establishment in Ireland through which it carries on a business and (d) who, if a company (as that term is defined in the Treaty), does not alone or with one or more associated companies, control, directly or indirectly, 10 per cent. or more of the voting stock of the Bank, will generally be entitled to receive on a claim to that effect made to the Irish Revenue a payment in respect of the applicable tax credit described above less a withholding under the Treaty of, currently, 15 per cent. of the sum of the dividend and the related tax credit.

Persons who are not subject to taxation on the dividends in the U.K. by reason of any relief given to charities or superannuation schemes as such, or to insurance companies in respect of their pension business are entitled to receive a payment in respect of the tax credit without any withholding.

*Subject to any exemption, U.K. resident stockholders, including U.K. companies, will be subject to U.K. taxation on the gross amount of dividends received (ie inclusive of the related tax credit) on their holding of Preference Stock. Credit will, however, be available for the Irish withholding when calculating the U.K. taxation payable on the Preference Stock dividends.*

#### **(c) Irish Taxation**

A stockholder which is resident in Ireland but which is not a company will be subject to Irish income tax on the aggregate of the dividend and the attaching tax credit. The tax credit may be used to reduce the stockholder's overall income tax liability and any amount of the tax credit which exceeds that liability may be reclaimed.

An Irish resident corporate stockholder will not be charged to Irish taxation on any Preference Stock dividend received from the Bank which will constitute franked investment income of such stockholder. The tax credits on such dividends may be used to offset the ACT liability arising on dividends paid by it.

**(d) General**

Dividends paid by an Irish resident company to a stockholder resident outside Ireland are subject to Irish income tax. For U.K. stockholders entitled to the benefit of the Treaty the liability to Irish income tax is restricted to 15 per cent. of the gross dividend (i.e. the dividend plus the tax credit). Accordingly, for such investors, provided that the tax credit attaching to the dividend exceeds 15 per cent. of the gross dividend no further liability to Irish tax will arise and a refund of the credit may be due.

A stockholder who is resident outside Ireland who is not entitled to the benefit of the Treaty or a double tax treaty with similar provisions will be liable to Irish income tax on the net dividend received (i.e. exclusive of the tax credit). This liability will be reduced but not eliminated by an amount which depends on the effective rate of tax to which the profits out of which the dividend is paid are subject.

Stockholders (including those whose liability to Irish income tax is not eliminated under the provisions of the Treaty or any other relevant double tax treaty) who have a residual liability to Irish Income Tax for example because the tax credit is less than their liability to Irish income tax, have an obligation to make a return to the Irish Revenue Commissioners. Such investors should consult their own professional advisers.

**2 Tax Treatment of Additional Preference Stock Issued in Lieu of Cash Dividends**

**(a) U.K. Taxation**

U.K. resident stockholders which receive additional Preference Stock in the circumstances described at paragraph 2(f) of "Description of the Preference Shares" will not be charged to U.K. tax on any additional Preference Stock received. They will be deemed to have acquired the additional Preference Stock at the same time as their original holding of such stock, but will not have any amount added to their base cost of Preference Stock for the purposes of U.K. tax on capital gains.

No tax credit attaches to the receipt of the additional Preference Stock and, accordingly no amount can be reclaimed from the Irish Revenue Commissioners by U.K. stockholders who are entitled to the benefit of the Treaty.

**(b) Irish Taxation**

The position of an Irish resident Preference Stockholder under Irish tax law which receives additional Preference Stock in the circumstances described at paragraph 2(f) of "Description of the Preference Shares" is similar to that of a U.K. resident Preference Stockholder under U.K. law described at paragraph 2(a) above.

**3 Capital Gains Tax**

**(a) U.K. Taxation**

The disposal or deemed disposal of a unit of Preference Stock by a stockholder who is resident (or, if an individual, ordinarily resident) in the U.K., may, after taking account of indexation allowances, give rise to a chargeable gain or an allowable loss for the purposes of taxation of capital gains.

**(b) Irish Taxation**

The disposal or deemed disposal of a unit of Preference Stock by a stockholder who is resident (or, if an individual, is ordinarily resident) in Ireland may give rise to a chargeable gain after taking account of indexation allowances, or an allowable loss for the purposes of Irish taxation of capital gains.

A holder of Preference Stock who is not resident (or, if an individual, is not ordinarily resident) in Ireland will not normally be subject to Irish taxation on capital gains, unless at any time before the disposal or deemed disposal occurs, the shareholder carries on a trade, in Ireland through a branch or agency and the Preference Stock were used in or for the purposes of the trade, or acquired for use by or used or held for the purposes of that branch or agency.

#### **4 Stamp Duty and Stamp Duty Reserve Tax**

##### **(a) U.K. Taxation**

No U.K. stamp duty or stamp duty reserve tax is payable on the issue of Preference Stock.

As the Preference Stock is stock in an Irish Company, in respect of which no register is maintained by or on behalf of the Bank in the UK, no stamp duty reserve tax is payable on agreements to transfer such stock, nor is it necessary to pay UK stamp duty to register such a transfer in the register of the Bank.

##### **(b) Irish Taxation**

There is no stamp duty payable on issue of the Preference Stock. Under current law and practice transfers of units of Ordinary Stock of the Bank are exempt from *ad valorem* Irish stamp duty. The Bank has applied to the Irish Revenue Commissioners for confirmation that transfers of units of the Preference Stock are *similarly exempt*. If such transfers are stampable *ad valorem* stamp duty is payable by the transferee at 1 per cent. of the value of the stock transferred, regardless of where the document of transfer is executed or held. If such duty is not paid within 30 days of the execution of the instrument of transfer the transferee, in general, will be liable for penalties and interest together with the relevant amount of duty. Renunciations of renounceable letters of allotment will not attract stamp duty.

## GENERAL INFORMATION

### The Bank

The constitutive documents relating to the Bank, including an Act for establishing a bank, by the name of the Governor and Company of the Bank of Ireland (21 & 22 George III., Cap. 16), the Charter dated May 10, 1783, the Bank of Ireland Act, 1929 and the Resolution passed at an Extraordinary General Court on the 24th day of November, 1972 pursuant to Section 51 of the Central Bank Act, 1971, describe the main purpose of the Bank as the carrying on of the business of banking and also provide for other ancillary purposes covering a wide range of financial and commercial activities.

### Litigation

There are no legal or arbitration proceedings pending or threatened against the Bank or any of its subsidiary undertakings which may have, or have had during the period of 12 months ending on the date of this document, a significant effect on the financial position of the Bank or the Group taken as a whole.

### Employees

The average number of staff employed by the Group as at March in each of the last three years was as follows:—

|                         | 1991   | 1990   | 1989   |
|-------------------------|--------|--------|--------|
| Ireland .....           | 8,672  | 8,483  | 8,092  |
| Britain .....           | 1,143  | 1,209  | 1,230  |
| United States .....     | 1,707  | 1,745  | 1,636* |
| Rest of the World ..... | 25     | 28     | 22     |
|                         | 11,547 | 11,465 | 10,980 |

\*Point in time — March 1989

### Investments and Subsidiary Undertakings

The principal subsidiary undertakings of the Bank all of which are wholly owned by the Bank and shares in which are fully paid are:—

|  | Nature of business | Registered Office   | Issued share capital |
|--|--------------------|---|----------------------|
| Bank of Ireland Finance Limited        | Instalment Finance | 6, Burlington Road<br>Dublin 4.                                 | 16,000,000           |
| Bank of Ireland Home Mortgages Limited | Mortgage Finance   | Plaza West,<br>Bridge Street,<br>Reading, Berkshire<br>RG12 1L2 | 4,156,429            |
| British Credit Trust Limited           | Instalment Finance | British Credit House<br>High Street,<br>Slough, SL1 1ED         | 15,300,000           |
| Bank of Ireland First Holdings Inc.    | Banking            | 1000, Elm Street,<br>Manchester,<br>New Hampshire<br>03101      | 2,251,000            |
| The Investment Bank of Ireland Limited | Merchant Banking   | 26, Fitzwilliam Place<br>Dublin 2.                              | 8,900,000            |
| ICS Building Society                   | Building Society   | Chief Office,<br>25, Westmoreland St.<br>Dublin 2               | 19,385,000           |
| Lifetime Assurance Co. Limited         | Life Assurance     | Block B,<br>Haddington Centre,<br>Percy Place,<br>Dublin 4.     | 13,900,000           |

### **Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into in the two years preceding the date of this document and are or may be material:—

1. (a) Purchase and Assumption Agreement among Federal Deposit Insurance Corporation, Receiver of Amoskeag Bank, Federal Deposit Insurance Corporation and First NH Bank dated as of October 10, 1991.
- (b) Purchase and Assumption Agreement among Federal Deposit Insurance Corporation, Receiver of BankEast, Federal Deposit Insurance Corporation and First NH Bank dated as of October 10, 1991.
- (c) Purchase and Assumption Agreement among Federal Deposit Insurance Corporation, Receiver of Bank Meridian, N.A., Federal Deposit Insurance Corporation and First NH Bank dated as of October 10, 1991.
- (d) Purchase and Assumption Agreement among Federal Deposit Insurance Corporation, Receiver of Nashua Trust Company, Federal Deposit Insurance Corporation and First NH Bank dated as of October 10, 1991.

Under these agreements First NH Bank purchased certain assets and assumed certain liabilities of Amoskeag Bank, BankEast, Bank Meridian, N.A. and Nashua Trust Company, for a price of U.S.\$23,300,916.91.

2. Stock Purchase Agreement entered into on October 10, 1991 between The Governor and Company of the Bank of Ireland, First NH Bank and the Federal Deposit Insurance Corporation whereby First NH Bank sold to the Federal Deposit Insurance Corporation 2,000,000 shares of Series A Non-Cumulative Perpetual Preferred Stock for a total purchase price of U.S.\$50,000,000, and including a put option on the part of the Federal Deposit Insurance Corporation or any subsequent holder of the stock against Bank of Ireland, and a call option by Bank of Ireland against the Federal Deposit Insurance Corporation or any subsequent holder of the stock.
3. Written Agreement by and between The Governor and Company of the Bank of Ireland, Bank of Ireland First Holdings, Inc., and the Federal Reserve Bank of Boston dated December 19, 1991 to ensure compliance with commitments made by Bank of Ireland in connection with the application to acquire certain assets and certain liabilities of several banking organisations in New Hampshire.
4. The Placing Agreement (see "The Placing" below).

### **Directors' Interests**

None of the Directors has existing or proposed service contracts with the Bank or its subsidiary undertakings other than agreements expiring or determinable by the employing undertaking without payment of compensation (other than statutory compensation) within one year.

None of the Directors was interested in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group, and which were effected by the Bank during the current or preceding year or were effected by the Bank during an earlier year and remain in any respect outstanding or unperformed.

None of the Directors has any interest in the Preference Stock which is required to be disclosed pursuant to the listing rules of the Stock Exchange.

At the date hereof the interests of the Directors and families in the stock of the Bank was as follows:—

|                        | Units of IR£1 of Ordinary Stock |         |
|------------------------|---------------------------------|---------|
|                        | Beneficial                      | Options |
| Bernard J Breen*       | 10,002                          | —       |
| John E. Callaghan*     | 7,040                           | —       |
| Laurence G. Crowley*   | 10,112                          | —       |
| Margaret Downes        | 26,424                          | —       |
| Niall W. A. FitzGerald | 10,600                          | —       |
| Maurice A. Keane*      | 157,614                         | 219,268 |
| David M. Kennedy       | 24,000                          | —       |
| Howard E. Kilroy       | 151,200                         | —       |
| Michael J. Meagher     | 156,061                         | 118,268 |
| Patrick J. A. Molloy   | 151,750                         | 317,600 |
| Thomas C. Toner        | 2,444                           | —       |
| R. Brian Williamson    | 8,560                           | —       |

\* Additionally these Directors, as Trustees of the Bank Staff Pension Fund, had a non-beneficial interest in a total of 8,978,575 units of Ordinary Stock at the date of this document.

As at January 1, 1992, Mr. Patrick J. A. Molloy had a non-beneficial interest in a total of 4,776,112 units of Ordinary Stock as one of the trustees of the 1987, 1988, 1989 and 1990 issues under the Employee Ordinary Stock Issue Scheme.

As at September 30, 1991, advances to Directors on terms similar to those on which loans are made to staff totalled IR£137,342.

#### Miscellaneous

It is expected that listing of the Preference Stock on the Stock Exchange will become effective and dealings in the Preference Stock will commence on February 21, 1992.

The estimated total expenses of the issue of the Preference Stock (excluding any value added tax) are IR£1,785,000 (of which IR£1,735,000 represents the commissions and expenses due to the Placing Agents under the Placing Agreement and are payable by the Bank).

The Consolidated Annual Accounts of the Bank for the year ended March 31, 1991 were audited by Price Waterhouse, Chartered Accountants.

The Consolidated Annual Accounts of the Bank for the year ended March 31, 1990 were audited jointly by Coopers & Lybrand Deloitte and Price Waterhouse, Chartered Accountants.

The Consolidated Annual Accounts of the Bank for the year ended March 31, 1989 were audited jointly by Deloitte Haskins & Sells and Price Waterhouse, Chartered Accountants.

#### Documents available for inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturday and public holidays excepted) at the offices of Freshfields at Whitefriars, 65 Fleet Street, London EC4Y 1HS and at the specified Principal Office of the Bank for a period of 14 days from the date hereof:—

- (1) Charter and other constitutive documents of the Bank;
- (2) Bye-Laws of the Bank;
- (3) Instrument constituting U.S.\$150,000,000 Undated Floating Rate Capital Notes December 5, 1985;
- (4) Instrument constituting U.S.\$133,000,000 Floating Rate Capital Notes 1997, December 3, 1987;
- (5) Instrument constituting U.S.\$32,000,000 Subordinated Loan Facility, June 28, 1988;

- (6) Instrument constituting ¥14.6bn Subordinated Loan Facility 1998, June 28, 1988;
- (7) Instrument constituting ¥3bn Subordinated Loan Facility 2001, June 13, 1989;
- (8) Instrument constituting U.S.\$300,000,000 Undated Variable Rate Notes September 5, 1989;
- (9) Instrument constituting U.S.\$100,000,000 Undated Variable Rate Notes October 23, 1989;
- (10) The Material Contracts specified on page 38;
- (11) The Consolidated Accounts of the Bank and Subsidiaries for 1990 and 1991.



## THE PLACING

The Bank has entered into a Placing Agreement dated February 13, 1992 (the "Placing Agreement") with Salomon Brothers International Limited, Hoare Govett Corporate Finance Limited and J & E Davy (together, the "Placing Agents") under which the Placing Agents have agreed, as agents of the Bank, severally to use their best efforts to procure subscribers for the Preference Stock. The Placing Agents will receive commissions of 1⅞ per cent. of the aggregate issue price of the Sterling Preference Stock and the Irish Pound Preference Stock for which subscribers have been procured and Salomon Brothers International Limited will be reimbursed by the Bank the reasonable legal and other expenses incurred in connection with the Placing.

Under the Placing Agreement, the Bank has given certain warranties including a warranty not to issue any other preference stock denominated in Sterling or in Irish Pounds during the six month period following the date of the Placing Agreement and has agreed to indemnify the Placing Agents against certain liabilities. The Placing Agreement may be terminated prior to admission of the Preference Stock to the Official List in London and Dublin at the option of Salomon Brothers International Limited in the event of a material breach by the Bank of any of the warranties under the Placing Agreement or if there shall have occurred such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in the reasonable opinion of Salomon Brothers International Limited be likely to prejudice materially the issue and placing of the Preference Stock or dealings in the Preference Stock in the secondary market. In addition the Placing Agreement may be terminated at the option of either Salomon Brothers International Limited or the Bank if subscribers for Sterling Preference Stock with an aggregate value (including premium) at the Placing Price of £40,000,000 and subscribers for Irish Pound Preference Stock with an aggregate value (including premium) at the Placing Price of IR£45,000,000 are not found.

It is expected that fully paid renounceable letters of allotment in respect of Preference Stock will be made available at the offices of the Registrar or posted on February 20, 1992 and that dealings in the Preference Stock will commence at 8.30 a.m. on February 21, 1992. Until March 23, 1992 (the latest time for registration of renunciation) Preference Stock will be represented by renounceable letters of allotment. Pending the despatch of definitive certificates (which is expected to take place on March 23, 1992), transfers of Preference Stock will be certified against the register. Prior to listing dealings in the Sterling Preference Stock will be permitted by the Stock Exchange in accordance with its Rules.

Each Placing Agent has agreed that:

- (i) it will not, directly or indirectly, offer or sell any Stock or distribute or publish any offering circular, prospectus, or form of application in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and all offers and sales of Stock will be made on the same terms;
- (ii) it has only issued or passed on and will only issue or pass on to any person any document received by it in connection with the issue of the Stock (other than any document which consists of Listing Particulars, supplementary listing particulars or any other document required or permitted to be published by the listing rules under Part IV of the Financial Services Act) and prior to the date hereof has only offered or sold and will only offer or sell Stock, in each case to a person of a kind described in Article 9(3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Order 1988;
- (iii) it has acknowledged that the Stock has not been and will not be registered under the United States Securities Act of 1933 and that it has not offered or sold and will not offer or sell any Stock within the United States or to United States persons otherwise than in accordance with applicable United States Securities laws and regulations;
- (iv) it has obtained or will obtain any consent, approval or permission which is required for the offer, purchase or sale by it of the Stock under the laws and regulations in force in any jurisdiction to which it is subject or in which it may make such offers, purchases or sales and it will comply with all such laws and regulations.

**PRINCIPAL OFFICE  
OF THE BANK**

Lower Baggot Street,  
Dublin 2

**LEGAL ADVISERS**

*To the Bank*

*in Ireland*  
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*in England*  
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*To the Placing Agents*

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Hatch Street,  
Dublin 2

*in England*  
**Linklaters & Paines,**  
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**PLACING AGENTS**

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**Hoare Govett Corporate Finance Limited**  
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**J & E Davy,**  
49 Dawson Street,  
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**LISTING SPONSORS**

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**AUDITORS TO THE BANK**

**Price Waterhouse,**  
*Chartered Accountants,*  
Gardner House,  
Wilton Place,  
Dublin 2

**REGISTRAR**

**Registration Department,**  
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Dublin 2