Governor and Company of the Bank of Ireland (the)

GROUP
REPORT & ACCOUNTS

2002

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Governor's Statement

I report on a year of significant change and satisfactory business and profit performance for Bank of Ireland Group. Growth in alternative earnings per share of 11% compares well with peer group performance in an uncertain and volatile business climate. Dividends have been increased by 14% (covered 2.8 times) and there was an addition of €551 million in Shareholder Value Added in the year to March 2002.

Serving all of our stakeholders

Bank of Ireland Group is diligent in pursuit of total shareholder returns and our record in this respect bears favourable comparison with financial services companies in Europe and elsewhere. We believe that our focus on stockholder value drives superior performance throughout the business and generates benefits for all stakeholders. Stockholder value is enhanced in a wide variety of ways. Some are tangible and visible on the bottom line; others are less obvious but equally important – the softer issues like reputation, integrity, support for the communities in which we operate, respect for and equal treatment of our staff and the creation of a climate of trust with our customers. The Bank of Ireland brand is central to the success of many of our businesses and the values associated with it underscore confidence in our products, our ability to form productive alliances, demand for our stock and, critically, our ability to attract and retain the best people. We are committed to the highest standards of corporate governance and legal compliance throughout the Group. We want our customers and our staff to be confident that they will be treated fairly at all times.

Growing diversification

The rapid growth in Group assets over the past decade has been matched by growing diversification across the spectrum of financial services business lines. The Group is now a comprehensive mix of retail businesses, investment advisory services, significant wholesale operations and a wide range of niche businesses, some well established, others testing new markets and new activities. Almost three quarters of Group profit is generated by businesses other than the core Irish retail franchise. While the most obvious Bank of Ireland footprint is in Ireland and the UK, businesses such as international lending and asset management reach into many parts of the world.

Future growth will be vigorously pursued with a keen focus on the deployment of Group capital in the best interests of our stockholders.

The economic environment

Uncertainty was the principal feature of the Irish and world economic environment throughout the past year with international security fears in the wake of September 11 and the on-going conflict in the Middle East.

In all its markets the Group has handled the varying economic conditions very well and we are already seeing a better environment in the current trading period. While forecasting is difficult, we are cautiously optimistic about conditions throughout the remainder of our financial year.

World Special Olympics 2003

The Group is proud to be the premier sponsor of the Special Olympics World Games, which take place in Ireland next year – the world's biggest sporting event in that year. The sponsorship has captured the imagination of our staff and has generated widespread enthusiasm and involvement throughout the Group. Its purpose is a noble one in support of people with learning disabilities. Special Olympics 2003 will show Ireland's ability to host an international event of this scale and could be the precursor to further international events, with significant economic benefit.

The euro

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

The Court

I am deeply grateful to my colleagues on the Court for their commitment to the Group's interest and for their continuing support to me in my role as Governor. A critical function of the Governor and the non-executive Directors is the selection and appointment of the Group Chief Executive and much time was devoted to that task during the year. The support of my non-executive colleagues was invaluable and I believe that, together, we have appointed an outstanding Chief Executive in Mike Soden. The Directors are at one with Mike and his senior management team in their view that the Group has excellent prospects for growth, both organically and by acquisition. The Court also shares the view, expressed by the Group Chief Executive, that Ireland has the capacity and the need to play a role in a consolidating

European banking sector and the Directors endorse the action he has taken to initiate a debate on the future of the industry.

I am delighted that Maurice Keane remains on the Court and continues to contribute to the success of the Group. Caroline Marland and Thomas Moran joined the Court during the year and were confirmed at the 2001 Annual General Court. That meeting also marked the retirement of Lord Armstrong, who had been on the Court since the acquisition of Bristol & West, and Pat Molloy, Maurice Keane's predecessor as Group Chief Executive. Both are held in the highest regard by their colleagues and made significant contributions to the Group – in Pat Molloy's case over a lifetime of distinguished service.

Paul D'Alton, Group Chief Financial Officer, resigned from that position and as a Director in December 2001 to pursue other career options. The Directors are appreciative of Paul's dedicated service to the Group. I welcome his successor in the role, John O'Donovan.

Management and Staff

The financial services sector is among the most challenging of working environments and competitive advantage is hard won. The success achieved by Bank of Ireland Group is a direct reflection of the quality of management and staff and their commitment to the achievement of ambitious growth targets. On behalf of the Directors, I thank them sincerely for their continuing dedication to the Group.

Laurence G Crowley
15 May 2002

Bank of Ireland Group reports profit on ordinary activities before exceptional item and tax of €1,122 million for the year ended 31 March 2002, an increase of 3.4% on the prior year. Alternative earnings per share were ahead by 11% at 93.4 cent. For the ninth successive year, the Group achieved a return on equity in excess of 20%. Shareholder value added in the year under review was €551 million, an increase of 8%.

Profits, before exceptional item and tax, in the second six months of 2001/02 increased by 4% and alternative earnings per share by 7% compared to the first half, and by 11% and 18% respectively compared to the comparable six months in 2000/01.

The Group has traded very successfully across the wide range of financial services activities in which it engages. The geographic distribution of the Group's businesses helped to minimise the impact of market volatility in the Group and the composition of the Group's loan portfolio and the robustness of its risk management policies have combined to reduce the impact on the Group of the economic slowdown. Good growth in domestic business volumes, especially resources and in international lending, have more than compensated for tightening margins.

At the half year, in the immediate aftermath of the September 11 terrorist attacks in the US, the Group's results reflected sharp falls in equity prices and their impact on embedded values in the life and pensions business and the value of assets under management. The second half recovery in world stock markets has had a material beneficial impact, although full year profits in both businesses are below those achieved last year.

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

In the Republic of Ireland, the Group has continued to grow market share in key retail sectors, such as resources and mortgages, despite aggressive competition from existing and new market participants. The Group has achieved market leadership positions across a wide range of both retail and wholesale financial services products. Significant progress has been made in the re-configuration of the branch network – a process that is now well advanced – and in the development of a channel strategy which generates a better return from the Group's investments. The Retail Transformation Programme necessitated some procedural changes in the delivery of services, and, as a result, customer satisfaction levels dipped for a time. However, as familiarity with the alternative channels increased – and their superior convenience became apparent to those who had not previously used them – satisfaction levels have been recovering.

Electronic delivery mechanisms have been deployed very effectively across the Group, with excellent electronic offerings to retail and corporate customers. In some sectors of the business, Bank of Ireland has achieved clear market advantage from the quality of its electronic banking services and the application of customer relationship management principles facilitated by technology.

The final stages of transition to the euro were completed during the year and Bank of Ireland achieved a smooth change-over with no disruptions to service. Total euro-related costs were €79 million of which €43 million was incurred in the year to 31 March 2002.

Consumer confidence in Ireland remains strong with good growth in consumer spending and buoyant activity in the housing market. While the Irish economy is no longer growing at the exceptional levels of recent years, it remains among the strongest in the developed world, achieving a rate of growth in excess of the averages for the EU and the OECD. The global recovery, which is currently in evidence, augurs well for Ireland. Should it be maintained, it is expected that growth in Ireland will resume at a sustainable rate of 5% to 6% per annum into the medium term.

UK Financial Services (UKFS) is a new enlarged grouping of sterling denominated businesses incorporating Bristol & West, the branch networks in Northern Ireland and Britain as well as the newer acquisitions, Chase de Vere and MX Financial Solutions. UKFS has been restructured into distinct business groupings, each of which has clear business growth targets. The profile of the Group's presence in the United Kingdom is now much better suited to the current market reality of intense competition for commodity products.

In the year under review, Bristol & West recorded a number of notable achievements in its quest to reconfigure its core business and organise for growth. It had set a four year target to diversify 50% of its earnings from mainstream lending and savings products into specialised lending and advice based products and has made excellent progress towards its achievement.

The Group's Wholesale Businesses, and in particular Treasury and International Banking, achieved significant profit growth. All of the Group's treasury dealing activities are controlled in Dublin and have been the subject of a thorough independent review to ensure the existence and operation of appropriate control systems. The review concluded that the Group's treasury dealing activities have a robust risk management culture and regime.

The life assurance and pensions business, Bank of Ireland Life, reported a very strong business performance, with regular premium savings inflows more than doubling due to the Government supported Special Savings Incentive Accounts (SSIA) scheme.

Asset Management and Securities Services businesses fought back very successfully from the market lows of Autumn 2001 with impressive successes in asset gathering and superior relative investment performance.

Cost management remains a high priority as the Group seeks to achieve a balance between volume and cost growth. The adverse gap between income growth and cost growth, which was evidenced at the half year, has been significantly reduced and is expected to be reversed in the coming year. Income growth was 11% with costs increasing year on year by 14% and the cost income ratio widening from 54% to 56%. The cost increase of 14% comprised higher staff costs of 17%, administrative expenses up 7% and depreciation 14% higher. The higher staff costs of 17% was due to higher rates of pay and benefits and increased employer taxes together with higher performance related pay, Euro implementation costs and the development of advice based businesses in the UK, partly offset by benefits arising from the Group Transformation Programme.

The achievement of optimum efficiency in every business in the Group is a priority. The characteristics of each will dictate what is optimum for that business and the imperative to manage costs will be balanced by the need to invest for future growth. A number of the Group's businesses have competitive cost income ratios and programmes are in place to achieve top quartile cost efficiency for all businesses.

The loan loss charge is 18.5bps and arrears balances as a percentage of the total loan book for the year under review are slightly up on last year, with a stable credit grade profile across the Group. This continues the very positive trend of the past eight years during which Bank of Ireland Group has achieved average year on year growth of 19% in its risk assets while maintaining asset quality standards that are in the top quartile of its peer banks. The loan loss provision as a percentage of average loans has not exceeded 20 basis points during this time.

The Group has strong capital ratios with a current Tier 1 ratio of 7.6%. The surplus capital will be used to further the Group's strategic objectives.

Management and Organisation

A revised management and organisational structure was announced early in 2002 comprising five operating and three support units. The most significant changes were the organisation of the sterling area businesses into a single unit, as described earlier and the creation of the Office of the Chief Executive, incorporating a range of strategic and support functions. Further progress has been achieved towards a shared services model and processing and administrative functions are increasingly being removed from front-line businesses.

Outlook

The Group's prospects for the current year and beyond are good and will be underpinned by:
- improved prospects for the Irish economy
- good business momentum in the current year across many key Group activities
- improved balance between income and cost growth
- continuing good asset quality

The Group is confident that these and other factors will result in a continuation of the satisfactory profit performance reported in recent years.

Business Performance	2001/02	2000/01 Restated
	€m	€m
Retail Republic of Ireland	321	290
Bank of Ireland Life	122	131
*UK Financial Services**	318	324
Wholesale Financial Services	355	283
Asset and Wealth Management	126	133
Group & Central	(64)	(30)
Grossing up	(56)	(46)
Profit before taxation and exceptional items	1,122	1,085

** Profit after goodwill amortisation is €318 million (2000 / 01 €324 million) whilst profit pre goodwill amortisation is €333 million (2000 / 01 €331 million).*

Retail Republic of Ireland

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

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

The Mortgage Business reported an excellent performance. There was a 23% increase in mortgage balances against market growth of 18% and the Group's market share of new mortgage business was 26%, maintaining Bank of Ireland as the leading provider of new mortgages in the Irish market.

The Life Loan product, which enables older customers to borrow up to 30% of the assessed value from their principal residence without repayment during their lifetime, was particularly successful. New mortgage products for investors were also well received by the market.

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

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

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

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

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

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

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

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

Bank of Ireland Life

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

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

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

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

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

The table below provides an analysis of profits before tax.

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

UK Financial Services

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

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

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

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

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

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

Wholesale Financial Services

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

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

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

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

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

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

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

Asset and Wealth Management

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

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

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

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

Group and Central

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

Grossing – up

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

Analysis of Results

The Group Profit & Loss account for the years ended 31 March 2002 and 2001 are set out below:

	31 March 2002 €m	31 March 2001 Restated* €m
Net Interest Income	1,595	1,423
Other Income	1,210	1,114
Total Operating Income	2,805	2,537
Income from associated undertakings and joint ventures	1	7
Operating expenses	1,582	1,387
Provision for bad and doubtful debts	102	72
Profit on ordinary activities before exceptional items	1,122	1,085
Group Transformation Programme	37	93
Profit before Taxation	1,085	992

* As a result of adopting UITF 33: Obligations in Capital Instruments interest costs of €3 million which were previously treated as a distribution as an after tax cost have been restated and included in "net interest income".

Net interest income increased by 12% to €1,595m in the current year.

Average Earning Assets 31 March 2002 €bn	Average Earning Assets 31 March 2001 €bn		Net Interest Margin (including grossing up) 31 March 2002 %	Net Interest Margin (including grossing up) 31 March 2001 %
40.4	34.3	Domestic	2.64	2.66
31.5	29.0	Foreign	1.79	1.89
71.9	63.3		2.27	2.30

The increase in net interest income was principally driven by increases in average lending of 13% and average customer deposits of 16% across the Group, with some minor contraction in the Group net interest margin. Average earning assets increased by 14% over the previous year. Increases in volumes were recorded in all significant businesses.

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

Other income increased by €96m or 9%. This increase was driven by the advice based businesses in the UK and increased fee based income from Retail Republic of Ireland and Wholesale Financial Services. Fee income in Asset & Wealth Management and the embedded value in Bank of Ireland Life were impacted by the decline in equity markets.

Costs increased year on year by 14% and the cost income ratio widened from 54% to 56%. The cost increase of 14% comprised higher staff costs of 17%, administrative expenses up 7% and depreciation 14% higher. The higher staff costs of 17% was due to higher rates of pay and benefits and increased employer taxes together with higher performance related pay, Euro implementation costs and the development of advice based businesses in the UK, partly offset by benefits arising from the Group Transformation Programme.

Asset quality remains excellent and the Group's loan loss charge was 18.5 basis points of the average loan book, compared to 15 basis points in the previous year. The charge for the year included an addition to the non-designated specific provision (NDSP) of €25 million; the total NDSP provision now stands at €174 million with total provisions of €500 million. Balances under provision stood at €331 million at the year-end, compared to €315 million for the corresponding period, representing a coverage ratio of 151%.

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

The effective tax rate has been reduced to 15%, mainly due to reductions in Irish Corporation Tax rates. The effect of adopting FRS 19: Deferred Tax in the current year is to increase the tax on profit on ordinary activities by €3 million resulting in a decrease in profit after tax of the same amount. Tax on profit on ordinary activities for the previous year has been restated and reduced by €6 million, resulting in an increase in profit after tax of the same amount.

The Group Balance Sheet increased from €79 billion to €87 billion, up 11%. Total stockholders funds at year-end were €4.2 billion and total capital €6.9 billion. The Group capital ratios remain strong with a Tier 1 ratio of 7.6%, total capital ratio 11.5% and an equity to asset ratio of 4.4%. During the year the Group successfully completed a buy back of 68% of its outstanding preference stock at a cost of €261 million.

Return on equity was 23.5% for the year, a continuation of returns averaging 24%, which have been achieved since 1993.

Dividend

The Directors have recommended a final dividend of 21.4 cent. The recommended Final Dividend together with the Interim Dividend of 11.6 cent paid in January 2002, results in a total of 33 cent for the year ended 31 March 2002, an increase of 14% on the previous year.

The Group operates a progressive dividend policy based on momentum prospects as well as earnings in any particular year. Total dividend for the year is covered 2.8 times compared to 2.9 times in the previous year.

The final dividend will be paid on or after Friday 19 July 2002 to Stockholders who are registered as holding ordinary stock at the close of business on Friday 21 June 2002.

The Annual Report and Accounts and the Notice of the Annual General Court of Proprietors will be posted to Stockholders on Wednesday 12 June 2002 and the Annual General Court will be held on Wednesday 10 July 2002.

RISK MANAGEMENT AND CONTROL

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

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

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

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

Derivatives
A derivative is an off balance sheet agreement which defines certain financial rights and obligations which are contractually linked to interest rates, exchange rates or other market prices. Derivatives are an efficient and cost effective means of managing market risk and limiting counterparty exposures. As such, they are an indispensable element of treasury management, both for the Group and for many of its corporate customers. Further details can be seen in Note 38 and accounting policy is set out on page 78.

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

The Group's derivatives activities are governed by policies approved by the Court of Directors. These policies relate to the management of the various types of risk associated with derivatives, including market risk, credit risk, liquidity risk and operational risk. Any material change in the nature of the Group's derivatives business is subject to Court approval.

Nature of Derivative Instruments

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

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

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

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

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

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

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

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

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

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

CREDIT RISK

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

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

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

Discretionary Authorities

The Group has a credit risk management system which operates through a hierarchy of exposure discretions. All exposures above a certain level require the approval of Group Credit Committee. Exposures below Group Credit Committee's discretion are approved according to a system of tiered discretions.

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

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

Credit Policy

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

The Unit credit policies define in greater detail the credit approach appropriate to the Units concerned, taking account of the markets in which they operate and the products they provide. Procedures for the approval and monitoring of exceptions to policy are clearly set out in each document. In a number of cases these Unit policies are supplemented by Sectoral Credit Policies. Lending caps are put in place when it is considered appropriate to limit exposure to certain sectors.

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

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

Credit Grading/Assessment

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

MARKET RISK

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

The Group's exposure to market risk is governed by policy approved by the Court of Directors. This policy sets out the nature of risk which can be taken, the types of financial instruments which can be used to increase or reduce risk and the way in which risk is controlled. In line with this policy, the Court approves aggregate risk limits.

Based on these aggregate limits, ALCO assigns risk limits to all Group businesses and compliance with these limits is monitored by the Committee. Material exposure to market risk is permitted only in specifically designated business units. In other units market risk is eliminated by way of appropriate hedging arrangements with Treasury & International Banking which is responsible for the centralised management of Group market risk.

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

TRADING BOOK

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

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

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

The VaR system uses a variance covariance matrix approach. Matrices are updated weekly using the Exponentially Weighted Moving Average methodology, which is widely applied in the industry. Management recognises that VaR is subject to certain inherent limitations. The past will not always be a reliable guide to the future and the statistical assumptions employed may understate the probability of very large market moves. For this reason, VaR limits are supplemented by a range of controls which include position limits and loss tolerances. In addition scenario-based stress testing is used to calculate the profit and loss impact of extreme market moves.

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

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

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

BANKING BOOK

Interest Rate Risk

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

For analytical and control purposes, VaR is applied to Treasury & International Banking's non trading books and is also used in Bristol & West, although these activities are accrual accounted for financial reporting purposes. In the other businesses, sensitivity analysis is used to measure and control interest rate risk. This analysis involves calculating exposure in net present value (NPV) terms to a 1% parallel shift of interest rate curves. This is supplemented by estimates of the maturity distribution of this exposure using a methodology which provides estimates of the sensitivity of positions to selected points on the yield curve.

In calculating exposures, undated assets and liabilities (principally non-interest bearing current accounts, capital and fixed assets) are assigned a duration equivalent to that of a portfolio of coupon-bearing bonds with an average life of 4 years. The analysis then proceeds as though these items were constant-maturity dated liabilities.

All of the Group's material banking book exposure is in euro and sterling. At end March, a 1% parallel upward shift in euro and sterling yield curves would have generated losses in NPV terms of €5.5m and €12.3m, respectively.

The table in Note 39 to the Accounts (page 86) provides an indication of the repricing mismatch in the Non Trading Books at 31 March 2002.

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

A structural open position in a particular currency can also be considered to be a measure of that part of the Group's capital which is denominated in that currency. In considering the most appropriate structural foreign exchange position, the Group takes account of the currency composition of its risk-weighted assets and the desirability of maintaining a similar currency distribution of capital. Doing so will ensure that capital ratios are not excessively exposed to changes in exchange rates.

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

	31 March 2002 €m
GBP	2,447
USD	129
Total structural FX position	2,576

The positions indicate that a 10% depreciation in the value of the euro against all other currencies at 31 March would have resulted in a gain taken to reserves of €258m.

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

TRANSLATION HEDGING OF OVERSEAS EARNINGS

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

LIQUIDITY RISK

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

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

OPERATIONAL RISK

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

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

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

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

FIVE YEAR FINANCIAL SUMMARY

	Year Ended 31 March				
	1998[(5)]	1999[(5)]	2000[(5)]	2001 (restated)	2002
	€m	€m	€m	€m	€m
PROFIT AND LOSS ACCOUNTS					
Profit on ordinary activities before exceptional items	673	836	920	1,085	1,122
Profit on ordinary activities before taxation	673	1,054	920	992	1,085
Profit on ordinary activities after taxation	476	801	724	802	920
Earnings per unit of €0.64 Ordinary Stock (1)	45.0c	74.5c	68.0c	73.4c	89.0c
Alternative Earnings per unit of €0.64 Ordinary Stock (1) (2) (4)	-	54.3c	-	84.5c	93.4c
Dividends per unit of €0.64 Ordinary Stock (net) (1)	14.6c	18.41c	23.5c	29.0c	33.0c
BALANCE SHEETS					
Minority interests - equity	4	3	5	5	91
- non equity	81	79	87	81	82
Subordinated liabilities	1,455	1,389	1,866	2,510	2,524
Total stockholders' funds	2,007	2,854	3,279	3,830	4,200
Assets	50,322	54,314	68,017	78,875	87,325
OPERATING RATIOS	%	%	%	%	%
Net interest margin (grossed-up)	3.0	2.6	2.6	2.3	2.3
Other income / average earning assets	1.8	1.8	1.8	1.8	1.7
Costs / total income (grossed-up)	58	55	54	54	56
Return on average total assets (3)	1.2	1.1	1.2	1.1	1.1
Return on average stockholders' funds (3)	27.5	23.8	24.5	24.5	23.5
ASSET QUALITY					
Loan loss provisions / loans	1.1	1.0	0.9	0.8	0.9
Annual provisions / average loans	0.2	0.2	0.1	0.2	0.2
CAPITAL ADEQUACY RATIOS					
Tier 1 capital	7.2	9.0	7.4	7.8	7.6
Total capital	11.3	13.0	11.8	12.4	11.5
Equity/assets	3.6	4.9	4.5	4.3	4.4

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

BANK OF IRELAND
COURT OF DIRECTORS

Non-Executive Officers

Laurence G Crowley
Governor

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

(Age 65)

Mary P Redmond
Deputy Governor

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

(Age 51)

Executive Directors

Michael D Soden
Group Chief Executive

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

(Age 55)

Brian J Goggin
Chief Executive Wholesale Financial Services

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

(Age 50)

Non-Executive Directors

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

(Age 58)

Anthony D Barry

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

(Age 67)

Richard Burrows

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

(Age 56)

Donal J Geaney

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

(Age 51)

Maurice A Keane

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

(Age 61)

Raymond MacSharry

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

(Age 64)

Caroline A Marland

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

(Age 56)

Thomas J Moran

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

(Age 49)

Denis O'Brien

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

(Age 44)

BANK OF IRELAND
COURT OF DIRECTORS

Committees of the Court

Group Audit

Richard Burrows, Chairman
Raymond MacSharry
Roy E Bailie
Donal J Geaney
Thomas J Moran

Group Remuneration

Laurence G Crowley (Chairman)
Mary P Redmond
Roy E Bailie
Anthony D Barry
Richard Burrows
Caroline A Marland

Group Nominations

Laurence G Crowley (Chairman)
Mary P Redmond
Anthony D Barry
Raymond MacSharry
Denis O'Brien

Senior Independent Director

Anthony D Barry

BANK OF IRELAND
CORPORATE GOVERNANCE STATEMENT

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

COURT OF DIRECTORS

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

- it is the practice that the Court of Directors comprises a significant majority of non-executive Directors;
- the Court, as at 15 May 2002, comprises 13 Directors, 11 of whom are non-executive Directors and has a composition and membership which brings strong and effective leadership to the Group (see short biographical descriptions of each of the Court members on pages 17 to 18);
- the non-executive Directors have varied backgrounds, skills and experience and each brings his/her own independent judgement to bear on issues of strategy, performance and standards of conduct; all are considered to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement;
- Anthony Barry is Senior Independent Director and was appointed to this position in November 1998;
- all non-executive Directors are appointed for an initial three year term with the prospect of having a second three year term. Following that, the expectation is that they will leave the Court unless asked to stay;
- all Directors retire by rotation at least every three years and if eligible may offer themselves for re-election;
- on appointment all non-executive Directors receive comprehensive briefing documents relating to the Court and the role of the key Court Committees and about the Group and its operations and have access to an induction programme, including visits to Group businesses and meetings with senior management as appropriate, designed to familiarise them with the Group's operations, management and governance structures. On an ongoing basis special training/briefing sessions appropriate to the business of the Group are provided to non-executive Directors;
- all newly appointed Directors are provided with documentation detailing their responsibilities as Directors;
- there is a clear distinction between the responsibilities at the head of the Group through the separation of the position of the chairman of the Court (the Governor), who is non-executive and the Group Chief Executive;
- a minimum of eight scheduled meetings of the Court are held each year. Additional meetings are arranged if required. When necessary the Court appoints a committee to consider and progress specific matters which require attention between scheduled Court meetings;
- a programme is prepared and agreed each year which ensures that the Directors are able to review corporate strategy on a regular basis and the operations and performance of business units;
- agenda and papers which provide the Directors with relevant information to enable them to discharge their duties are circulated in advance of each meeting. Additionally the Court has a schedule of matters specifically reserved for its decision and periodically reviews and appraises its own performance and effectiveness;
- in addition the Court meets informally from time to time to explore business and banking issues in more detail than might be practicable at the regular formal meetings;
- the Court receives regular reports, both directly and through the Group Audit Committee on corporate governance, compliance issues and internal controls (see later "Internal Controls");
- the non-executive Directors meet annually, without management present, to review in detail the effectiveness of the Court itself and of Court Committee procedures and corporate governance in general;
- the Directors have access to the advice and services of the Group Secretary, who is responsible to the Court to ensure Court procedures and regulations are complied with. The Directors also have access to independent professional advice, at the Group's expense, if and when required.

COURT COMMITTEES

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

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

Group Remuneration Committee – The Group Remuneration Committee comprises non-executive Directors only. The membership of this committee currently comprises Laurence Crowley (Chairman), Mary Redmond, Roy Bailie, Anthony Barry, Richard Burrows and Caroline Marland and its responsibilities are set out in the Remuneration Report on pages 26 to 31.

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

RELATIONS WITH STOCKHOLDERS

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

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

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

INTERNAL CONTROLS

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

The Group's overall control systems include:-

- a clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the Court which support the maintenance of a strong control environment;
- appropriate terms of reference for Court committees and sub-committees with responsibility for core policy areas, (see previous section);
- an annual budgeting and monthly financial reporting system for all Group business units, which enables progress against longer-term objectives and annual plan to be monitored, trends to be evaluated and variances to be acted upon;
- a comprehensive set of policies and procedures relating to financial controls (including capital expenditure), asset and liability management, (including interest, currency and liquidity risk) operational risk and credit risk management, (further details are given in the Operating and Financial Review on pages 4 to 15).

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

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

Additionally, during the year management commissioned an independent report of the Group's treasury and stockbroking business controls in relation to its management of market and related operational risk. The findings of this review were presented in detail to both the Group Audit Committee and to the Court and were determined to be satisfactory.

Following the end of the financial year the Court reviewed the Group Audit Committee's conclusions in relation to the Group's systems of internal control and also examined the full range of risks affecting the Group and the appropriateness of the internal control structures in place to manage and monitor them. This process involved a confirmation that appropriate systems of internal control were in place throughout the financial year and up to the date of the signing of these accounts. It also involved an assessment of the on-going process for the identification, evaluation and management of individual risks and of the role of the various committees and group risk management functions and the extent to which various significant challenges facing the Group are understood and are being addressed. No material issues emerged from this assessment. The Directors confirm that they have reviewed, in accordance with Turnbull Guidance, the effectiveness of the Group's systems of internal control for the year ended 31 March 2002.

Group Operational Risk Committee – The Group Operational Risk Committee is a committee, comprising senior management from business and support functions from across the Group, which has been charged with responsibility for assisting the Group Audit Committee and the Court in managing the risks associated with businesses and markets in which the Group operates by promoting awareness of operational risk management and ensuring that there is a comprehensive programme to identify, measure and report on the levels of operational risk in the Group.

BANK OF IRELAND
REPORT OF DIRECTORS

The Directors present their report and financial statements for the year ended 31 March 2002.

RESULTS

The Group profit attributable to the Ordinary Stockholders amounted to €895m after Non-Cumulative Preference Stock dividends of €17m, as set out in the consolidated profit and loss account on pages 35 and 36.

DIVIDENDS

The Directors have recommended a Final Dividend of 21.4 cent per unit of €0.64 of Ordinary Stock in respect of the year ended 31 March 2002. The recommended Final Dividend together with the Interim Dividend of 11.6 cent per unit of €0.64 of Ordinary Stock paid in January 2002, results in a total of 33.0 cent for the year ended 31 March 2002 and compares with a total of 29.0 cent for the previous year.

If the recommended Final Dividend is approved by the Ordinary Stockholders at the Annual General Court, the retained profit for the year, after a transfer to capital reserves of €73m, will amount to €489m.

GROUP ACTIVITIES

The Bank and its group undertakings (the "Group") provide an extensive range of banking and other financial services. The Governor's Statement and the Group Chief Executive's Operating and Financial Review on pages 2 and 4, describe the operations and the development of the Group.

CAPITAL STOCK AND SUBORDINATED LIABILITIES

1,001,288,093 units of Ordinary Stock, of nominal value of €0.64 each, were in issue at 1 April 2001.

During the year, as a result of various issues of new stock and/or re issue of Treasury Stock under staff stock schemes and the Stock Alternative Scheme, the total Ordinary Stock in issue increased to 1,007,557,674 units of €0.64 each as at 31 March 2002.

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

DIRECTORS

The names of the members of the Court of Directors as at 15 May 2002 together with a short biographical note on each Director appear on pages 17 and 18.

Caroline Marland and Thomas Moran were co-opted to the Court on 5 April 2001 and were re-elected by the stockholders at the Annual General Court in 2001.

Lord Armstrong of Illminster and Patrick Molloy retired from the Court at the conclusion of the Annual General Court in July 2001. Paul D'Alton stepped down from the Court at 31 December 2001 when he left the Group to pursue other interests.

Michael Soden was co-opted to the Court on 11 September 2001 as Group Chief Executive Designate and was appointed Group Chief Executive on 1 March 2002 following the retirement of Maurice Keane from that position. Maurice Keane remains on the Court as a non-executive director.

In accordance with the Bye-Laws Michael Soden retires as a member of the Court and, being eligible, offers himself for re-election.

Richard Burrows, Brian Goggin, Raymond MacSharry and Mary Redmond retire by rotation at the 2002 Annual General Court and being eligible offer themselves for re-election at the Annual General Court.

DIRECTORS' INTERESTS

The interests of the Directors and Secretary, in office at 31 March 2002, and of their spouses and minor children, in the stock issued by the Bank are shown in the Remuneration Report on pages 26 to 31.

In relation to the Group's business, no contracts of significance in which the Directors of the Bank had any interest subsisted at any time during the year ended 31 March 2002.

SUBSTANTIAL STOCKHOLDINGS

There were 61,406 registered holders of the Ordinary Stock of the Bank at 31 March 2002. An analysis of these holdings is shown on page 106.

As at 1 May 2002 the Bank had received notification of the following substantial interests in its Issued Ordinary Stock:-

NAME	%
Bank of Ireland Asset Management Limited *	6.2
Fidelity International Ltd and Subsidiaries*	4.3

* None of these stockholdings are beneficially owned by the named companies but are held on behalf of a range of clients, none of whom hold, so far as the directors have been notified, more than 3% of the Issued Ordinary Stock.

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

CORPORATE GOVERNANCE

Statements by the Directors in relation to the Group's compliance with the Irish Stock Exchange's Combined Code on Corporate Governance, the Group's system of internal controls and the adoption of the going concern basis in the preparation of the financial statements are set out in the section on Corporate Governance on pages 20 to 22.

The Remuneration Report is set out on pages 26 to 31.

SAFETY, HEALTH AND WELFARE AT WORK ACT 1989

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

POLITICAL DONATIONS

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

BRANCHES OUTSIDE THE STATE

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

GOING CONCERN AND BOOKS OF ACCOUNT

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

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

AUDITORS

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

Laurence G Crowley **Governor**
Mary P Redmond **Deputy Governor**
Bank of Ireland,
Head Office,
Lower Baggot Street,
Dublin 2.

15 May 2002

REMUNERATION REPORT

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

The Group Remuneration Committee, comprising Laurence Crowley (Chairman), Roy Bailie, Anthony Barry, Richard Burrows, Caroline Marland and Mary Redmond, makes recommendations to the Court on the formulation of policy on the remuneration of executive Directors and approves, on the Court's behalf, specific remuneration packages for each of the executive Directors, the Group Secretary and those senior executives who report directly to the Group Chief Executive ("Senior Executive Group"), which are developed in full consultation with the Governor as Chairman of the Committee and the Group Chief Executive. The remuneration of non-executive Directors is determined by the Court. Directors do not participate in any decisions relating to their own remuneration.

The constitution and operation of the Committee throughout the year complied with the Code of Best Practice Provisions on directors' remuneration in "The Combined Code" of the UK Listing Authority.

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

The reward package for executive Directors
In 2001 the total remuneration package for executive Directors was reviewed by the Group Remuneration Committee with the assistance of external international remuneration consultants. Currently the key elements of the remuneration package for executive Directors are basic salary, a performance related cash bonus, the Long Term Performance Stock Plan, stock options, participation in the Employee Stock Issue and in the Sharesave schemes and membership of a defined benefit pension scheme. These various elements are summarised below:-

- **Base salary** – is payable monthly and is set at a level to recognise an individuals' market worth. Salaries are reviewed annually by the Group Remuneration Committee.

- **Performance bonus scheme** – The performance cash bonus scheme is designed to reflect an individual's specific goals and the performance of the Group both in absolute and relative terms. The base level of cash bonus which can be earned under the performance bonus scheme normally ranges for each individual, between nil and 50% of basic salary. This base cash bonus may be reduced, or increased by up to 20%, depending on how Group performance compares with other financial services organisations both in Ireland and the United Kingdom. The level earned by the executive Directors for 2001/2002 is a function of the Remuneration Committee's assessment of each executive Director's performance against his pre-determined goals for 2001/2002 and the overall performance of the Group in that year both in absolute terms and relative to a comparator group of other financial institutions.

- **Long Term Performance Stock Plan** - In 1999 the Group established a Long Term Performance Stock Plan ("LTPSP") for key senior executives who are best placed to maximise stockholder value. Under this Plan, which is described in more detail in Note 35 on page 72, conditional awards have been made to the executive Directors as set out in the table on page 29. As can be seen in Note 35, participants who remain with the Group for a further two years and a further seven years from the date of vesting, will be awarded additional units of stock representing a fraction of the units which vested. In relation to the Group Chief Executive, the Group Remuneration Committee has determined that as part of his total remuneration package, in addition to receiving his vested awards under the LTPSP, he will receive at that time a cash sum equal in value to the then value of the stock which vests in him under the plan.

- **Stock options** - It is policy to grant stock options under the terms of the Stock Option Scheme to executive Directors and senior executives across the Group to encourage identification with stockholders' interests in general. Stock options may not be granted to non-executive Directors. The exercise of all options granted since 1996 is conditional upon earnings per share achieving a cumulative growth of at least 2% per annum compound above the increase in the Consumer Price Index over either the three year period, or if not achieved, the six year period, commencing with the period in which the options are granted. (See also Note 35 on page 72).

- **Employee Stock Issue Scheme** - The Bank operates an Employee Stock Issue Scheme under which Group employees may be granted free allocations of Ordinary Stock depending on Group performance. Executive Directors may participate in any such allocations on the same basis as staff generally (See also Note 35 on page 72).

- ***Sharesave*** - *In 1999 the Group established a Sharesave Scheme ("SAYE scheme"). Under this scheme the executive Directors who participated in the scheme were granted options over units of Ordinary Stock as set out in the table on page 29.* (see Note 35 on page 72).

- **Pensions** – The executive Directors are members of the Bank Staff Pension Plan and have a normal retirement age of 60. This pension plan is contributory at the rate of 2.5% of basic salary and is a defined benefit plan based on an accrual rate of $^{1}/_{60}$th of pensionable salary for each year of pensionable service with a maximum of $^{40}/_{60}$ths payable at age 60. Of the executive Directors' total remuneration package only their basic salary is pensionable.

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

Directors' remuneration 2001/2002 (all figures in €'000's)

	Salary {1}	Court fees {2}	Other fees {3}	Perf. bonus {4}	Other remun. {5}	Benefits {6}	Pension contribs. {7}	Total remun. 2001/2002	Total remun. 2000/2001
Governor									
L G Crowley	247						15	262	178
Deputy Governor									
M P Redmond	67							67	48
Executive Directors									
P M D'Alton (up to 31-12-2001)	224			75	2	16	25	342	399
B J Goggin	298			131	7	18	34	488	397
M A Keane (up to 28-2-2002)	569			256	100	22	8	955	863
M D Soden (from 1-9-2001)	370			191	986	21	42	1,610	-
Non –executive Directors									
Lord Armstrong (up to 4-7-2001)		11						11	38
R E Bailie		45						45	38
A D Barry		45						45	46
R Burrows		45	13					58	39
D J Geaney		45						45	20
M A Keane (from 1-3-2002)		5	3					8	-
R MacSharry		45						45	38
C Marland (from 5-4-2001)		44						44	-
T Moran (from 5-4-2001)		44						44	-
P J Molloy (up to 4-7-2001)		11	46					57	90
D O'Brien		45						45	37
Totals	1,775	385	62	653	1,095	77	124	4,171	2,231
Ex gratia payments paid to former Directors/dependants								496	490

Notes
(1) The Governor and Deputy Governor, as non-executive Officers of the Bank, are not paid Court fees but remunerated by way of salary.
(2) Court fees are paid only to non-executive Directors and are subject to review annually at June each year.
(3) Includes fees paid by boards of subsidiary companies within the Group and payments relating to chairing Court Committees.
(4) Payments under the performance bonus scheme.
(5) Includes the cash value of Ordinary Stock receivable under the Employee Stock Issue Scheme.
On his joining the Group, M D Soden was granted 87,765 units of Ordinary Stock of the Bank at a total cost of €963,444 (this sum is included in the above figure). This stock is held in a nominee account on his behalf and may not be sold until September 2006 at earliest. In the case of M A Keane the figure relates to a non-pensionable payment recognising his remaining in employment beyond his normal retirement date.
(6) Benefits include the use of company car, or cash car allowance and interest on any loans at staff rates.
(7) Contributions to defined benefit pension schemes. The fees paid or payable to non-executive Directors appointed post April 1991 are not pensionable.

Stock options held by Directors and Secretary.

(a) Executive stock options

Options to subscribe for Ordinary Stock in the Bank granted to, and exercised by, Directors during the year to 31 March 2002 are included in the table below:-

	Date of grant	Earliest exercise date	Expiry date	Exercise price €	Options at 1 April 2001 or date of appointment if later	Granted in year	Exercised in year	Market price at exercise date €	Options at 31 March 2002
Directors									
B J Goggin	31-May-1993	31-May 1996	31-May-2003	1.436	85,214		50,000	11.24	35,214
	23-May-1994	23-May-1997	23-May-2004	1.67	80,000				80,000
	5-Jun-1996	*5-Jun-1999*	*5-Jun-2006*	*2.819*	*60,000*				*60,000*
	28-Nov-1996	28-Nov-1999	28-Nov-2006	3.241	80,000				80,000
	13-Jul-1999	13-Jul-2002	13-Jul-2009	8.933	20,000				20,000
	21-May-2001	21-May-2004	21-May-2011	11.05		25,000			25,000
					325,214	25,000	50,000		300,214
M A Keane	27-Nov-1997	27-Nov-2000	27-Nov-2007	5.753	110,000		110,000	9.92	0
					110,000	0	110,000		0
M D Soden	26-Nov-2001	26-Nov-2004	26-Nov-2011	10.54	-	181,000	-		181,000
					0	*181,000*	*0*		*181,000*
Secretary									
T H Forsyth	5-Jun-1997	5-Jun-2000	5-Jun-2007	4.529	20,000		20,000	9.92	0
					20,000	0	20,000		0

No other Directors have been granted options to subscribe for units of ordinary stock of the Bank or of other group entities.

(b) Sharesave options

Under the terms of the Sharesave Scheme, options were granted to all participating Group employees on 28 February 2000 at an option price of €5.40 per unit of Ordinary Stock. (This price was set at a discount of 20% of the then market price as permitted by the Rules). The options held under this scheme by the Directors and Secretary are set out below.

Name	Sharesave options granted at 28 February 2000	Sharesave options held at 31 March 2002
Directors:		
B J Goggin	4,262	4,262
M A Keane	2,234	2,234
Secretary:		
T H Forsyth	2,234	2,234

(c) *Long Term Performance Stock Plan ("LTPSP")*

Conditional awards of units of Ordinary Stock have been made on 13 July 1999, 25 May 2000, and on 21 May and 26 November 2001 to senior executives under the terms of the LTPSP. These awards do not vest in the executives unless demanding performance criteria are achieved (see description of LTPSP in Note 35 on page 72). The conditional awards of units of Ordinary Stock made to date to the executive Directors are as follows:-

Director	Conditional award 1999	Conditional award 2000	Conditional award 2001	Total conditional awards
B J Goggin	9,605	15,046	10,811	35,462
M D Soden	-	-	23,756	23,756

Changes in the directorate during the period

	Executive Directors	Non-executive Directors and Officers
Number at 31 March 2001	3	10
Changes during year	+ M D Soden (11/9/2001) - P M D'Alton (31/12/2001) - M A Keane (28/2/2002)	+ C Marland (5/4/2001) + T Moran (5/4/2001) - Lord Armstrong (4/7/2001) - P J Molloy (4/7/2001) + M A Keane (1/3/2002)
Number at 31 March 2002	2	11
Average number during 2001/2002 (2000/2001)	3.25 (3)	10.75 (11.6)

Directors' pension entitlements

Set out below are details of the pension benefits earned by the Directors during the year ended 31 March 2002.

	(a) **Additional pension earned in the year €000s**	(b) **Increase in transfer value €000s**	(c) **Accrued pension entitlement at 31 March 2002 €000s**
Executive Directors			
M A Keane (1)	19.0	323	432.9
P M D'Alton (2)	12.5	144	81.6
B J Goggin	19.4	219	160.4
M D Soden (3)	5.3	69	5.3
Non-executive Officer			
L G Crowley	1.5	19	17.5

(1) M A Keane retired as an executive of the Group on 28 February 2002.
(2) P M D'Alton resigned from the Group on 31 December 2001.
(3) M D Soden joined the Group on 1 September 2001.

Column (a) above is the increase in pension build up during the year.
Column (b) is the additional capital value of column (a) which could arise if the pension were to be transferred to another pension plan on the Director leaving the Group and is based on factors supplied by the actuary in accordance with actuarial guidance notes GN11 (ROI), less each Director's contributions.
Column (c) is the aggregate pension entitlement based on each Director's pensionable service with the Group at 31 March 2002, or at date of leaving if earlier, but payable at normal retirement age.
Executive Directors have the option to pay additional voluntary contributions to their pension plan; neither the contributions nor the resulting benefits are included in the above table.

Directors' interests in stock

In addition to their interests in the Ordinary Stock through their holding of stock options and the conditional awards of stock they have received under the LTPSP as set out above, the interests of the Directors and Secretary in office at 31 March 2002, and of their spouses and minor children, in the stocks issued by the Bank are set out below:

	UNITS OF €0.64 OF ORDINARY STOCK	
	As at 31 March 2002 Beneficial	As at 1 April 2001[1] Beneficial
DIRECTORS		
R E Bailie	1,041	1,026
A D Barry	38,198	38,181
R Burrows	34,411	34,069
L G Crowley	29,914	29,039
D J Geaney	7,363	7,278
B J Goggin	124,207	73,370
M A Keane	1,189,280	1,078,443
R MacSharry	1,249	1,231
C A Marland	1,000	1,000
T J Moran	1,015	1,000
D O'Brien	201,000	201,000
M P Redmond	2,132	2,102
M D Soden	88,765	88,765
SECRETARY		
T H Forsyth	108,396	87,595

(1) or at date of appointment if later.

There have been no changes in the stockholdings of the above Directors and Secretary between 31 March 2002 and 15 May 2002.

Apart from the interests set out above and in the previous section, the Directors and Secretary and their spouses and minor children have no other interests in the stocks of the Bank or its group undertakings at 31 March 2002.

Transactions with directors

The aggregate amounts outstanding and the number of persons concerned, as at 31 March 2002 in respect of all loans, quasi-loans and credit transactions made by the Bank to its Directors, together with loans, other than in the ordinary course of business, to connected persons are shown below:

Directors	**Aggregate amount outstanding 2002** €	**2001** €	**Number of persons 2002**	**2001**
Loans to executive Directors on terms similar to staff loans	**294,542**	271,852	1	3
Other loans on normal commercial terms	**30,310,332**	30,995,692	10	12
Quasi-loans and credit transactions	-	-	None	None
	30,604,874	31,267,544		
Connected Persons				
Loans to connected persons	**91,344**	107,374	4	3
Quasi-loans and credit transactions	-	-	None	None
	91,344	107,374		

BANK OF IRELAND

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 33 and 34, is made with a view to distinguishing for stockholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

Irish company law requires the Directors to ensure that accounts, which give a true and fair view of the state of affairs of the Bank and the Group and of the profit or loss of the Group for the year, are prepared for each financial year.

With regard to the accounts on pages 35 to 101, the Directors have determined that it is appropriate that they continue to be prepared on a going concern basis and consider that in their preparation:-

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

The Directors have a responsibility for ensuring that proper books of account are kept which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the accounts are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish law including the Companies Acts, 1963 to 2001, and the European Communities (Credit Institutions: Accounts) Regulations, 1992. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Laurence G Crowley	**Governor**
Mary P Redmond	**Deputy Governor**
Michael D Soden	**Group Chief Executive**
Terence H Forsyth	**Secretary**

PRICEWATERHOUSECOOPERS

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

We have audited the accounts on pages 35 to 101. We have also audited the information on risk management and control on pages 11 to 15 and the remuneration report on pages 26 to 31.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for ensuring the Report and Accounts are prepared in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 32 in the statement of Directors' responsibilities. Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements, auditing standards issued by the Auditing Practices Board applicable in Ireland and the Listing Rules of the Irish Stock Exchange.

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

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

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

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

We review whether the statement on page 20 reflects the Bank's compliance with those provisions of the Combined Code specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to report whether the board's statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Bank's corporate governance procedures or its risk and control procedures.

PRICEWATERHOUSECOOPERS

Basis of audit opinion

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

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

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Bank and the Group as at 31 March 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

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

In our opinion, the information given in the Report of the Directors on pages 23 to 25 is consistent with the accounts.

In our opinion, the balance sheet of the Bank on pages 39 to 40 does not show a financial situation which, under the provisions of the Companies (Amendment) Act, 1983, requires the convening of an Extraordinary General Court.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin
15 May 2002

BANK OF IRELAND
GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 €m	2001 (restated) €m
INTEREST RECEIVABLE			
Interest receivable and similar income arising from debt securities		436	442
Other interest receivable and similar income	5	3,637	3,696
INTEREST PAYABLE	6	2,478	2,715
NET INTEREST INCOME		1,595	1,423
Fees and commissions receivable		999	850
Fees and commissions payable		(80)	(65)
Dealing profits	38	65	101
Contribution from the life assurance business		152	164
Other operating income	7	74	64
TOTAL OPERATING INCOME		2,805	2,537
Administrative expenses	8	1,427	1,257
Depreciation and amortisation	8	155	130
OPERATING PROFIT BEFORE PROVISIONS		1,223	1,150
Provision for bad and doubtful debts	17	102	72
OPERATING PROFIT		1,121	1,078
Income from associated undertakings and joint ventures		1	7
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		1,122	1,085
Group Transformation Programme	10	(37)	(93)
PROFIT BEFORE TAXATION		1,085	992
Taxation	11	165	190
PROFIT AFTER TAXATION		920	802

BANK OF IRELAND

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 €m	2001 (restated) €m
PROFIT AFTER TAXATION		920	802
Deposit Interest Retention Tax		-	35
PROFIT FOR THE FINANCIAL YEAR		920	767
Minority interests : equity		2	3
: non equity		6	7
Non-cumulative preference stock dividends	12	17	26
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS		895	731
Transfer to capital reserve	36	73	101
Ordinary dividends	12	333	290
PROFIT RETAINED FOR THE YEAR		489	340
Earnings per unit of €0.64 Ordinary Stock	13	89.0c	73.4c
Alternative Earnings per unit of €0.64 Ordinary Stock	13	93.4c	84.5c
Diluted Earnings per unit of €0.64 Ordinary Stock	13	88.1c	72.7c

The movement in the reserves is shown in Note 36.

The notes on pages 43 to 101 form part of the accounts.

Laurence G Crowley	**Governor**
Mary P Redmond	**Deputy Governor**
Michael D Soden	**Group Chief Executive**
Terence H Forsyth	**Secretary**

GROUP BALANCE SHEET AT 31 MARCH 2002

	Notes	The Group 2002 €m	2001 (restated) €m
ASSETS			
Cash and balances at central banks		569	256
Items in the course of collection from other banks		554	708
Central government and other eligible bills	14	79	76
Loans and advances to banks	15	8,385	8,115
Loans and advances to customers	16	56,577	51,147
Securitisation and loan transfers		1,106	1,414
Less: non returnable amounts		964	1,273
		142	141
Debt securities	18	10,885	8,529
Equity shares	19	19	144
Own shares		27	29
Interests in associated undertakings	20	16	14
Interests in joint ventures	21	4	9
Intangible fixed assets	23	271	227
Tangible fixed assets	24	1,234	1,150
Other assets	25	2,317	2,727
Prepayments and accrued income		591	616
		81,670	73,888
Life assurance assets attributable to policyholders	26	5,655	4,987
		87,325	78,875
LIABILITIES			
Deposits by banks	27	12,583	11,664
Customer accounts	28	51,111	45,630
Debt securities in issue	29	6,374	5,016
Items in the course of transmission to other banks		152	178
Other liabilities	30	3,633	3,936
Accruals and deferred income		672	770
Provisions for liabilities and charges			
- deferred taxation	31	89	72
- other	32	159	196
Subordinated liabilities	33	2,524	2,510
Minority interests			
- equity		91	5
- non equity	34	82	81
Called up capital stock	35	679	691
Stock premium account	36	773	726
Capital reserve	36	397	311
Profit and loss account	36	2,143	1,850
Revaluation reserve	36	208	252
Stockholders' funds including non equity interests		4,200	3,830
Life assurance liabilities attributable to policyholders	26	5,655	4,987
		87,325	78,875

	Notes	The Group 2002 €m	2001 €m
MEMORANDUM ITEMS			
Contingent liabilities			
Acceptances and endorsements		86	105
Guarantees and assets pledged as collateral security		1,029	946
Other contingent liabilities		496	528
	41	1,611	1,579
Commitments	41	16,314	15,801

The notes on pages 43 to 101 form part of the accounts.

Laurence G Crowley	Governor
Mary P Redmond	Deputy Governor
Michael D Soden	Group Chief Executive
Terence H Forsyth	Secretary

BANK OF IRELAND

BALANCE SHEET AT 31 MARCH 2002

	Notes	The Bank 2002 €m	2001 (restated) €m
ASSETS			
Cash and balances at central banks		562	240
Items in the course of collection		554	708
Loans and advances to banks	15	17,330	15,112
Loans and advances to customers	16	33,372	28,940
Securitisation and loan transfers		393	452
Less: non returnable amounts		389	448
		4	4
Debt securities	18	7,400	6,129
Equity shares	19	4	4
Own shares		27	29
Interests in joint ventures	21	9	9
Shares in group undertakings	22	2,028	2,011
Tangible fixed assets	24	829	730
Other assets	25	1,190	1,154
Deferred taxation	31	11	10
Prepayments and accrued income		424	458
		63,744	55,538
LIABILITIES			
Deposits by banks	27	14,916	13,821
Customer accounts	28	35,700	30,474
Debt securities in issue	29	6,372	4,985
Items in the course of transmission		152	178
Other liabilities	30	2,356	1,988
Accruals and deferred income		369	423
Provisions for liabilities and charges			
- other	32	126	142
Subordinated liabilities	33	1,607	1,597
Called up capital stock	35	679	691
Stock premium account	36	773	726
Capital reserve	36	33	19
Profit and loss account	36	496	311
Revaluation reserve	36	165	183
Stockholders' funds including non equity interests		2,146	1,930
		63,744	55,538

BALANCE SHEET AT 31 MARCH 2002

	Notes	The Bank 2002 €m	The Bank 2001 €m
Contingent liabilities			
Acceptances and endorsements		86	105
Guarantees and assets pledged as collateral security		4,287	4,509
Other contingent liabilities		496	528
	41	4,869	5,142
Commitments	41	12,566	10,970

The notes on pages 43 to 101 form part of the accounts.

Laurence G Crowley	Governor
Mary P Redmond	Deputy Governor
Michael D Soden	*Group Chief Executive*
Terence H Forsyth	Secretary

NOTE OF HISTORICAL COST PROFIT AND LOSS

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

RECONCILIATION OF MOVEMENT IN STOCKHOLDERS' FUNDS

	Notes	The Group 2002 €m	2001 (restated) €m
At 1 April		3,830	3,279
Prior year adjustments	2	-	26
		3,830	3,305
Profit attributable to the ordinary stockholders		895	731
Dividends	12	(333)	(290)
		4,392	3,746
Other recognised gains		21	33
New capital stock subscribed	35, 36	48	51
Preference stock buyback	36	(261)	-
At 31 March		4,200	3,830
Stockholders' funds:			
Equity		4,132	3,618
Non equity		68	212
		4,200	3,830

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	The Group 2002 €m	2001 (restated) €m
Profit attributable to the ordinary stockholders		895	731
Exchange adjustments	35, 36	23	(52)
Revaluation of property	36	-	85
Tax effect of disposal of revalued property		(2)	-
Total recognised gains for the year		916	764
Prior year adjustments	2	32	-
Total recognised gains since last annual report		948	764

The notes on pages 43 to 101 form part of the accounts.

Laurence G Crowley Governor
Mary P Redmond Deputy Governor
Michael D Soden Group Chief Executive
Terence H Forsyth Secretary

GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

		The Group	
		2002	2001 (restated)
	Notes	€m	€m
Net cash flow from operating activities	43	3,783	2,069
Dividend received from associated undertaking		10	8
Returns on investment and servicing of finance	43	(183)	(189)
Taxation		(153)	(142)
Deposit Interest Retention Tax		-	(39)
Capital expenditure and financial investment	43	(2,427)	(1,127)
Acquisitions and disposals	43	(244)	(228)
Equity dividends paid		(271)	(210)
Financing	43	(253)	660
Increase in cash in the year		262	802

The notes on pages 43 to 101 form part of the accounts.

Laurence G Crowley — *Governor*
Mary P Redmond — *Deputy Governor*
Michael D Soden — *Group Chief Executive*
Terence H Forsyth — *Secretary*

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements on pages 35 to 101 have been prepared under the historical cost convention as modified by the revaluation of certain properties and investments, in accordance with the Companies Acts, 1963 to 2001 and the European Communities (Credit Institutions: Accounts) Regulations, 1992 and with applicable accounting standards. The accounts are drawn up in euro (€) and except where otherwise indicated are expressed in millions. Costs, assets and liabilities are inclusive of irrecoverable value added taxes, where appropriate. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

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

1.2 *Basis of Consolidation*

Assets, liabilities and results of all group undertakings have been included in the Group's accounts on the basis of accounts made up to the end of the financial year.

In order to reflect the different nature of the policyholders' interests in the long-term assurance business, the assets and liabilities attributable to policyholders are classified separately in the Group balance sheet.

Assets held by the Bank and certain group undertakings in their capacity as trustee and manager for investment trusts, pension schemes and unit trusts are not consolidated in the Group accounts as the Group does not have beneficial ownership.

1.3 Foreign Currency Translation

Assets and liabilities in foreign currencies are translated into euro at rates of exchange ruling at the balance sheet date or at hedge rates where appropriate. Exchange differences, arising from the application of closing rates of exchange to the opening net assets held in foreign currencies and to related foreign currency borrowings are taken directly to reserves. Profits and losses in foreign currencies are translated into euros at the average rates of exchange for the year or at hedge rates where appropriate and the differences between these rates and closing rates are recorded as a movement in reserves. All other exchange profits and losses, which arise from normal trading activities, are included in operating profits.

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

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

1.4 Income Recognition

Interest income is recognised as it accrues. Interest is accounted for on a cash receipts basis where the recovery of such interest is considered to be remote. Fees receivable which represent a return for services provided, risk borne or which are in the nature of interest are credited to income when the service is performed or over the period of the product as appropriate.

1.5 Mortgage Incentives

Mortgage interest discounts below the cost of funds and cashbacks are capitalised in other assets when there is a right and intention to recover the incentive in the event of early redemption. The amount capitalised is charged against interest received in the profit and loss account on a straight line basis over the period of the clawback and early redemption penalty period.

1.6 *Leasing and Instalment Finance*

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

1.7 Debt Securities and Equity Shares

Investment Securities
Debt securities and equity shares held for use on a continuing basis in the Group's activities are classified as investment securities. Such securities and shares are stated at cost less provision for any permanent diminution in value. The cost of dated securities is adjusted for the amortisation of premiums or discounts over the period to maturity. The amortisation of premiums or discounts is included in interest income. In those rare instances where an investment security is sold prior to maturity, profits and losses are recognised when realised.

Other Securities
Other securities are stated at fair value using mid-market values, except for those securities maintained for the purpose of hedging, which are accounted for on the same basis as the item hedged. Changes in the fair value of securities marked to market are recognised in the profit and loss account as they arise and included in dealing profits. Profits and losses on disposal are recognised when realised and included in dealing profits, except for those securities maintained for hedging purposes, which are amortised over the lives of the underlying transactions and included in net interest income.

1.8 Derivatives

Derivative instruments used for trading purposes or used to manage risk in the trading portfolios include swaps, futures, forwards, forward rate agreements and options contracts in the interest rate, foreign exchange and equity markets. These derivatives, which include all customer and proprietary transactions together with any associated hedges are measured at fair value and the resultant profits and losses are included in dealing profits. In the event of a market price not being readily available internally generated prices will be used. These prices are calculated using recognised formulae for the type of transaction. Unrealised gains and losses are reported in Other Assets or Other Liabilities on a gross basis.

Derivatives used for hedging purposes include swaps, forwards, futures, forward rate agreements and options in interest rate, foreign exchange and equity markets. Gains and losses on these derivatives which are entered into for specifically designated hedging purposes against assets, liabilities, other positions and cash flows accounted for on an accruals basis, are taken to the profit and loss account in accordance with the accounting treatment of the underlying transaction. Accrued income or expense is reported in prepayments and accrued income or accruals and deferred income on a gross basis. Profits and losses related to qualifying hedges of firm commitments and anticipated transactions are deferred and taken to the profit and loss account when the hedged transactions occur.

The criteria required for a derivative instrument to be classified as a designated hedge are:

(i) Adequate evidence of the intention to hedge must be established at the outset of the transaction.
(ii) The transaction must match or eliminate a proportion of the risk inherent in the assets, liabilities, positions or cash flows being hedged and which results from potential movements in interest rates, exchange rates or market prices. Changes in the derivatives fair value must be highly correlated with changes in the fair value of the underlying hedged item for the entire life of the contract.

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

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

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

1.9 Capital Instruments

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

1.10 Pensions

In accordance with SSAP 24, contributions to the Group's defined benefit schemes are charged to the profit and loss so as to spread the expected cost of pensions, calculated in accordance with the advice of qualified actuaries, on a systematic basis over employees' working lives. Variations from the regular cost are spread over the average remaining service life of relevant employees. The costs of the Group's defined contribution schemes are charged to the profit and loss for the period in which they are incurred.

1.11 Tangible Fixed Assets

Properties held by the Group are stated at valuation. All freehold and long leasehold premises are revalued every 5 years with an interim revaluation in year 3. Computer and other equipment is stated at cost less depreciation. Leasehold property with unexpired terms of 50 years or less is depreciated by equal annual instalments over the remaining period of the lease. Freehold and long leasehold property is maintained in a state of good repair and the Directors consider that residual values based on prices prevailing at the time of acquisition or subsequent valuation are such that depreciation is not material, accordingly this property is not depreciated. Depreciation on adaptation works on freehold and leasehold property is based on an estimated useful life subject to a maximum period of 15 years or the remaining period of the lease. Computer and other equipment is depreciated by equal annual instalments over its estimated useful life subject to a maximum period of 10 years.

1.12 Provision for Bad and Doubtful Debts

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

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

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

A general provision is also made against loans and advances to cover latent loan losses which are known from experience to be present in any portfolio of loans and advances but have yet to be specifically identified. Grading systems are used to rate the credit quality of borrowers. Part of the general provision is calculated by reference to the underlying grade profile of the loan book. The non-designated specific provision which is an integral part of the Group's general loan loss provisioning methodology is calculated based on estimated rates of loss taking cognisance of historic loss experience by loan type/sector and the prevailing economic climate.

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

1.13 Deferred Taxation

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

1.14 Scrip Dividend

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

1.15 Investments in Associated Undertakings and Joint Ventures

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

1.16 Securitisation and Loan Transfers

Assets sold under securitisation and loan transfers, where there is no significant change in the Group's rights or benefits to those assets or in the Group's exposure to the risks inherent in those assets, continue to be consolidated on a gross basis. In cases where there is no significant change in the rights and benefits and the financing is limited to a fixed monetary ceiling, only the net amount is consolidated using the linked presentation and the related gross amounts are shown on the face of the balance sheet.

1.17 Goodwill

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

1.18 Life Assurance Operations

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

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

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

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

2 PRIOR YEAR ADJUSTMENTS

A) FRS 19: DEFERRED TAX

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

As a consequence of adopting FRS 19, the previous year's financial statements have been restated leading to a decrease in deferred taxation of €32m at 31 March 2001. Tax on profit on ordinary activities for the year ended 31 March 2001 has decreased by €6m to €190m, resulting in an increase in profit after tax and profit attributable to ordinary stockholders of the same amount.

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

B) UITF 33: OBLIGATIONS IN CAPITAL INSTRUMENTS

The Group adopted UITF 33 which was effective for accounting periods ending on or after 23 March 2002. Previously the 7.4% guaranteed step-up callable preferred securities issued by BOI UK Holdings plc were treated as "Outside Interest – non equity" under FRS4 "Capital Instruments" and included as part of our overall capital with the interest costs being treated as a distribution and included as an after tax cost. The interest cost of €44m, (2001: €3m) is now included as part of interest payable in the profit and loss account and the outstanding balance is included in subordinated liabilities in the balance sheet.

3 SEGMENTAL ANALYSIS

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

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

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

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

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

3 *SEGMENTAL ANALYSIS (continued)*

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

(b) Business class

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

3 SEGMENTAL ANALYSIS (continued)

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

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

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

(3) Other income includes income from associates.

4 ACQUISITION

MX Financial Holdings Limited

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

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

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

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

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

5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

The Group

	2002 €m	2001 €m
Loans and advances to banks	314	345
Loans and advances to customers	3,105	3,134
Finance leasing	138	140
Instalment credit	80	77
	3,637	3,696

6 INTEREST PAYABLE

The Group

	2002 €m	2001 (restated) €m
Interest on subordinated liabilities	154	147
Other interest payable	2,324	2,568
	2,478	2,715

7 OTHER OPERATING INCOME

The Group

	Note	2002 €m	2001 €m
Profit on disposal of investment securities		2	-
Profit on disposal of tangible fixed assets		22	17
Securitisation servicing fees	16	11	7
Other income		39	40
		74	64

8 OPERATING EXPENSES

The Group

	Note	2002 €m	2001 €m
Staff Costs:			
- wages and salaries		787	685
- social security costs		72	55
- pension costs		39	16
- staff stock issue		8	16
- severance packages		2	1
		908	773
Operating lease rentals:			
- property		20	9
- equipment		1	1
Other administrative expenses		498	474
Total administrative expenses		1,427	1,257
Depreciation and amortisation:			
- freehold and leasehold property	24	15	14
- computer and other equipment	24	125	109
- amortisation of goodwill	23	15	7
Total depreciation and amortisation		155	130
Total operating expenses		1,582	1,387

Details of directors' remuneration are set out in the Remuneration Report on pages 26 to 31.

8 OPERATING EXPENSES (continued)

The charge for staff stock issue represents an amount payable to Trustees on behalf of employees to acquire an issue of Ordinary Stock as provided pursuant to the Stock Issue Schemes approved by the stockholders in 1984 and 1997. In 2002 the charge represents 2% of eligible employees' basic salary (2001: 3.5%).

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

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

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

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

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

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

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

9 EMPLOYEE INFORMATION

In the year ended 31 March 2002 the average full time equivalents was 18,438 (2001:17,356) and categorised as follows in line with the business classes as stated in Note 3 on page 47 and the details for 2001 have been restated accordingly.

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

The staff costs in Note 8 are exclusive of staff costs relating to the life and pensions business. The contribution from life assurance companies shown in the Group Profit & Loss account on page 35 is net of these staff costs.

10 GROUP TRANSFORMATION PROGRAMME

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

11 TAXATION

The Group	**2002** €m	2001 (restated) €m
Current Tax		
Irish Corporation tax		
Current year	129	95
Prior years	-	(4)
Double taxation relief	(20)	(24)
Foreign tax		
Current year	50	88
Prior years	(9)	-
	150	155
Deferred Tax		
Origination and reversal of timing differences	14	34
Associated undertakings and joint ventures	1	1
	165	190

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

	2002 €m	2001 (restated) €m
The deferred taxation charge arises from:		
Leased assets	12	25
Own assets	(4)	6
Short term timing differences	6	3
	14	34

11 TAXATION (continued)

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

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

12 DIVIDENDS

	2002	2001
	€m	€m
The Bank		
Equity Stock:		
2002		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 11.6c	117	
Proposed final dividend 21.4c	216	
2001		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 9.4c		94
Final dividend 19.6c		196
	333	290

	2002	2001
	€m	€m
Non Equity Stock:		
2002		
On units of €1.27 of Non-Cumulative Preference Stock, Dividend €1.5237	10	
On units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg£1.2625	7	
2001		
On units of IR£1 of Non-Cumulative Preference Stock, Dividend IR1.2p		16
On units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg£1.2625		10
	17	26

13 EARNINGS PER UNIT OF €0.64 ORDINARY STOCK

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

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

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

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

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

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

14 CENTRAL GOVERNMENT AND OTHER ELIGIBLE BILLS

	The Group 2002 €m	2001 €m
Investment securities		
- government bills and similar securities	6	5
- other eligible bills	12	-
Other securities		
- government bills and similar securities	61	71
	79	76

15 LOANS AND ADVANCES TO BANKS

	The Group 2002 €m	The Group 2001 €m	The Bank 2002 €m	The Bank 2001 €m
Funds placed with Central Bank of Ireland	101	84	55	45
Funds placed with other central banks	814	632	786	608
Funds placed with other banks	7,470	7,399	16,489	14,459
	8,385	8,115	17,330	15,112
Repayable on demand	1,863	1,914	2,263	1,995
Other loans and advances to banks by remaining maturity				
- 3 months or less	5,068	4,010	13,861	9,935
- 1 year or less but over 3 months	1,420	1,723	1,143	3,078
- 5 years or less but over 1 year	16	468	63	97
- over 5 years	18	-	-	7
	8,385	8,115	17,330	15,112

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

			The Bank 2002 €m	The Bank 2001 €m
Amounts include:				
Due from group undertakings				
- unsubordinated			9,772	7,685

16 LOANS AND ADVANCES TO CUSTOMERS

(a) **Loans and advances to customers**

	The Group 2002 €m	The Group 2001 €m	The Bank 2002 €m	The Bank 2001 €m
Loans and advances to customers	53,559	48,187	32,443	27,958
Loans and advances to customers – finance leases	2,450	2,471	744	741
Hire purchase receivables	1,068	919	545	540
	57,077	51,577	33,732	29,239
Provisions for bad and doubtful debts	(500)	(430)	(360)	(299)
	56,577	51,147	33,372	28,940
Repayable on demand	2,304	2,234	3,609	3,380
Other loans and advances to customers by remaining maturity				
- 3 months or less	2,340	2,454	7,111	6,652
- 1 year or less but over 3 months	4,522	3,206	3,881	2,643
- 5 years or less but over 1 year	12,309	11,297	8,406	6,956
- over 5 years	35,602	32,386	10,725	9,608
	57,077	51,577	33,732	29,239
Amounts include:				
Due from group undertakings				
- unsubordinated			10,352	8,889

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

16 LOANS AND ADVANCES TO CUSTOMERS (continued)

(b) Securitisation and loan transfers

The Group has sold the following pools of mortgages.

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

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

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

Under the terms of separate agreements, the Group continues to administer the mortgages, for which it receives fees and income. Specific provisions are maintained by the Group on a case by case basis for all loans where there is a likelihood of a loss arising and general provisions are maintained as a percentage of all remaining loans.

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

Repayment of the funding will be made solely from the cashflows generated by the underlying mortgage portfolios. This is clearly stated in the agreements with the providers of the funding. The proceeds generated by the mortgage assets will be used to pay the interest and capital on the notes and any other administrative expenses and taxation. Substantially all of any residue is payable to the Group.

Notes

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

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

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

(ii) Under the terms of the mortgage sale agreements, the Group has an option to repurchase the mortgages at par when the aggregate balances of the mortgages fall below 10% of the original sale proceeds.

(iii) Under the terms of the mortgage sale agreements, the Group has an option to repurchase the mortgages at par when the aggregate balances of the mortgages fall below 5% of the original sale proceeds.

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

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

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

16 LOANS AND ADVANCES TO CUSTOMERS (continued)

A summarised profit and loss account for the period to 31 March 2002 for RPS3, RPS4, RPS5, Liberator Securities No 1 and SS1 and the private placement of €236m is set out below:

	2002 €m	2001 €m
Interest receivable	77	99
Interest payable	(67)	(89)
Fee income	2	2
Deposit income	4	4
Operating expenses	(5)	(9)
Profit for the financial period	11	7

(c) **Concentration of exposure to credit risk**

The Group's exposure to credit risk from its lending activities does not exceed 10% of loans and advances to customers after provisions in any individual sector or industry with the exception of residential mortgages.

The Group's residential mortgage portfolio is widely diversified by individual borrower and amounts to 53% of the total loans and advances to customers, 28% of the loans and advances in the Republic of Ireland and 76% in the United Kingdom.

(d) **Leasing and hire purchase**

	The Group		The Bank	
	2002 €m	2001 €m	**2002** €m	2001 €m
Amount receivable by remaining maturity				
- within 1 year	1,059	724	625	450
- 5 years or less but over 1 year	1,184	1,352	616	775
- over 5 years	1,275	1,314	48	56
	3,518	3,390	1,289	1,281

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

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

17 PROVISION FOR BAD AND DOUBTFUL DEBTS

	The Group		The Bank	
	2002 €m	2001 €m	**2002** €m	2001 €m
At 1 April	430	398	299	273
Exchange adjustments	4	(8)	3	(4)
Transfer of provisions from subsidiary	-	-	3	11
Charge against profits	102	72	71	35
Amounts written off	(55)	(49)	(32)	(29)
Recoveries	19	17	16	13
At 31 March	500	430	360	299
All of which relates to loans and advances to customers				
Provisions at 31 March				
- specific	159	123	124	87
- general	341	307	236	212
	500	430	360	299

The Group's general provision, which provides for the latent loan losses in the portfolio of loans and advances, comprises an element relating to grade profiles of €167m (2001: €160m) and a non designated element, for prudential purposes of €174m (2001: €147m). The non designated element will be offset, in certain pre-defined circumstances, against specific loan losses as they crystallise in future years.

18 DEBT SECURITIES

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

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

18 DEBT SECURITIES (continued)

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

	At 31 March 2001			
	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
The Bank				
Issued by public bodies				
Investment securities				
- government securities	133	10	-	143
Other securities				
- government securities	1,584			1,584
Issued by other issuers				
Investment securities				
- bank and building society certificates of deposits	454	-	-	454
- other debt securities	2,870	21	(4)	2,887
	3,324	21	(4)	3,341
Other securities				
- bank and building society certificates of deposits	-			-
- other debt securities	1,088			1,088
	1,088			1,088
	6,129	31	(4)	6,156

18 **DEBT SECURITIES (continued)**

	The Group		The Bank	
	2002	2001	**2002**	2001
	€m	€m	**€m**	€m
Investment securities				
- *listed*	7,226	4,709	4,756	2,981
- unlisted	1,062	1,070	405	476
	8,288	5,779	5,161	3,457
Other securities				
- listed	2,213	2,533	1,914	2,361
- unlisted	384	217	325	311
	2,597	2,750	2,239	2,672
Unamortised premiums and discounts on investment securities	(2)	(1)	(2)	(1)

Income from listed and unlisted investments amounted to €436m (2001: €448m).

Investment securities' movements	**Cost**	**Discount/ (Premium)**	**Carrying Value**
	€m	**€m**	**€m**
The Group			
At 1 April 2001	5,826	(47)	5,779
Exchange adjustments	48	-	48
Acquisitions	4,855	-	4,855
Disposals and redemptions	(2,394)	-	(2,394)
Amortisation of premiums and discounts	-	-	-
At 31 March 2002	8,335	(47)	8,288

18 DEBT SECURITIES (continued)

Investment securities' movements

The Bank	**Cost €m**	**Discount/ (Premium) €m**	**Carrying Value €m**
At 1 April 2001	3,504	(47)	3,457
Exchange adjustments	25	-	25
Acquisitions	2,357	-	2,357
Disposals and redemptions	(678)	-	(678)
Amortisation of premiums and discounts	-	-	-
At 31 March 2002	5,208	(47)	5,161

	The Group		**The Bank**	
	2002 €m	2001 €m	**2002 €m**	2001 €m
Analysed by remaining maturity:				
Due within one year	2,446	2,157	2,367	2,112
Due one year and over	8,439	6,372	5,033	4,017
	10,885	8,529	7,400	6,129

The valuation of unlisted securities is based on the Directors' estimate. The cost of other securities is not disclosed as its determination is not practicable. Debt securities includes securities which are subject to sale and repurchase agreements of €2,756m (2001: €1,413m).

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

19 EQUITY SHARES

	The Group €m	The Bank €m
At 1 April 2001	144	4
Net decrease during the year	(125)	-
At 31 March 2002	19	4

20 INTERESTS IN ASSOCIATED UNDERTAKINGS

	The Group 2002 €m	2001 €m
At 1 April	14	14
Increase in investments	5	5
Decrease in investments	(8)	(12)
Retained profit	5	7
At 31 March	16	14

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

21 INTERESTS IN JOINT VENTURES

	The Group €m	The Bank €m
At 1 April 2001	9	9
Acquisitions	-	-
Retained profits/losses	(5)	-
At 31 March 2002	4	9

22 SHARES IN GROUP UNDERTAKINGS

The Bank	€m
At 1 April 2001	2,011
Exchange adjustments	9
Net increase in investments	8
At 31 March 2002	2,028
Group undertakings	
- Credit Institutions	139
- Others	1,889
	2,028

Shares in group undertakings are stated at acquisition cost increased by the nominal value of scrip issues.

22 **SHARES IN GROUP UNDERTAKINGS (continued)**

The principal group undertakings at 31 March 2002 were:

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

* Direct subsidiary of The Governor and Company of the Bank of Ireland.

All the Group undertakings are included in the consolidated accounts. The Group owns 90.44% of the equity of J & E Davy Holdings Limited and holds 49% of its voting shares. The Group owns 100% of the equity share capital of the other principal group undertakings and 100% of the voting shares of all these undertakings and in the case of ICS Building Society, 100% of the investment shares.

The registered offices of the above undertakings are given on pages 109 to 112.

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

Advantage is being taken of Regulation 8.(1) of the European Communities (Credit Institutions: Accounts) Regulations, 1992 in respect of Bank of Ireland Finance Limited and The Investment Bank of Ireland Limited which will not file group accounts for the year ended 31 March 2002.

23 INTANGIBLE FIXED ASSETS

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

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

24 TANGIBLE FIXED ASSETS

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

24 TANGIBLE FIXED ASSETS (continued)

The Bank	Freehold land and buildings	Leases of 50 years or more unexpired	Leases of less than 50 years unexpired	Computer and other equipment	Finance lease assets	Payments on account and assets in the course of construction	Total
Cost or valuation	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**	**€m**
At 1 April 2001	368	27	41	728	7	-	1,171
Exchange adjustments	1	-	-	1	-	-	2
Additions	8	-	15	136	-	70	229
Disposals	(10)	(27)	-	(22)	-	-	(59)
Transfer from subsidiary	-	-	-	4	-	-	4
At 31 March 2002	367	-	56	847	7	70	1,347
Accumulated depreciation and amortisation							
At 1 April 2001	-	-	-	434	7	-	441
Exchange adjustments	-	-	-	1	-	-	1
Disposals	-	-	-	(15)	-	-	(15)
Charge for year	6	-	4	78	-	-	88
Transfer from subsidiary	-	-	-	3	-	-	3
At 31 March 2002	6	-	4	501	7	-	518
Net book value							
At 31 March 2002	361	-	52	346	-	70	829
At 31 March 2001	368	27	41	294	-	-	730

24 TANGIBLE FIXED ASSETS (continued)

Property and Equipment

A revaluation of all Group property, with the exception of property identified as surplus to requirements under the Group Transformation Programme, was carried out as at 31 March 2001. All freehold and long leasehold (50 years or more unexpired) commercial properties were valued by Jones Lang LaSalle as external valuers, who also reviewed the valuation carried out by the Bank's professionally qualified staff of all other property. The valuation was undertaken in accordance with the requirements of FRS 15 and the Appraisal & Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of existing use value or open market value together with the depreciated replacement cost of adaptation works where these are not adequately reflected in the existing use value.

As at 31 March 2002 on a historical cost basis the cost of group property would have been included at €449m (2001: €510m) less accumulated depreciation €69m (2001: €55m). The Group occupies properties with a net book value of €612m (2001: €625m) in the course of carrying out its own activities.

In the year to 31 March 2002 salary and other costs of €83m (2001: €44m) incurred on computer software development and other projects have been capitalised. This expenditure when operational is depreciated in equal annual instalments over its estimated useful life, ranging between five and ten years.

	The Group		The Bank	
	2002	2001	**2002**	2001
	€m	€m	**€m**	€m
Tangible fixed assets leased	52	107	-	10

	The Group		The Bank	
	2002	2001	**2002**	2001
Future capital expenditure	**€m**	€m	**€m**	€m
- contracted but not provided in the accounts	21	39	19	29
- authorised by the Directors but not contracted	11	37	-	36

Rentals payable in 2002 under non-cancellable operating leases amounted to €51m (2001: €44m). Of this amount €5m (2001: €2m) relates to leases expiring within one year, €8m (2001: €9m) relates to leases expiring in two to five years and €38m (2001: €33m) relates to leases expiring after five years, split between property €51m and equipment €nil.

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

	Payable	Receivable
Year ended 31 March	**€m**	**€m**
2003	51	3
2004	47	3
2005	43	2
2006	41	2
2007	39	2
Thereafter	614	10

The obligations under finance leases amount to €5.3m (2001: €6.4m) of which €0.9m (2001: €1.1m) is due within one year, €3.7m (2001: €3.7m) is due after more than one year but within five years and €0.7m (2001: €1.6m) is due after five years.

25 OTHER ASSETS

	The Group		The Bank	
	2002	2001	**2002**	2001
	€m	€m	**€m**	€m
Sundry debtors	967	1,420	353	304
Foreign exchange and interest rate contracts	777	796	822	837
Value of life assurance business in force	443	368	-	-
Other	130	143	15	13
	2,317	2,727	1,190	1,154

26 LIFE ASSURANCE BUSINESS

The life assurance assets attributable to policyholders consist of:

	2002	2001
	€m	€m
Property	381	377
Fixed interest securities	1,598	1,469
Other securities	3,325	2,770
Bank balances and cash	275	311
Income receivable	57	58
Other assets	30	31
Other liabilities	(11)	(29)
	5,655	4,987

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

	2002	2001
Long term assurance business	**€m**	€m
Net tangible assets of life companies including surplus	260	211
Value of life assurance business in force	443	368
	703	579
Increase in net tangible assets of life companies including surplus	49	43
Increase in value of life assurance business in force	75	86
Profit after tax	124	129

The net assets above of €703m is before payment of dividend, €20m to the Governor and Company of the Bank of Ireland and other capital movements €20m.

Value of in-force business

The principal assumptions used in the calculation of shareholders' value of in-force business are:

	2002	2001
Risk adjusted discount rate (net of tax)	11%	11%
Gross investment return	6.5%	6.5%

Mortality Rates	Based on actual experience
Lapse Rates	Based on actual experience on each block of business.
Asset Values	The value of unit-linked assets used to project future management charges is based on actual market values. Assets supporting the solvency margin are not discounted.

The prudent best estimates are reviewed annually and are adjusted to reflect material change in recent actual experience.

26 LIFE ASSURANCE BUSINESS (continued)

Embedded Value Profits:

The profit, derived using the Embedded Value method, is analysed into five categories:

- A contribution from new business, comprising the additional value added after providing for the return equal to the risk adjusted discount rate on capital employed in writing the new business;
- A contribution from in-force business at the beginning of the year, comprising interest at the risk adjusted discount rate on the value of in-force business together with the effect of any deviations in experience compared with the assumptions, excluding any investment variance;
- Investment earnings on the net assets attributable to shareholders;
- Investment variance, which represents the difference between the actual and expected return on unit-linked assets and the impact this has on management charges in the current and future years. In 2002 this variance also includes the effect of the cessation of smoothing of the investment return.
- Changes in assumptions and exceptional items expected to be non-recurring.

Premium Income Analysis

The table below sets out the levels of gross premiums and new business written for 2002 and 2001.

	Individual Life €m	Individual Pensions €m	Group Contracts €m	Total €m
Gross premiums written – 2002				
Recurring premiums	308	197	11	516
Single premiums	404	198	23	625
Total gross premiums written	712	395	34	1,141
Gross premiums written – 2001				
Recurring premiums	260	154	10	424
Single premiums	599	118	25	742
Total gross premiums written	859	272	35	1,166
Gross new business premiums written - 2002				
Recurring premiums	148	77	2	227
Single premiums	404	198	23	625
Total gross new business written	552	275	25	852
Gross new business premiums written - 2001				
Recurring premiums	78	61	3	142
Single premiums	599	118	25	742
Total gross new business written	677	179	28	884

27 DEPOSITS BY BANKS

	The Group 2002 €m	The Group 2001 €m	The Bank 2002 €m	The Bank 2001 €m
Deposits by Banks	12,583	11,664	14,916	13,821
Repayable on demand	3,476	2,711	3,680	2,709
Other deposits by remaining maturity				
- 3 months or less	6,542	6,263	7,996	8,798
- 1 year or less but over 3 months	2,514	1,789	2,555	2,048
- 5 years or less but over 1 year	32	487	363	152
- over 5 years	19	414	322	114
	12,583	11,664	14,916	13,821
Amounts include:				
Due to group undertakings			3,336	3,290

28 CUSTOMER ACCOUNTS

	The Group 2002 €m	The Group 2001 €m	The Bank 2002 €m	The Bank 2001 €m
Current accounts	8,924	7,499	10,982	9,585
Demand deposits	22,854	16,924	13,754	10,580
Term deposits and other products	18,638	20,754	9,893	9,480
Other short-term borrowings	695	453	1,071	829
	51,111	45,630	35,700	30,474
Repayable on demand	31,767	24,842	23,182	18,567
Other deposits with agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less	12,477	12,457	9,292	8,728
- 1 year or less but over 3 months	3,331	4,699	1,841	1,503
- 5 years or less but over 1 year	2,549	2,900	852	1,141
- over 5 years	987	732	533	535
	51,111	45,630	35,700	30,474
Amounts include:				
Due to group undertakings			2,070	2,126

29 DEBT SECURITIES IN ISSUE

	The Group 2002 €m	The Group 2001 €m	The Bank 2002 €m	The Bank 2001 €m
Bonds and medium term notes by remaining maturity				
- 3 months or less	23	-	23	-
- 1 year or less but over 3 months	227	-	227	-
- 5 years or less but over 1 year	2,889	2,644	2,889	2,644
Other debt securities in issue by remaining maturity				
- 3 months or less	2,227	1,731	2,225	1,700
- 1 year or less but over 3 months	997	476	997	476
- 5 years or less but over 1 year	11	165	11	165
	6,374	5,016	6,372	4,985

30 OTHER LIABILITIES

	The Group		The Bank	
	2002	2001	**2002**	2001
	€m	€m	**€m**	€m
Current taxation	151	153	52	39
Notes in circulation	785	605	785	605
Foreign exchange and interest rate contracts	720	786	767	832
Sundry creditors	1,017	1,460	432	184
Other	744	736	104	132
Dividends	216	196	216	196
	3,633	3,936	2,356	1,988

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

31 DEFERRED TAXATION

	The Group		The Bank	
	2002	2001 (restated)	**2002**	2001 (restated)
	€m	€m	**€m**	€m
Taxation treatment of capital allowances:				
- finance leases	125	113	24	21
- equipment used by group	11	20	11	11
Other short term timing differences	(47)	(61)	(46)	(42)
	89	72	(11)	(10)
At 1 April as previously reported	72	86	(10)	(3)
Prior year adjustment - prior to 1 April 2000	-	(26)	-	(12)
Prior year adjustment – year ended 31 March 2001	-	(6)	-	(2)
	72	54	(10)	(17)
Charge for year	14	40	(3)	6
Other movements	3	(22)	2	1
At 31 March	89	72	(11)	(10)

No account is taken of the liability to taxation which could arise if property was disposed of at its book value, as rollover relief is expected to be available.

32 OTHER PROVISIONS FOR LIABILITIES AND CHARGES

	Pensions obligations	Group Transformation Programme	Other	Total
The Group	*€m*	*€m*	*€m*	*€m*
At 1 April 2001	69	55	72	196
Exchange adjustments	-	-	1	1
Provisions made	33	15	5	53
Provisions utilised	(9)	(33)	(41)	(83)
Provisions released	-	(3)	(7)	(10)
Share of provisions of subsidiaries acquired	-	-	2	2
At 31 March 2002	93	34	32	159
The Bank				
At 1 April 2001	63	55	24	142
Provisions made	22	15	3	40
Provisions utilised	-	(33)	(13)	(46)
Provisions released	-	(3)	(7)	(10)
At 31 March 2002	85	34	7	126

33 SUBORDINATED LIABILITIES

	The Group		The Bank	
	2002	2001 (restated)	2002	2001
Undated loan capital	€m	€m	€m	€m
Bank of Ireland				
US$150m Undated Floating Rate Primary Capital Notes	170	168	170	168
Bank of Ireland UK Holdings plc				
€600m 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	593	593	-	-
Bristol & West				
Stg£75m $13^3/_8$ % Perpetual Subordinated Bonds	202	200	-	-
	965	961	170	168
Dated loan capital				
Bank of Ireland				
Stg£100m 9.75% Subordinated Bonds 2005	163	161	163	161
US$175m Subordinated Floating Rate Notes 2007	201	198	201	198
Stg £200m Subordinated Floating Rate Notes 2009	326	323	326	323
€750m 6.45% Subordinated Bonds 2010	747	747	747	747
Bristol & West				
Stg£75m $10^3/_4$ % Subordinated Bonds 2018	122	120	-	-
	1,559	1,549	1,437	1,429
	2,524	2,510	1,607	1,597
Repayable				
in 1 year or less	-	-	-	-
between 2 and not more than 5 years	163	162	163	162
5 years or more	1,396	1,387	1,274	1,267
	1,559	1,549	1,437	1,429

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

On 7 March 2001 Bank of Ireland UK Holdings plc (the Issuer) issued €600m 7.4% Guaranteed Step-up Callable Perpetual Preferred Securities (the Preferred Securities) which have the benefit of a subordinated guarantee by the Bank.
The Preferred Securities are perpetual securities and have no maturity date. However, they are redeemable in whole or in part at the option of the Issuer subject to the prior consent of the Central Bank of Ireland and of the Bank, at their principal amount together with any outstanding payments on 7 March 2011 or any coupon payment date thereafter.

The Preferred Securities bear interest at a rate of 7.40% per annum to 7 March 2011 and thereafter at a rate of three month EURIBOR plus 3.26% per annum, reset quarterly.

The rights and claims of the holder of the Preferred Securities are subordinated to the claims of the senior creditors of the Issuer or of the Bank (as the case may be) in that no payment in respect of the Preferred Securities or the guarantee in respect of them shall be due and payable except to the extent that the Issuer or the Bank (as applicable) is solvent and could make such payment and still be solvent immediately thereafter. Upon any winding up of the Issuer or the Bank, the holders of the Preferred Securities will rank pari passu with the holders of the most senior class or classes of preferences shares or stock (if any) of the issuer or of the Bank then in issue and in priority to all other shareholders of the Issuer and of the Bank.

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

The Bank issued Stg£100m 9.75 per cent Subordinated Bonds due 2005 on 21 March 1995. The Bank set up a Stg£500m Euro Note Programme ("the Programme") in July 1995 and issued Stg£200m Subordinated Floating Rate Notes due 2009 on 11 February 1997. The Programme was increased to Stg£1bn in July 1997 and the Bank issued US$175m Subordinated Floating Rate Notes due 2007 on 4 September 1997. On 9 November 1999 the Programme was redenominated from sterling to euro and increased to €4bn. On 10 February 2000 the Bank issued €600m 6.45 per cent Subordinated Bonds due 2010. On 22 January 2001 the Bank issued an additional €150m 6.45 per cent Subordinated Bonds due 2010 which are fungible and form a single series with the €600m issued in February 2000. The Bonds and Notes constitute unsecured obligations of the Bank subordinated in right of payments to the claims of depositors and other unsubordinated creditors of the Bank and rank pari passu without any preference among themselves. In April 2001 the Programme was increased from €4bn to €8bn.

33 SUBORDINATED LIABILITIES (continued)

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

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

34 MINORITY INTEREST - NON EQUITY

	2002 €m	2001 €m
Bristol & West		
Stg£50.4 m $8^1/_8$% Non-Cumulative Preference Shares of Stg£1each	82	81
	82	81

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

Holders of the Preference Shares are entitled to receive, in priority to the holders of any other class of shares in Bristol & West plc, a non-cumulative preference dividend at a fixed rate per annum payable in equal half yearly instalments in arrears on 15 May and 15 November each year. Bank of Ireland Group holds 35.8% of these shares.

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

35 CAPITAL STOCK

The Bank	2002 €m	2001 €m
Authorised		
1,500m units of €0.64 of Ordinary Stock	960	960
8m units of Non-Cumulative Preference Stock of US$25 each	229	226
100m units of Non-Cumulative Preference Stock of Stg£1 each	163	162
100m units of Non-Cumulative Preference Stock of €1.27 each	127	127
	1,479	1,475

	2002 €m	2001 €m
Allotted and fully paid		
Equity		
1,007.6m units of €0.64 of Ordinary Stock	645	641
42.6m units of €0.64 of Treasury Stock	27	29
Non equity		
1.9m units of Non-Cumulative Preference Stock of Stg£1 each	3	8
3.0m units of Non-Cumulative Preference Stock of €1.27 each	4	13
	679	691

The weighted average Ordinary Stock in issue at 31 March 2002, used in the earnings per unit of Ordinary Stock calculation, excludes the Treasury Stock which does not represent Ordinary Stock in issue (see Note 13). 42,557,815 units of Treasury Stock remained as at 31 March 2002. This Treasury Stock does not rank for dividend.

35 CAPITAL STOCK (continued)

Movements in issued Ordinary Stock

At 1 April 2001	1,001,288,093
Stock issued in lieu of dividends	3,786,222
Stock options	2,455,672
Non pre-emptive issue	27,687
At 31 March 2002	1,007,557,674

During the year the total Ordinary Stock in issue increased from 1,001,288,093 units of nominal value of €0.64 each to 1,007,557,674 units of nominal value of €0.64 each as follows:

3,786,222 units of Ordinary Stock were issued in July 2001 to those holders of Ordinary Stock who elected, under the Stock Alternative Scheme, to receive additional units of Ordinary Stock at a price of €11.05 per unit, instead of all or part of the cash element of their 2000/2001 Final Dividend, by the re-issue of units of Treasury Stock.

Also in July 2001, following approval of the stockholders at the Annual General Court, 27,687 units of stock were allotted to stockholders in a non pre-emptive manner to eliminate fractions of stock and to "round up" existing holdings of fractional units of Ordinary Stock to the nearest whole unit.

During the year 2,446,062 units of Ordinary Stock were issued to option holders on the exercise of their options under the terms of the Senior Executive Stock Option Scheme at prices ranging between €1.436 and €8.933, by the re-issue of units of Treasury Stock.

During the year 9,610 units of Ordinary Stock were issued to Sharesave option holders on the exercise of their options under the terms of the Sharesave Scheme ('SAYE Scheme') at a price of €5.40, by the re-issue of units of Treasury Stock.

All units of Ordinary Stock in issue carry the same voting rights.

Preference Stock

The Preference Stock is non-redeemable. The holders of Preference Stock are entitled to receive a non-cumulative preferential dividend which in the case of the Sterling Preference Stock will be payable in Sterling in a gross amount of Stg£1.2625 per unit and in the case of euro Preference Stock (formerly the Irish Pound Preference Stock) will be payable in euro in a gross amount of €1.523686 per unit per annum, in equal semi-annual instalments in arrears on February 20 and August 20 in each year.

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

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

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

During the year 3,123,910 units of the Sterling Preference Stock and 7,473,402 units of euro Preference Stock were bought back by the Bank at a cost of €261 million. As at 31 March 2002 1,876,090 units of Sterling Preference Stock and 3,026,598 units of euro Preference Stock were in issue.

Use of Ordinary Stock in employee stock schemes

(a) Employee Stock Issue Scheme

At the 1997 Annual General Court the stockholders approved the establishment of a new Employee Stock Issue Scheme to replace the scheme originally approved by the stockholders in 1984. Under this scheme, which has an Irish and a UK version in order to conform with the relevant revenue legislation in both jurisdictions, all employees of the Bank and certain subsidiaries are eligible to participate, provided they had an existing contract of employment with a participating company on the last day of the Group's financial year and their employment contract existed for a period of at least 12 months as at that date and is still in existence on the date on which a stock issue announcement is made. Each year the Court of Directors may set aside an element of Group profit before taxation for allocation to the trustees of the scheme to enable them to acquire units of Ordinary Stock on behalf of the scheme participants. The amount set aside is related to overall Group performance assessed both in terms of real growth in earnings per share ("EPS") and how that real growth in EPS compares

35 CAPITAL STOCK (continued)

with that experienced by a peer group of Irish and UK financial institutions. In addition, as is permitted by Irish taxation rules, Irish participants may, subject to certain constraints, forego up to an equivalent amount of their salary towards the acquisition by the trustees on their behalf of up to an amount equal to their free scheme stock. The maximum distribution under the schemes is 4% of a participant's salary. To-date, annual distributions under the schemes have ranged between nil and 3.5% of each participant's salary.

(b) Sharesave Scheme ("SAYE Scheme")

At the 1999 Annual General Court the stockholders approved the establishment of a SAYE Scheme. Under this scheme, which has an Irish and UK version in order to conform with the relevant revenue legislation in both jurisdictions, all employees of the Bank and of certain subsidiaries are eligible to participate provided they are employed by the Bank on the day that the invitation to participate issues and on the day that the grant of options is made. This scheme was launched in February 2000 and options to purchase units of Ordinary Stock were granted to participating employees at an option price of €5.40, which represented a 20% discount to the then market price. As at 1 May 2002 there are outstanding options under the scheme over 13,326,453 units of Ordinary Stock (1.32% of the issued ordinary capital). These options are ordinarily exercisable, provided the participant's savings contracts are complete, between May 2003 and May 2007.

(c) Stock Option Scheme

Options to subscribe for units of Ordinary Stock are granted under the terms of the Stock Option Scheme. The original scheme was approved by the stockholders at the Annual General Court in July 1986 and its successor scheme, "Bank of Ireland Group Stock Option Scheme - 1996", was approved by the stockholders at the Annual General Court held in July 1996. Key executives may participate in the current scheme at the discretion of the Remuneration Committee. The total value of options granted may not exceed four times an executive's remuneration. The subscription price per unit of stock shall not be less than the market value of the stock at the date of grant. The exercise of options granted since 1996 are conditional upon EPS achieving a cumulative growth of at least 2% per annum compound above the increase in the Consumer Price Index over either the three year period, or if not achieved, the six year period, commencing with the period in which the options are granted. The performance conditions for options granted in 1996 up to and including 2001 have been satisfied. Options may not be transferred or assigned and may be exercised only between the third and tenth anniversaries of their grant. During the year 75,000 options lapsed. The market price of the Bank's Ordinary Stock at 31 March 2002 was €12.41 (2001 : €9.41) and the range during the year to 31 March 2002 was €7.85 to €12.61. Outstanding options under the Stock Option Scheme are exercisable at prices ranging between €0.982 to €11.05 between now and November 2011. At 31 March 2002, options were outstanding in respect of 6,645,742 units, 0.66% of the stock in issue (2001: 8,180,804 units).

35 CAPITAL STOCK (continued)

(d) Long Term Performance Stock Plan

This plan, approved by the stockholders in 1999 links the number of units of stock receivable by participants, to the Group's Total Shareholder Return ("TSR"). TSR represents stock price growth plus dividends.

Each year selected key senior executives participating in the plan receive a conditional award of a number of units of Ordinary Stock. (The maximum value of these units may not exceed 40% of the executive's salary at the time of the award). The proportion of these units which actually vest in the executive on the 3rd anniversary of the date of the original award is based on the Group's TSR relative to other companies as follows:

- Before any proportion of a conditional award may vest, the cumulative growth in the Group's EPS must exceed the annual CPI plus 5%, compounded over the three years from the date of the award.
- Provided this condition has been satisfied, the proportion of the award which vests after 3 years is based on the Group's TSR relative to other companies both in a peer group of Irish and UK financial institutions and in relation to the FTSE-100 companies as follows:

LEVEL OF VESTING AS A % OF AWARD

TSR ranking relative to peer group	% Vesting	TSR ranking relative to FTSE 100	% Vesting	Total %
1st or 2nd	50%	Top decile	50%	**100%**
3rd or 4th	40%	Top quartile	40%	**80%**
5th (Median)	25%	Median to top quartile	25%	**50%**
Below median	Nil	Below median	Nil	**Nil**

- Additionally 80% of stock which vests in an executive must be held for a further two years following which, provided the executive is still employed by the Group, he or she will be awarded additional units of stock not exceeding 20% of the units which had vested and were held. If the original units which vested continue to be held for a further 5 years (i.e. 10 years from the date of the original conditional award) and the executive remains in the employment of the Group, he will be awarded a further 30% of the units which originally vested and were held.

As at 31 March 2002 conditional awards totalling 644,825 units of stock were outstanding to the current participants of this plan.

(e) Limitations on Employee Stock Issue and Stock Option Schemes

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

36 RESERVES

	The Group €m	The Bank €m
Stock premium account		
Opening balance	726	726
Premium on issue of capital stock	7	7
Premium on stock alternative scheme issue	39	39
Exchange adjustments	1	1
Closing balance	773	773
Capital reserve		
Opening balance	311	19
Transfer from revenue reserves	73	-
Capital redemption reserve fund (1)	14	14
Transfer to revenue reserve	(1)	-
Closing balance	397	33
Profit and loss account		
Opening balance	1,818	297
Prior year adjustments	32	14
	1,850	311
Profit retained	489	414
Exchange adjustments	21	14
Transfer to capital reserves	(14)	(14)
Preference stock buyback	(247)	(247)
Transfer from revaluation reserve	45	18
Tax effect of disposal of revalued property	(2)	-
Transfer from capital reserve	1	-
Closing balance	2,143	496
Revaluation reserve		
Opening balance	252	183
Revaluation of property	-	-
Exchange adjustments	1	-
Transfer to revenue reserve on sale of property	(45)	(18)
Closing balance	208	165

(1) As the Preference Stock which was purchased was cancelled, an amount equal to the nominal value of the shares purchased was transferred to a capital redemption reserve fund.

The profit attributable to the Ordinary Stockholders of the Bank dealt with in the accounts of the Bank amounted to €746m (2001: €319m restated). The Bank has taken advantage of Regulation 5, paragraph 2 of the European Communities (Credit Institutions: Accounts) Regulations, 1992, and accordingly the profit and loss account of the Bank has not been presented separately.

37 PENSION COSTS

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

The Group has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by this standard. Accounting for pensions under FRS 17 will not be mandatory for the Group until year ended 31 March 2004 and prior to this, phased transitional disclosures are required by this standard and these additional disclosures are set out in (b).

(a) SSAP 24 Pension disclosures

An independent actuarial valuation of the Bank of Ireland Staff Pensions Fund (the main scheme) was carried out by Watson Wyatt, consulting actuaries as at 31 March 2001 using the projected unit credit method of funding. The principal assumption in the review was that the annual rate of return on new investments would be 4.0 per cent higher than the annual rate of increase in pensionable remuneration and pensions in course of payment.

37 PENSION COSTS (continued)

The market value of the assets of the main scheme at 31 March 2001 was €2,762.6m and the actuarial value of the net assets, after allowing for expected future increases in earnings and pensions, represented 119 percent of the benefits that had accrued to members. The surplus is being corrected by charging to the surplus the cost of pension augmentations and by the Bank ceasing its contributions to the scheme until at least the next actuarial valuation, which will be carried out as at 31 March 2004. The accounting treatment that has been adopted in accordance with SSAP 24 is as follows:-

- the actuarial surplus is being spread over the average remaining service lives of current employees;
- a provision of €73m (2001: €54m) in regard to the main scheme is included in the accounts being the excess of the accumulated pension charge over the amount funded;
- the amortisation of the surplus gives rise to a net cost of €19m in relation to the main scheme, compared to a net credit of €2.5m in 2001.

The total pension charge for the Group in respect of the year ended 31 March 2002 was €39m (2001: €16m).

(b) *FRS 17 Pension disclosures*

The additional disclosures required by FRS 17 in relation to the defined benefit plans in the Group are set out below.

Major assumptions	Weighted average %
Rate of general increase in salaries	3.26%
Rate of increase in pensions in payment	2.91%
Rate of increase to deferred pensions	2.5%
Discount rate for scheme liabilities	6.0%
Inflation rate	2.5%

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

	Market value €m	Expected long term rate of return
Equities	2,484	7.5%
Bonds	579	5.5%
Property	329	6.5%
Other	89	4.5%
Total market value of schemes' assets	3,481	
Present value of schemes' liabilities	2,908	

	€m
Aggregate deficits in schemes	(30)
Aggregate surplus in schemes	603
Overall surplus in schemes	573
Related deferred tax liability	67
Net pension asset	506

If the above amounts had been recognised in the accounts, the net assets and profit and loss account reserves at 31 March 2002, would be as follows:-

	€m
Net assets of the Group excluding pension asset	4,200
Net pension asset	506
Net assets of the Group including pension asset	4,706
Profit and loss account reserve excluding pension asset	2,143
Pension reserve	506
Profit and loss account reserve including pension asset	2,649

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

Details of the objectives, policies and strategies arising from the Group's use of financial instruments, including derivatives financial instruments are presented on page 11 of the Operating and Financial Review. Details of the market risk exposures are presented on page 13 of the Operating and Financial Review.

In respect of interest rate and exchange rate contracts, underlying principal amounts are used to express the volume of these transactions, but the amounts potentially subject to credit risk are much smaller. Replacement cost provides a better indication of the credit risk exposures facing a bank. Replacement cost is the gross cost of replacing all contracts that have a positive fair value, without giving effect to offsetting positions with the same counterparty.

The underlying principal amounts and replacement cost, by residual maturity of the Group's over-the-counter and other non-exchange traded derivatives are presented in the table below. This table does not include exchange traded contracts which are included in the following Trading Instruments table and Non Trading Derivatives table.

	31 March 2002				31 March 2001
	Within one Year €m	One to five years €m	Over five years €m	Total €m	Total €m
Underlying principal amount:					
Exchange Rate Contracts	7,832	3,249	347	11,428	14,263
Interest Rate Contracts	29,920	24,640	10,298	64,858	46,819
Equity Contracts	518	1,777	564	2,859	2,360
Replacement cost					
Exchange Rate Contracts	347	138	48	533	549
Interest Rate Contracts	155	296	147	598	583
Equity Contracts	44	14	-	58	121

The replacement cost of the Group's over the counter and other non-exchange traded derivatives analysed into financial and non-financial counterparties for exchange rate contracts, interest rate contracts and equity contracts were as follows:

	31 March 2002			31 March 2001
	Financial €m	Non-Financial €m	Total €m	Total €m
Exchange Rate Contracts	460	73	533	549
Interest Rate Contracts	519	79	598	583
Equity Contracts	58	-	58	121
	1,037	152	1,189	1,253

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Trading Instruments

Bank of Ireland Group maintains trading positions in a variety of financial instruments including derivatives. Most of these positions are a result of activity generated by corporate customers while others represent trading decisions of the Group's derivative and foreign exchange traders with a view to generating incremental income. The following table represents the underlying principal amounts, fair values and average fair values by class of derivative trading instrument for the Group at 31 March 2002 and 2001:

	31 March 2002		
	Underlying Principal Amount [1]	Fair Value	Average Fair Value
Interest rate contracts:	€m	€m	€m
Interest rate swaps	47,002		
in a favourable position		447	488
in an unfavourable position		(368)	(399)
Interest rate caps, floors & options held	4,305		
In a favourable position		3	8
In an unfavourable position		-	-
Interest rate caps, floors & options written	3,514		
In a favourable position		-	-
In an unfavourable position		(2)	(2)
Forward rate agreements	1,438		
in a favourable position		1	1
in an unfavourable position		(1)	(1)
Financial futures	1,161		
in a favourable position		-	-
in an unfavourable position		-	-
	57,420	80	
Foreign exchange contracts:			
Forward foreign exchange	6,163		
in a favourable position		41	50
in an unfavourable position		(49)	(73)
	6,163	(8)	
	63,583		

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

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2001		
	Underlying Principal Amount [1] €m	Fair Value €m	Average Fair Value €m
Interest rate contracts:			
Interest rate swaps	32,720		
in a favourable position		425	323
in an unfavourable position		(347)	(246)
Interest rate caps, floors & options			
Held	5,009		
in a favourable position		15	24
in an unfavourable position		-	-
Interest rate caps, floors & options			
Written	3,765		
in a favourable position		-	-
in an unfavourable position		(2)	(2)
Forward rate agreements	1,876		
in a favourable position		1	1
in an unfavourable position		(2)	(1)
Financial futures	1,854		
in a favourable position		-	-
in an unfavourable position		-	-
	45,224	90	
Foreign exchange contracts:			
Forward foreign exchange	9,623		
in a favourable position		111	145
in an unfavourable position		(123)	(138)
	9,623	(12)	
	54,847		

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

	2002 €m	2001 €m
Dealing profits		
Securities and interest rate contracts	28	69
Foreign exchange contracts	26	31
Equity contracts	11	1
Total	65	101

Dealing profits include the profits and losses arising on the purchase, and sale or revaluation of trading instruments. It excludes the interest receivable and the related funding cost of holding such instruments, and also excludes the administrative expenses of trading activities.

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Non Trading Derivatives

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

The operations of the Group are exposed to risk of interest rate fluctuations to the extent that assets and liabilities mature or reprice at different times or in differing amounts. Derivatives allow the Group to modify the repricing or maturity characteristics of assets and liabilities in a cost efficient manner. This flexibility helps the Group to achieve liquidity and risk management objectives.

Derivatives fluctuate in value as interest or exchange rates rise or fall just as on-balance sheet assets and liabilities fluctuate in value. If the derivatives are purchased or sold as hedges of balance sheet items, the appreciation or depreciation of the derivatives, as interest or exchange rates change, will generally be offset by the unrealised appreciation or depreciation of the hedged items.

To achieve its risk management objectives, the Group uses a combination of derivative financial instruments, particularly interest rate and currency swaps, futures and options, as well as other contracts.

The following tables represent the underlying principal amounts, average maturities and fair values by class of instrument utilised for non trading activities for the Group at 31 March 2002 and 2001.

	31 March 2002				
	Underlying Principal Amount €m	**Weighted Average Maturity in Years**	**Weighted Average Receive Rate %**	**Weighted Average Pay Rate %**	**Fair Value €m**
Interest rate contracts:					
Interest Rate Swaps					
- receive fixed					
1 year or less	5,911	0.33	3.82	3.55	52
1-5 years	2,637	2.42	1.01	3.10	54
5 -10 years	728	6.33	1.25	2.93	3
Interest Rate Swaps					
- pay fixed					
1 year or less	728	0.34	3.43	4.20	(7)
1-5 years	1,356	2.03	2.31	4.30	(115)
5-10 years	568	5.68	2.47	4.90	(32)
Over 10 years	754	15.44	3.33	5.60	(17)
Interest Rate Swaps					
- pay and receive floating					
1 year or less	50	0.67	3.11	3.22	-
1-5 years	261	2.88	3.29	3.07	7
5-10 years	189	6.61	3.94	3.89	4
Over 10 years	446	28.71	4.00	3.44	3
Forward Rate Agreements					
1 year or less	8	0.99	-	5.28	-
Interest Rate Caps					
1 year or less	33	0.33	7.29	1.12	-
1-5 years	172	4.0	6.09	0.0	-
Interest Rate Floors					
1 year or less	20	0.54	1.22	4.22	-
	13,861				(48)

38 **DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)**

	31 March 2002		
	Underlying Principal Amount €m	Weighted Average Maturity in Years	Fair Value €m
Exchange rate contracts:			
Forward Foreign Exchange			
1 year or less	1,558	0.17	281
1-5 years	155	1.70	-
Currency Swaps			
1 year or less	286	0.50	8
1-5 years	2,887	1.90	62
5-10 years	257	6.29	14
Over 10 years	89	11.95	17
Currency Options			
1 year or less	19	0.43	-
	5,251		382
Equity and commodity contracts:			
Equity Index Linked Contracts held			
1 year or less	518	0.42	61
1-5 years	1,777	3.03	(172)
5-10 years	564	5.48	(99)
	2,859		(210)
	21,873		311

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2001				
	Underlying Principal Amount €m	Weighted Average Maturity in Years	Weighted Average Receive Rate %	Weighted Average Pay Rate %	Fair Value €m
Interest rate contracts:					
Interest Rate Swaps					
- receive fixed					
1 year or less	2,593	0.4	4.9	5.1	36
1-5 years	2,116	2.7	2.2	5.5	31
5 -10 years	462	5.9	1.0	5.1	1
Interest Rate Swaps					
- pay fixed					
1 year or less	782	0.4	5.6	7.0	(8)
1-5 years	842	3.7	6.3	7.5	(68)
5-10 years	245	6.6	5.2	6.4	(17)
Over 10 years	901	15.6	5.0	5.8	(38)
Interest Rate Swaps					
- pay and receive floating					
1 year or less	74	0.1	7.1	5.5	1
1 - 5 years	210	2.9	5.3	5.3	1
5 - 10 years	183	6.8	5.4	2.5	9
Over 10 years	490	29.8	4.6	4.8	2
Interest Rate Caps					
1 year or less	11	0.9	7.8	-	11
1-5 years	37	1.7	3.6	-	17
5 - 10 years	5	5.6	8.0	-	5
Interest Rate Floors					
1-5 years	44	2.2	-	-	-
Other Interest Rate Contracts					
1 year or less	3	0.5	5.5	10.6	-
	8,998				(17)

38 **DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)**

	31 March 2001		
Exchange rate contracts:	Underlying Principal Amount €m	Weighted Average Maturity in Years	Fair Value €m
Forward Foreign Exchange			
1 year or less	1,559	0.2	251
1-5 years	90	2.2	5
Currency Swaps			
1 year or less	801	0.4	(77)
1-5 years	2,566	3.3	68
5-10 years	361	6.7	18
Over 10 years	59	13.0	16
Currency Options			
1 year or less	101	0.3	-
	5,537		281
Equity and commodity contracts:			
Equity Index Linked Contracts Held			
1 year or less	378	0.5	99
1-5 years	1,613	2.9	15
5-10 years	369	5.7	(48)
	2,360		66
	16,895		330

Unrecognised gains and losses on derivative hedges

Gains and losses on instruments used for hedging are recognised in line with the underlying items which are being hedged. The unrecognised net losses on instruments used for hedging as at 31 March 2002 were €297m (2000/01: gain €25m).

The net gains expected to be recognised in 2002/2003 is €45m (2001/02: gain €41m) and thereafter the net losses expected to be recognised is €342m (2001/02: €16m).

The net gains recognised in 2001/02 in respect of previous years were €41m (2000/01:€465m) and the net losses arising in 2001/02 which were not recognised in 2001/02 were €281m (2000/01: loss €179m).

38 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Non Trading Derivative Deferred Balances

The table below summarises the deferred gains and losses at 31 March 2002.

	Deferred		
	Gains €m	Losses €m	Total net deferred gains/(losses) €m
As at 1 April 2001	7.5	(2.7)	4.8
Gains and losses arising in previous years that were recognised in the year ended 31 March 2002	2.6	(1.5)	1.1
Gains and losses arising before 1 April 2001 that were not recognised in the year ended 31 March 2002	4.9	(1.2)	3.7
Gains and losses arising in the year ended 31 March 2002 that were not recognised in that year	1.5	(2.5)	(1.0)
As at 31 March 2002	6.4	(3.7)	2.7
Of which:			
Gains and losses expected to be recognised in the year ended 31 March 2003	2.6	(1.8)	0.8

39 INTEREST RATE REPRICING GAP – NON TRADING BOOK

The table below provides an indication of the repricing mismatch in the non Trading Books at 31 March 2002. For the major categories of assets and liabilities, this 'gap' table show the volumes maturing in selected maturity bands, taking account of any amortisation of principal. Items are allocated to time bands by reference to the earlier of the next interest rate repricing date and the maturity date.

The tables show actual on-balance sheet volumes and net off-balance sheet amounts. In the case of undrawn fixed rate lending where the Group is effectively committed in price terms and there is a high degree of predictability in relation to the expected drawdown – notably in relation to the mortgage pipeline – the expected volumes have been included as off balance sheet items in the table.

			31 March 2002				
Non Trading Interest Rate Repricing – Total	**Not more than three months €m**	**Over three months but not more than six months €m**	**Over six months but not more than one year €m**	**Over one year but not more than five years €m**	**Over five years €m**	**Non interest bearing €m**	**Total €m**
Assets							
Central Government bills and other eligible bills	67	-	-	-	-	12	79
Loans and advances to banks	6,791	779	575	45	-	124	8,314
Loans and advances to customers	35,712	2,778	4,932	10,392	2,645	260	56,719
Debt securities and equity shares	6,174	525	220	1,523	352	32	8,826
Other assets	812	-	-	-	3	3,542	4,357
Total assets	49,556	4,082	5,727	11,960	3,000	3,970	78,295
Liabilities							
Deposits by banks	9,331	1,193	1,712	79	19	1	12,335
Customer accounts	38,331	1,775	1,845	1,926	166	6,867	50,910
Debt securities in issue	5,215	507	456	195	1	-	6,374
Other liabilities	177	44	-	80	168	3,099	3,568
Subordinated liabilities	1,609	-	-	-	915	-	2,524
Minority interests and shareholders' funds	-	-	-	-	-	4,373	4,373
Total liabilities	54,663	3,519	4,013	2,280	1,269	14,340	80,084
Net amounts due from / to Group units	1,480	(187)	(553)	(1,354)	9	2,272	1,667
Off balance sheet items	*1,027*	*1,548*	*(636)*	*(3,566)*	1,537	-	*(90)*
Interest rate repricing gap	(2,600)	1,924	525	4,760	3,277	(8,098)	(212)
Cumulative interest rate repricing gap	(2,600)	(676)	(151)	4,609	7,886	(212)	
Euro							
Cumulative interest rate repricing gap 31 March 2002	(3,608)	(2,569)	(2,258)	1,359	3,253	(233)	
Sterling							
Cumulative interest rate repricing gap 31 March 2002	1,763	1,699	2,214	3,302	4,602	150	

39 INTEREST RATE REPRICING GAP – NON TRADING BOOK (continued)

Non Trading Interest Rate Repricing – Total	2001 Not more than three months €m	Over three months but not more than six months €m	Over six months but not more than one year €m	Over one year but not more than five years €m	Over five years €m	Non interest bearing €m	Total €m
Assets							
Central Government bills and other eligible bills	71	-	-	-	-	5	76
Loans and advances to banks	5,819	922	801	511	7	16	8,076
Loans and advances to customers	31,378	2,491	3,783	10,485	2,961	170	51,268
Debt securities and equity shares	4,565	441	186	808	250	278	6,528
Other assets	501	-	-	396	-	3,105	4,002
Total assets	42,334	3,854	4,770	12,200	3,218	3,574	69,950
Liabilities							
Deposits by banks	8,662	1,151	637	487	413	151	11,501
Customer accounts	34,393	3,140	1,666	1,546	204	4,541	45,490
Debt securities in issue	4,108	170	307	431	-	-	5,016
Other liabilities	484	22	21	27	160	2,539	3,253
Loan capital	1,598	-	-	-	319	-	1,917
Minority interests and shareholders' funds	-	-	-	396	593	3,488	4,477
Total liabilities	49,245	4,483	2,631	2,887	1,689	10,719	71,654
Net amounts due from / to Group units	1,531	(306)	(98)	(955)	(476)	2,070	1,766
Off balance sheet items	2,219	(1,840)	114	(2,185)	1,695	-	3
Interest rate repricing gap	(3,161)	(2,775)	2,155	6,173	2,748	(5,075)	65
Cumulative interest rate repricing gap	(3,161)	(5,936)	(3,781)	2,392	5,140	65	
Euro							
Cumulative interest rate repricing gap 31 March 2001	(3,840)	(3,376)	(2,405)	294	1,497	(436)	
Sterling							
Cumulative interest rate repricing gap 31 March 2001	23	(2,161)	(1,448)	1,999	3,483	826	

40 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has estimated fair value wherever possible using market prices or data available for instruments with characteristics either identical or similar to those of the instruments held by Group. In certain cases, however, including some advances to customers, there are no ready markets. Accordingly, various techniques have been developed to estimate what the approximate fair value of such instruments might be. These estimation techniques are necessarily extremely subjective in nature and involve assumptions which are based upon management's view of market conditions at 31 March 2002 which may not necessarily be indicative of any subsequent fair value. Furthermore, minor changes in the assumptions used could have a significant impact on the resulting estimated fair values, and, as a result, readers of these financial statements are advised to use caution when using this data to evaluate the Group's financial position.

The concept of fair value assumes realisation of financial instruments by way of a sale. However, in many cases, particularly in respect of lending to customers, the Group intends to realise assets through collection over time. As such the fair values calculated do not represent the value of the Group as a going concern at 31 March 2002.

The following table represents the carrying amount and the fair value of both the trading and non trading financial assets and liabilities as at 31 March 2002 and 2001.

	2002 Carrying Amount €m	2002 Fair Values €m	2001 Carrying Amount €m	2001 Fair Values €m
Financial instruments held for trading				
Debt securities	2,090	2,090	2,174	2,174
Equity shares	15	15	140	140
Derivative financial instruments				
Interest rate contracts	80	80	90	90
Foreign exchange contracts	(8)	(8)	(12)	(12)
Non trading financial instruments				
Assets				
Cash and balances at central banks(1)	569	569	256	256
Items in course of collection(1)	554	554	708	708
Central government bills and other eligible bills(1)	79	79	76	76
Loans and advances to banks	8,385	8,398	8,115	8,149
Loans and advances to customers	56,577	56,754	51,147	51,572
Securitisation and loan transfers(1)	142	142	141	141
Debt securities	8,795	8,852	6,355	6,387
Equity shares	4	4	4	4
Own shares	27	528	29	424
Liabilities				
Deposits by banks	12,583	12,609	11,664	11,904
Customer accounts	51,111	50,918	45,630	45,803
Debt securities in issue	6,374	6,379	5,016	5,046
Items in course of transmission(1)	152	152	178	178
Subordinated liabilities	2,524	2,621	2,510	2,569
Minority interests : non equity	82	96	81	96
Derivative financial instruments				
Interest rate contracts		(48)		(17)
Exchange rate contracts		382		281
Equity and commodity contracts		(210)		66

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

40 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

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

2. Loans and Advances to Customers
The Group provides lending facilities of varying rates and maturities to corporate and personal customers. Several different techniques are employed as considered appropriate in estimating the fair value of loans and advances.

   Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type. Each loan category is further segmented into fixed and variable rate interest terms and by performing and nonperforming categories.

   The carrying amount of variable rate loans was considered to be at market rate if there was no significant change in the credit risk of the borrower.

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

3. Debt Securities and Equity Shares
The fair value of listed debt securities and equity shares is based on market prices received from external pricing services or bid quotations received from external securities dealers.

   The estimated value of unlisted debt securities and equity shares is based on the anticipated future cashflows arising from these items.

4. Own Shares
The fair value of the own shares are based on the stock market price at year end.

5. Deposits by Banks
The fair value of other borrowings is based on the discounted cash flows using market rates applicable for similar types of borrowing arrangements.

6. Customer Accounts
The fair value of current accounts, short-term borrowings, deposit accounts payable on demand and variable rate deposits are equal to their carrying value. The fair value of all other deposits, which are not repriced frequently is estimated based on the discounted value of the contractual cash flows. The discount rate is estimated using market rates for deposits with similar remaining maturities.

7. Debt Securities in issue
The carrying value of short-term debt securities in issue approximate to their fair values. Fair values of other debt securities in issue are based on quoted market prices where available, otherwise by discounting anticipated cash flows.

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

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

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

41 CONTINGENT LIABILITIES AND COMMITMENTS

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

	31 March 2002		31 March 2001	
	Net Contract Amount	Risk Weighted Amount	Net Contract Amount	Risk Weighted Amount
The Group - Contingent Liabilities	€m	€m	€m	€m
Acceptances and endorsements	86	76	105	98
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- *Guarantees and irrevocable letters of credit*	1,029	944	946	825
Other contingent liabilities	496	244	528	259
	1,611	1,264	1,579	1,182
The Group - Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	30	10	51	15
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	636	-	458	-
- Undrawn formal standby facilities, credit lines and other commitments to lend				
- *irrevocable with original maturity of over 1 year*	4,487	2,238	3,227	1,490
- revocable or irrevocable with original maturity of 1 year or less (ii)	11,161	-	12,065	-
	16,314	2,248	15,801	1,505

41 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

	31 March 2002		31 March 2001	
The Bank – Contingent Liabilities	**Contract Amount €m**	**Risk Weighted Amount €m**	Contract Amount €m	Risk Weighted Amount €m
Acceptances and endorsements	86	76	105	98
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	4,287	903	4,509	781
Other contingent liabilities	496	244	528	259
	4,869	1,223	5,142	1,138
The Bank – Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	30	10	51	15
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	636	-	458	-
- *Undrawn formal standby facilities, credit lines and other* commitments to lend:				
- irrevocable with original maturity of over 1 year	2,324	1,157	1,734	743
- revocable or irrevocable with original maturity of 1 year or less (ii)	9,576	-	8,727	-
	12,566	1,167	10,970	758

Notes:

(i) Under the Basel agreement, a credit conversion factor is applied to the contract amount to obtain the credit equivalent amount, which is then risk weighted according to counterparty.

(ii) Undrawn loan commitments which are unconditionally cancellable at any time or which have a maturity of less than one year have a risk weighting of zero.

42 GENERAL

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

(b) The Bank has provided a guarantee under Section 17 of the Companies (Amendment) Act 1986 for the following companies: Addano Limited, Bank of Ireland Asset Management (U.S.) Limited, Bank of Ireland Asset Management Limited, Bank of Ireland Car Loans Limited, Bank of Ireland Commercial Finance Limited, Bank of Ireland Unit Trust Managers Limited, Davy Corporate Finance Limited, Davy Holdings (International) Limited, Davy International, First Rate Enterprises Limited, Florenville Limited, IBI Corporate Finance Limited, Ibidem Limited, Ilios Limited, J & E Davy, J & E Davy Holdings Limited and Louncil Limited.

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

43 NOTES TO THE CASH FLOW STATEMENT

(i) **Gross Cashflows**

	The Group	
	2002	2001 (restated)
	€m	€m
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Operating Profit	1,121	1,078
Decrease/(increase) in accrued income and prepayments	27	(117)
(Decrease)/increase in accruals and deferred income	(99)	170
Provisions for bad and doubtful debts	102	72
Loans and advances written off net of recoveries	(36)	(32)
Depreciation and amortisation	155	130
Interest charged on subordinated liabilities	154	147
Other non-cash movements	(1)	3
Profit on disposal of fixed assets	(22)	(17)
Net cash flow from trading activities	1,401	1,434
Net decrease/ (increase) in collections / transmissions	129	(137)
Net (increase) in loans and advances to banks	(216)	(421)
Net (increase) in loans and advances to customers	(5,217)	(7,236)
Net increase in deposits by banks	899	1,425
Net increase in customers accounts	5,224	5,389
Net increase in debt securities in issue	1,309	2,260
Net decrease/(increase) in non-investment debt and equity securities	290	(335)
Net decrease/(increase) in other assets	422	(690)
Net (decrease)/increase in other liabilities	(432)	477
Exchange movements	(26)	(97)
Net cash flow from operating activities	3,783	2,069

Returns on investment and servicing of finance

Interest paid on subordinated liabilities	(157)	(146)
Preference dividends paid	(17)	(26)
Dividends paid to minority shareholders in subsidiary undertakings	(9)	(10)
Issue expenses on outside interest – non equity	-	(7)
	(183)	(189)

43 NOTES TO THE CASH FLOW STATEMENT (continued)

	The Group 2002 €m	The Group 2001 (restated) €m
Capital expenditure and financial investment		
Net (purchases) of investment debt and equity securities	(2,231)	(915)
Purchase of tangible fixed assets	(331)	(253)
Sale of tangible fixed assets	135	41
	(2,427)	(1,127)
Acquisitions and disposals		
Investments in associated undertakings	(5)	(5)
Sale of Associated undertaking	-	4
Acquisition of Group undertakings	(246)	(227)
Net cash balances of Group undertakings acquired	7	-
	(244)	(228)
Financing		
Issue of capital stock (net of issue expenses)	8	11
Repayment of subordinated liabilities	-	(98)
Issue of subordinated liabilities	-	150
Issue of outside interest – non equity	-	*600*
Preference Stock buyback	(261)	-
Redemption of Bristol & West preference stock	-	(3)
	(253)	660

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

	Cash and Balances at Central Banks €m	*Loans and* Advances to Banks Repayable on Demand €m	Total Cash €m
2002			
At 1 April 2001	256	1,914	2,170
Cash flow	313	(51)	262
Foreign exchange movement	-	-	-
At 31 March 2002	569	1,863	2,432
2001			
At 1 April 2000	210	1,189	1,399
Cash flow	47	755	802
Foreign exchange movement	(1)	(30)	(31)
At 31 March 2001	256	1,914	2,170

43 NOTES TO THE CASH FLOW STATEMENT (continued)

(iii) Analysis of changes in financing

	Capital Stock (including stock *premium)*	Subordinated Liabilities *(restated)*	Minority Interest – Non Equity
At 1 April 2001	1,417	2,510	81
Effect of foreign exchange differences	-	13	1
Cash flow	8	-	-
Stock alternative scheme issue	41	-	-
Capital movement on buyback of Preference Stock	(14)	-	-
Other non cash movements	-	1	-
At 31 March 2002	1,452	2,524	82
2001			
At 1 April 2000	1,369	1,866	87
Effect of foreign exchange differences	(3)	(2)	(3)
Cash flow	11	645	(3)
Stock alternative scheme issue	44	-	-
Capitalisation of reserves	-	-	-
Other non cash movements	(4)	1	-
At 31 March 2001	1,417	2,510	81

(iv) MX Financial Holdings Limited acquisition

	€m
Net assets acquired	13
Goodwill	54
	67
Satisfied by:	
Cash	67

An analysis of net assets is set out in Note 4.

44 RELATED PARTY TRANSACTIONS

(a) Subsidiary, Associated Undertakings and Joint Ventures

Details of the principal subsidiary undertakings are shown in Note 22 on page 63. In accordance with FRS8, transactions or balances between Group entities that have been eliminated on consolidation are not reported.

One of the Group's subsidiaries Cashback Limited is 49% owned by Fexco who had a balance outstanding at 31 March 2002 of €0.1m for processing transactions on behalf of Cashback Limited.

The Group provides and receives from its associated undertakings and joint ventures certain banking and financial services. The amount due from associated undertakings and joint ventures as at 31 March 2002 was €33m.

(b) Pension Funds

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

Further details on pensions are set out in Note 37.

(c) Directors

Directors' emoluments and details of transactions between Directors and the Group are set out in the Remuneration Report on pages 26 to 31. Additionally, fees of € 51,027 in the year to 31 March 2002 (2001:€904,502), were paid to Arthur Cox, Solicitors, for legal services supplied to the Group while Mary Redmond, Director and Deputy Governor, was a partner there up to 30 June 2001.

(d) Securitisation

RPS3, RPS4, RPS5, SS1 and CLIPS are considered to be related parties of the Group and the Group has entered into both an interest exchange agreement and a subordinated loan agreement with RPS3, RPS4, RPS5 and CLIPS. As at 31 March 2002 the net amount owed from RPS3 was €0.1m (2001: €0.1m), RPS4 was €0.2m (2001: €1.0m), Liberator was €0.3m (2001: €1.0m). The net amount due to RPS5 was €0.1m while in 2001 the net amount due from RPS5 was €0.2m and the amount due to SS1 was €0.2m and due from SS1 was €1.6m in 2001.

45 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	The Group		The Bank	
	2002	2001	2002	2001 (restated)
	€m	€m	€m	€m
Denominated in euro	38,313	34,311	32,080	26,809
Denominated in currencies other than euro	49,012	44,564	31,664	28,729
Total Assets	87,325	78,875	63,744	55,538
Denominated in euro	39,588	35,481	30,445	26,963
Denominated in currencies other than euro	47,737	43,394	33,299	28,575
Total Liabilities	87,325	78,875	63,744	55,538

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

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS

Summary of Significant Differences between Irish and US Accounting Principles

The financial statements presented in this report have been prepared in accordance with generally accepted accounting principles in Ireland (Irish GAAP). Such principles vary in certain significant respects from those generally accepted accounting principles in the US (US GAAP). The significant differences applicable to Bank of Ireland Group's accounts are summarised below:

Irish GAAP	US GAAP
Property depreciation	
Freehold and long leasehold property is maintained in a state of good repair and it is considered that residual values are such that depreciation is not significant, accordingly this property is not depreciated.	Freehold and long leasehold property is depreciated over 50 years.
Revaluation of property	
Property is carried either at original cost or at subsequent valuation less depreciation calculated on the revalued amount where applicable. Revaluation surpluses and deficits are taken directly to stockholders' equity.	Revaluation of property is not permitted in the financial statements.
Software development costs	
The Group capitalises costs incurred internally in developing computer software for internal use. Expenditure is amortised over its estimated useful life ranging between 5 and 10 years.	AICPA SOP 98-1 requires certain costs incurred in respect of software for internal use to be capitalised and subsequently amortised. The SOP was applicable for the first time in the year to March 31, 2000 and is not applied retrospectively.
Goodwill	
Goodwill arising on acquisition of shares in group and associated undertakings, being the excess of cost over fair value of the Group's share of net tangible assets acquired is capitalised and amortised over its estimated useful economic life.	Goodwill arising on acquisitions of subsidiary undertakings prior to 30 June 2001 is capitalised and amortised to income over the period estimated to benefit. In the Group's case a period of 20 years has been used. Goodwill is written off when judged to be irrecoverable.
Goodwill arising on the acquisition of subsidiary undertakings prior to 31 March 1998 was written off directly to reserves in the year of acquisition.	Goodwill on acquisitions post 30 June 2001 is capitalised on the Balance Sheet and is subject to an annual review for impairment.
Goodwill arising on acquisitions of subsidiary undertakings occurring after 31 March 1998 is capitalised as an asset on the balance sheet and amortised over its estimated useful economic life.	

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Investments	
Profits and losses on disposal are recognised when realised and included in dealing profits, except for those securities maintained for hedging purposes, which are amortised over the lives of the underlying transaction and included in net interest income. Securities may be classified as (i) investment carried at cost, less provision for any diminution in value and (ii) other securities, which are stated at fair value, except for those securities maintained for the purpose of hedging which are accounted for on the same basis as the item hedged. Changes in the fair value of securities marked to market are recognised in the profit and loss account as they arise.	Profits and losses on the sale of investments are included in operating income in the year in which they arise. Securities may be classified as (i) trading, which are carried at fair value with unrealised gains and losses included in earnings, (ii) held for sale, which are carried at fair value with unrealised gains and losses reported in a separate component of shareholders' equity or (iii) held to maturity, which are carried at amortised cost. Trading securities are those securities held to earn a profit by trading or selling such securities. Securities held for sale are those securities which are intended for use as part of an asset / liability strategy, or that may be sold in response to changes in interest rates, changes in prepayment risks, the need to increase regulatory capital or other similar factors. Securities held for investment are only those securities for which management has both the intent and ability to hold until maturity.
Pensions	
Contributions to the Group's defined benefit schemes are charged to the profit and loss account so as to spread the expected cost of pensions calculated in accordance with the advice of qualified actuaries, on a systematic basis over the employees working lives. Variations from the regular cost are spread over the average remaining service life of relevant employees.	The same basic actuarial method is used as under Irish GAAP, but certain assumptions differ, assets are assessed at fair value and liabilities are assessed at current settlement rates. Certain variations from regular cost are allocated in equal amounts over the average remaining service lives of current employees. Recognition of a liability when the accumulated benefit obligation exceeds the fair value of assets is also required. The pension related elements of voluntary leaving and voluntary early retirement programmes are expensed in the year in which they are awarded. The impact of this pronouncement has been included in the GAAP reconciliation in respect of the main Bank of Ireland and Bristol & West pension plans.
Long-term assurance policies	
Income from long term assurance business consists of surpluses attributable to stockholders from the long term fund which arise in the year plus increases in the present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis.	The present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis are not recognised by the Group under US GAAP. Unearned revenues and acquisition costs related to unit linked products are deferred and amortised in proportion to total estimated gross profits over the expected life of policyholders' contracts. Unearned revenues are amounts assessed from policyholders' that represent compensation for services to be provided in future periods. Acquisition costs consist of commissions and other costs which vary with and are primarily related to the production of revenues.

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Acceptances	
Acceptances are not recorded on the balance sheet.	Acceptances and related customer liabilities are recorded on the balance sheet.
Dividends payable	
Dividends declared after the period end are recorded in the period to which they relate.	Dividends are recorded in the period in which they are declared.
Securitised transactions	
Depending on specified qualifying criteria there are three methods of accounting for securitised and loan transfer transactions: continued recognition, linked presentation and derecognition. The linked presentation method is adopted where there is no significant change in the Group's rights to benefits and the Group's exposure is limited to a fixed monetary ceiling. Under this method, only the net amount is consolidated, however on the face of the Group balance sheet, the related gross amounts are disclosed.	Securitised transactions, prior to the introduction of SFAS No.140, not qualifying for derecognition are presented as gross amounts on the balance sheet. Under SFAS No.140, transfers and servicing of financial assets are required to be recognised using a financial components approach that focuses on control. Under that approach after a transfer of financial assets, an entity recognises the financial and servicing assets it controls and the liabilities it has incurred and derecognises financial assets when control has been surrendered.
Finance Lease Receivables	
Leasing income is recognised in proportion to the funds invested in the lease so as to give a constant rate of return over each period after taking account of taxation cashflows.	Gross earnings are allocated to give rise to a level of return on the investment without taking account of tax payments and receipts.
Hedges	
Gains or losses arising on hedges of anticipated transactions are taken to the profit and loss account in accordance with the accounting treatment of the underlying transaction.	Gains or losses arising from hedges of anticipated transactions, unless firmly committed are reflected in the income statement.
Derivatives	
Where a derivative is documented and evidenced as reasonably expected to match or eliminate risk from a transaction, hedge accounting is applied. Profits or losses on the derivative are included in the relevant income or expense category in the profit and loss account. Derivatives which are not hedge accounted are recorded at fair value, with the change recorded in the profit and loss account.	FAS 133 requires all derivatives to be recorded at fair value. If certain conditions are met, then the derivative may be designated as a hedge. In many cases, Bank of Ireland match internal hedges with third party derivatives on an aggregate rather than an individual basis which largely offset the overall risk to the group. These hedges do not meet the criteria under FAS 133 to qualify as fair value, cash flow or foreign exchange hedges. For this reason, such contracts are restated at market value for the purposes of the US GAAP reconciliation.
Loan origination fees	
Certain loan fees are recognised when received.	Loan origination fees net of direct loan origination costs are deferred and recognised as an adjustment to the yield on the related loan or facility.

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Group Transformation

A provision for Group Transformation costs is recognised in accordance with FRS12 when a constructive obligation to transfer economic benefit as a result of a past event exists at the balance sheet date.

Costs of the Group Transformation Programme are recognised when incurred.

Consolidated Net Income

	2002	2001 (restated)
	€m	€m
Net income under Irish GAAP (Group profit attributable to ordinary stockholders as originally presented)	895	725
Prior year adjustment	-	6
Net income under Irish GAAP as restated	895	731
Depreciation	(3)	(4)
Software development costs	6	8
Goodwill	(33)	(35)
Pension costs	(58)	9
Long-term assurance policies	(78)	(82)
Group Transformation Programme	(21)	55
Leasing	(7)	-
Other	(19)	-
Deferred tax effect on these adjustments	58	7
Derivatives (FAS 133) transition adjustment	4	-
Derivatives (FAS 133) adjustment	(77)	-
Net income under US GAAP	667	689
Earnings per unit of €0.64 Ordinary Stock under US GAAP		
- basic	66.3c	69.1c
- diluted	65.7c	68.5c

Consolidated Total Stockholders' Funds

	2002	2001 (restated)
	€m	€m
Total stockholders' funds including non equity interests under Irish GAAP as originally presented	4,200	3,798
Prior year adjustment	-	32
Total stockholders' funds including non equity interest as restated	4,200	3,830
Property less related depreciation	(349)	(346)
Software development costs	(9)	(15)
Goodwill	460	489
Debt securities - available for sale	38	28
Pension costs	101	159
Long-term assurance policies	(370)	(287)
Dividends	216	196
Leasing	(7)	-
Other	(19)	22
Group Transformation Programme	34	55
Deferred taxation on these adjustments	58	10
Derivatives (FAS 133) adjustment	(73)	-
Consolidated stockholders' funds including non equity interests under US GAAP	4,280	4,141

46 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Total Assets

	2002 €m	2001 (restated) €m
Total assets under Irish GAAP	87,325	78,875
Property less related depreciation	(349)	(346)
Goodwill	499	528
Software development costs	(9)	(15)
Debt securities - available for sale	38	28
Pension costs	106	164
Acceptances	86	105
Long-term assurance policies	(370)	(287)
Other	(79)	(57)
Securitised assets	836	1,088
Derivatives (FAS 133) adjustment	692	-
Total assets under US GAAP	88,775	80,083

Consolidated Total Liabilities and Stockholders' Funds

	2002 €m	2001 (restated) €m
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	87,325	78,875
Stockholders' funds (US GAAP adjustment)	80	311
Dividends	(216)	(196)
Borrowings related to securitised assets	836	1,088
Acceptances	86	105
Other	7	(12)
Leasing	7	-
Group Transformation Programme	(34)	(55)
Deferred taxation on these adjustments	(81)	(33)
Derivatives (FAS 133) adjustment	765	-
Total liabilities and stockholders' funds including non equity interests under US GAAP	88,775	80,083

As detailed in Note 2, the group has adopted the provisions of FRS 19 and now provides deferred taxation in full on all temporary differences existing at the Balance Sheet date. In accordance with the transitional arrangements, the effect of this standard has been reflected in the Irish GAAP accounts by means of a prior year adjustment.

47 THE COURT OF DIRECTORS APPROVED THE FINANCIAL STATEMENTS ON 15 MAY 2002.

AVERAGE BALANCE SHEET AND INTEREST RATES

The following tables show the average balances and interest rates of interest earning assets and interest bearing liabilities for each of the years ended 31 March, 2002 and 2001. The calculations of average balances are based on daily, weekly or monthly averages, depending on the reporting unit. The average balances used are considered to be representative of the *operations of the Group.*

	Year Ended 31-3-2002			Year Ended 31-3-2001		
	Average Balance €m	**Interest €m**	**Rate %**	Average Balance €m	Interest €m	Rate %
ASSETS						
Loans to banks						
Domestic offices	6,064	270	4.5	5,584	292	5.2
Foreign offices	1,230	44	3.6	1,153	57	5.0
Loans to customers(1)						
Domestic offices	23,313	1,433	6.1	19,672	1,317	6.7
Foreign offices	28,420	1,672	5.9	26,069	1,802	6.9
Central government and other eligible bills						
Domestic offices	19	-	0.4	40	1	3.3
Foreign offices	-	-	-	212	12	5.4
Debt Securities						
Domestic offices	8,206	373	4.5	6,275	383	6.1
Foreign offices	1,216	63	5.2	994	59	5.9
Instalment credit						
Domestic offices	420	31	7.4	346	26	7.5
Foreign offices	574	49	8.5	540	51	9.4
Finance lease receivables						
Domestic offices	2,429	136	5.6	2,389	137	5.7
Foreign offices	41	2	3.9	33	1	4.0
Total interest-earning assets						
Domestic offices	40,451	2,243	5.5	34,306	2,156	6.3
Foreign offices	31,481	1,830	5.8	29,001	1,982	6.8
	71,932	4,073	5.7	63,307	4,138	6.5
Allowance for loan losses	(442)			(415)		
Non interest earning assets (2)	11,655			11,024		
Total Assets	83,145	4,073	4.9	73,916	4,138	5.6
Percentage of assets applicable to foreign activities	39.30%			40.49%		

AVERAGE BALANCE SHEET AND INTEREST RATES (continued)

	Year Ended 31-3-2002			Year Ended 31-3-2001 (restated)		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits by banks						
Domestic offices	10,311	438	4.2	10,640	607	5.7
Foreign offices	1,225	52	4.2	1,491	85	5.7
Customer accounts						
Demand deposits						
Domestic offices	11,617	283	2.4	8,231	203	2.5
Foreign offices	9,692	392	4.0	8,014	435	5.4
Term deposits						
Domestic offices	5,532	167	3.0	6,522	196	3.0
Foreign offices	12,101	587	4.9	12,042	704	5.8
Other deposits						
Domestic offices	1,637	96	5.9	614	44	7.2
Foreign offices	32	2	5.0	41	3	6.2
Interest bearing current accounts						
Domestic offices	643	13	2.0	488	14	2.9
Foreign offices	1,604	50	3.1	1,360	49	3.6
Debt securities in issue						
Domestic offices	2,972	131	4.4	1,633	102	6.2
Foreign offices	2,315	113	4.9	2,022	126	6.2
Subordinated liabilities						
Domestic offices	1,589	81	5.1	1,479	111	7.5
Foreign offices	894	73	8.2	426	36	8.5
Total interest bearing liabilities						
Domestic offices	34,301	1,209	3.5	29,607	1,277	4.3
Foreign offices	27,863	1,269	4.6	25,396	1,438	5.7
	62,164	2,478	4.0	55,003	2,715	4.9
Non interest bearing liabilities						
Current accounts	5,785			4,655		
Other non interest bearing liabilities (2)	11,153			10,646		
Stockholders equity including non equity interests	4,043			3,612		
Total liabilities and stockholders' equity	83,145	2,478	3.0	73,916	2,715	3.7
Percentage of liabilities applicable to foreign activities	39.30%			40.49%		

(1) Loans to customers include non-accrual loans and loans classified as problem loans.
(2) In accordance with Financial Reporting Standard 2, the balance sheets of the life assurance companies have been consolidated and are reflected under "Non Interest Earning Assets" and "Non Interest Bearing Liabilities".

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

(EURO, US$ & STG£)	€m	US$m[1]	Stg£m[1]
INTEREST RECEIVABLE			
Interest receivable and similar income arising from debt securities	436	380	267
Other interest receivable and similar income	3,637	3,173	2,230
INTEREST PAYABLE	2,478	2,162	1,519
NET INTEREST INCOME	1,595	1,391	978
Fees and commissions receivable	999	871	612
Fees and commissions payable	(80)	(70)	(49)
Dealing profits	65	57	40
Contribution from life assurance companies	152	133	93
Other operating income	74	65	45
TOTAL OPERATING INCOME	2,805	2,447	1,719
Administrative expenses	1,427	1,245	874
Depreciation and amortisation	155	135	95
OPERATING PROFIT BEFORE PROVISIONS	1,223	1,067	750
Provision for bad and doubtful debts	102	89	63
OPERATING PROFIT	1,121	978	687
Income from associated undertakings and joint ventures	1	1	1
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS	1,122	979	688
Group Transformation Programme	(37)	(32)	(23)
PROFIT BEFORE TAXATION	1,085	947	665
Taxation	165	144	101
PROFIT FOR THE FINANCIAL YEAR	920	803	564
Minority interests : equity	2	2	1
: non equity	6	5	4
Non-cumulative preference stock dividends	17	15	10
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS	895	781	549
Transfer to capital reserve	73	64	45
Ordinary dividends	333	290	204
PROFIT RETAINED FOR THE YEAR	489	427	300
Earnings per unit of €0.64 Ordinary Stock	89.0c	77.6c	54.6c

(1) Converted at closing exchange rates.

GROUP BALANCE SHEET AT 31 MARCH 2002

(EURO, US$ & STG£)

ASSETS	€m	US$m[1]	Stg£m[1]
Cash and balances at central banks	569	496	349
Items in the course of collection	554	483	340
Central government and other eligible bills	79	69	48
Loans and advances to banks	8,385	7,315	5,140
Loans and advances to customers	56,719	49,482	34,769
Debt securities	10,885	9,496	6,673
Equity shares	19	17	12
Own shares	27	24	17
Interests in associated undertakings	16	14	10
Interests in Joint Ventures	4	3	2
Intangible fixed assets	271	236	166
Tangible fixed assets	1,234	1,077	756
Other assets	2,317	2,021	1,420
Prepayments and accrued income	591	516	362
	81,670	71,249	50,064
Life assurance assets attributable to policyholders	5,655	4,933	3,466
	87,325	76,182	53,530

LIABILITIES	€m	US$m[1]	Stg£m[1]
Deposits by banks	12,583	10,978	7,713
Customer accounts	51,111	44,589	31,331
Debt securities in issue	6,374	5,561	3,907
Items in the course of transmission	152	133	93
Other liabilities	3,633	3,169	2,227
Accruals and deferred income	672	586	412
Provisions for liabilities and charges			
- deferred taxation	89	78	55
- other	159	139	98
Subordinated liabilities	2,524	2,202	1,547
Minority interests - equity	91	79	56
Minority interests - non equity	82	72	50
Called up capital stock	679	592	416
Stock premium account	773	674	474
Capital reserve	397	346	243
Profit and loss account	2,143	1,870	1,314
Revaluation reserve	208	181	128
Stockholders' funds including non equity interests	4,200	3,663	2,575
Life assurance liabilities attributable to policyholders	5,655	4,933	3,466
	87,325	76,182	53,530

(1) Converted at closing exchange rates.

Holders of Ordinary Stock

Stockholder profile*

	31 March 2002 % by value	31 March 2001 % by value
Ireland	17	21
Great Britain	22	25
USA	24	20
Europe/Other	13	10
Retail	24	24
	100	100

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

Analysis of stockholdings

Stockholding range - units of stock	Number of stockholdings	% of total holders	Stock held units(m)	% of total stock
Up to 500	25,075	40.9	3.6	0.4
501 to 1,000	8,540	13.9	6.4	0.6
1,001 to 5,000	17,882	29.1	42.3	4.2
5,001 to 10,000	4,588	7.5	32.6	3.2
10,001 to 50,000	4,431	7.2	90.2	9.0
50,001 to 100,000	430	0.7	29.5	2.9
100,001 to 500,000	326	0.5	66.5	6.6
over 500,000	134	0.2	736.4	73.1
	61,406	100	1007.5	100

Financial calendar

Results	Year to 31 March 2002 - announced 16 May 2002 Half year to 30 September 2002 - to be announced November 2002
Annual General Court of Proprietors	Wednesday, 10 July 2002
Dividends - Ordinary Stock	2001/2002 Final Dividend - to be declared 10 July 2002 - payable 19 July 2002 2002/2003 Interim Dividend - to be announced November 2002 - payable January 2003
Dividends - Preference Stocks	Payable in equal semi-annual instalments - 20 August 2002 - 20 February 2003

Listings

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

Registrar

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

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

Dividend Withholding Tax ('DWT')

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

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

Irish resident stockholders

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

Non-resident stockholders

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

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

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

Dividend payments 2001/2002

An Interim Dividend of 11.6 cent was paid in respect of each unit of Ordinary Stock on 8 January 2002.

A Final Dividend of 21.4 cent is proposed in respect of each unit of Ordinary Stock payable on or after 19 July 2002.

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

Payments of dividends directly to your account
Stockholders who wish to have their dividends paid direct to a bank or building society account by electronic funds transfer, should contact the Bank's Registrar (see page 107) to obtain the appropriate mandate form. Confirmation that such payment has been made will be sent to the stockholder's registered address under this arrangement.

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

Holders of American Depositary Shares

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

The Bank of New York,
Investor Relations,
P.O. Box 11258,
Church Street Station,
New York,
NY 10286 - 1258,
USA.
Telephone: Toll Free Number (U.S. Residents): 1-888269-2377
International: +1-610-312-5315

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

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

Form 20-F

The Form 20-F for year ended 31 March 2002 will be filed with the Securities and Exchange Commission, Washington DC and when filed, copies will be available to download from the Bank's website (see below) or on application to the Group Secretary.

CREST

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

Stockholder enquiries

All enquiries concerning stockholdings should be addressed to the Bank's Registrar (see page 107).

Amalgamating your stockholdings

If you have received more than one copy of this Report & Accounts, it may be because the Bank has more than one record of stockholdings in your name. To ensure that you do not receive duplicate mailing in future, you can have all your stockholdings amalgamated into one account by contacting the Bank's Registrar (see page 107).

Internet address

Further information about the Bank of Ireland Group can be obtained from the internet at

www.bankofireland.ie

REPUBLIC OF IRELAND

Group Head Office

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

Group Senior Management
Group Chief Executive: Michael D Soden
Chief Executive Retail Businesses: John G Collins
Chief Executive Asset & Wealth Management Services: William R Cotter
Chief Executive Retail Financial Services ROI: Des Crowley
Chief Information Officer: Cyril Dunne
Chief Executive Wholesale Financial Services: Brian J Goggin
Group Chief Development Officer: Roy Keenan
Group Chief Financial Officer: John P O'Donovan
Chief Executive Financial Services UK: Jeff Warren

Group Secretary: Terence H Forsyth
Head of Group Corporate Communications: David Holden
Head of Group Investor Relations: Mary King
Group Legal Advisor: Finbarr Murphy

RETAIL FINANCIAL SERVICES – ROI

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

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

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

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

RETAIL BUSINESSES

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

Life Assurance
BANK OF IRELAND LIFE HOLDINGS PLC
Bank of Ireland Life
Grattan House, Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: + 353 1 703 9500, Fax: + 353 1 622 0811

New Ireland Assurance Company plc
11/12 Dawson Street, Dublin 2
Tel: + 353 1 617 2000, Fax: + 353 1 617 2800
Email: info@bankofirelandlife.ie
Website: www.bankofirelandlife.ie
Managing Director: Brian Forrester

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

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

CONSUMER LENDING BUSINESS
33/35 Nassau Street, Dublin 2
Tel: +353 1 679 8433 and 1850 251 251
Fax: +353 1 679 5351
Email: boics@boimail.com
Website: www.boi.ie/cards
General Manager: Tom Comerford

WHOLESALE FINANCIAL SERVICES

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

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

International and Structured Finance
BANK OF IRELAND INTERNATIONAL FINANCE LTD
PO Box 3267, La Touche House
International Financial Services Centre
Custom House Docks, Dublin 1
Tel: +353 1 670 1400, Fax: 01 829 0129
Managing Director: Ronan M Murphy

BANK OF IRELAND TREASURY & INTERNATIONAL BANKING
Colvill House
Talbot Street
Dublin 1
Tel: +353 1 6700600, Fax: +353 1 6700555
Email: info@boitib.com
Website: www.boilink.com
Chief Executive: Denis Donovan

Corporate Finance
IBI CORPORATE FINANCE LTD
26 Fitzwilliam Place, Dublin 2
Tel: +353 1 6616633, Fax: +353 1 6616821
Website: www.ibicf.ie
Managing Director: Peter Crowley

Stockbroking

DAVY STOCKBROKERS
Davy House,
49 Dawson Street, Dublin 2
Tel: +353 1 679 7788, Fax: +353 1 671 2704
Email: davy@davy.ie
Website: www.davy.ie
Chairman: *J Brian Davy*

Retail Foreign Exchange
FIRST RATE ENTERPRISES LTD
4 Customs House Plaza, Harbourmaster Place
International Financial Services Centre, Dublin 1
Tel: +353 1 8290333, Fax: +353 1 8290368
Managing Director: Garrett Stokes

International Consultancy
BANK OF IRELAND INTERNATIONAL SERVICES LTD
4 Customs House Plaza, Harbourmaster Place,
International Financial Servcies Centre, Dublin 1
Tel: +353 1 829 0066, Fax: +353 1 670 0662
Email: info@biss.boi.ie
Website: www.boi.ie/biss
Managing Director: Des Smyth

BANK OF IRELAND PRIVATE BANKING LTD
35 Fitzwilliam Square, Dublin 2

Tel: +353 1 631 1400, Fax: +353 1 676 5659
Website: www.privatebanking.ie
Managing Director: **Mark Cunningham**

ASSET & WEALTH MANAGEMENT

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

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

BRITAIN

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

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

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

UK FINANCIAL SERVICES

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

Business Units

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

BANK OF IRELAND UK PERSONAL LENDING
P O Box 27
One Temple Quay
Bristol, BS99 7AX
Tel: + 44 117 979 2222, Fax: + 44 117 929 3787
Website: www.bristol-west.co.uk & www.bim-online.com
Managing Director: Richard Brown

CHASE DE VERE INVESTMENTS
2 Queen Square
Bath, BA1 2HD
Tel: + 44 1225 469371, Fax: + 44 1225 445744
Website: www.chasedevere.co.uk
Managing Director: Nigel Mitchell

MX FINANCIAL SOLUTIONS
P O Box 442
66 Queen Street
Bristol, BS99 1SR
Tel: + 44 117 943 7600, Fax: + 44 117 943 7665
Website: www.mxfs.co.uk
Managing Director: Mark Bogard

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

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

UNITED STATES

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

California
BANK OF IRELAND ASSET MANAGEMENT (U.S.) LTD
MGM Plaza, 2425 Colorado Avenue, Suite 212
Santa Monica, CA 90404
Tel: + 1 310 829 3848, Fax: + 1 310 829 4840
Email: us@biam.boi.ie
Vice President & Head of Client Services: Daniel Anderson

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

AUSTRALIA

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

CANADA

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

JERSEY

BANK OF IRELAND ASSET MANAGEMENT (JERSEY) LTD
Bank of Ireland House,
Francis Street, St Helier, Jersey, JE2 4QE,
Channel Islands
Tel: + 44 1534 638680, Fax: + 44 1534 630999
Email: jersey@biam.boi.ie
Managing Director: Tim Phelan

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

BANK OF IRELAND TRUST COMPANY (JERSEY) LTD
Bank of Ireland House, PO Box 416
Francis Street, St Helier, Jersey, JE4 9WD,
Channel Islands
Tel: + 44 1534 638660, Fax: + 44 1534 733442
Managing Director: Brian Balleine

GERMANY

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

BANK OF IRELAND ASSET MANAGEMENT LTD
Hochstrasse 29, 60313 Frankfurt am Main, Frankfurt
Tel: + 49 69 913 02310, Fax: + 49 69 913 02320
Email: europe@biam.boi.ie
General Manager – Continental Europe: Kevin Duffy

JAPAN

BANK OF IRELAND ASSET MANAGEMENT (JAPAN) LTD
Level 6
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2-14-3 Nagatacho
Chiyoda-Ku
Tokyo 100-0014 JAPAN
Tel: + 813 3539 3180, Fax: + 813 3539 3182
Email: japan@biam.boi.ie
President: Kikuo Kuroiwa

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