Bank of Ireland Group

Report and Accounts

for the year ended 31 March 2001

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Bank of Ireland
Group

THE COURT OF DIRECTOR'S

Top Row,
Left to right

Bottom Row,
Left to right

Laurence G Crowley ## OO
Governor

Appointed to the Court in 1990 and Deputy Governor from 1995 to 1997. Appointed Governor following the 2000 Annual General Court. Director of Elan Corporation plc and a number of other companies and Chairman of PJ Carroll and Co. Ltd. Former Executive Chairman of the Michael Smurfit Graduate School of Business at University College, Dublin. (Age 64)

Mary P Redmond # ∆
Deputy Governor

Appointed to the Court in 1994. Appointed Deputy Governor in September 2000. A partner in Arthur Cox, Solicitors and in this capacity acts for 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 50)

Maurice A Keane
Group Chief Executive

Joined the Bank in 1958. Appointed an Assistant General Manager in 1973 and General Manager Financial Control in 1978. Appointed to the Court as a Managing Director in 1983. Appointed Deputy Group Chief Executive in March 1991 and Group Chief Executive in February 1998. Director of Bristol & West plc. (Age 60)

Paul M D'Alton
Group Chief Financial Officer

Joined the Bank in 1991 as Group Chief Financial Officer. Appointed to the Court in 2000. Formerly Chief Executive – Finance, Aer Lingus Group plc. A Fellow of the Institute of Chartered Accountants in Ireland. (Age 49)

Brian J Goggin
Chief Executive Corporate & Treasury

Joined the Bank in 1969. Served in a variety of senior management positions in the United States, Britain and Ireland. He has been in his current position since 1996. Appointed to the Court in 2000. (Age 49)

Lord Armstrong of Ilminster, GCB CVO +

Appointed to the Court in 1997. Chairman of Forensic Investigative Associates plc and Director (formerly Chairman) of 3i Bioscience Investment Trust plc. A Director of The Bristol & West Building Society (now Bristol & West plc) from 1988 until his retirement in December 1997 and its Chairman from 1993 to 1997. (Age 74)

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 the Bank of Ireland. (Age 57)

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, a Director of DCC plc and Ivernia West plc. (Age 66)

Top Row, Left to right

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 55)

Donal J Geaney +

Appointed to the Court in September 2000. Chairman and Chief Executive of Elan Corporation plc and Chairman of the Irish Aviation Authority. (Age 50)

Caroline Marland

Appointed to the Court in April 2001. Director of Potential Squared Ltd. Former Managing Director of Guardian Newspapers and a member of the main board of directors of the Institute of Directors and the Newspaper Panel of the Competition Commission in the UK. (Age 55)

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 as well as 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 48)

Bottom Row, Left to right

Raymond Mac Sharry + Δ

Appointed to the Court in 1993. A former EU Commissioner for Agriculture, Chairman of eircom plc, Green Property plc, London City Airport Ltd and Coillte Teoranta. A Director of Jefferson Smurfit Group plc and Ryanair Holdings plc. (Age 63)

Patrick J A Molloy

Appointed to the Court in 1983 as an Executive Director. Group Chief Executive from 1991 until he retired from that position in January 1998, remaining as a Non-Executive Director. Chairman of CRH plc, Bristol & West plc and Enterprise Ireland. A director of eircom plc. (Age 63)

Denis O'Brien Δ

Appointed to the Court in April 2000. Former Chairman of ESAT Telecom Group plc. A Director of Oakhill plc and a number of other companies. (Age 43)

*	Senior Independant Director
++	Chairman of the Group Audit Committee
+	Member of the Group Audit Committee
##	Chairman of the Group Remuneration Committee
#	Member of the Group Remuneration Committee
00	Chairman of the Group Nomination Committee
Δ	Member of the Group Nomination Committee

Laurence G Crowley Governor

The period covered by this Report is the eight consecutive year in which the Group has achieved a return on shareholders' equity of more than 20%, placing us among the top performing banks.

I am pleased to report that the Group has achieved excellent financial results and that its future prospects are encouraging. The achievements of the business facilitate further enhancements in returns to our Stockholders, with an increase of 23% in the dividend and an addition of €519 million to Stockholders' Funds in the year to 31 March 2001.

ONE OF EUROPE'S BEST PERFORMING BANKS

Bank of Ireland is in the top quartile of our peer Irish, UK and European banks in terms of returns to its shareholders over periods of five and ten years. This is an achievement of which we are very proud. Return on average Stockholders' Equity, excluding exceptional items, was 24.6% - continuing the Group's eight year average of 25%.

This very consistent performance is the result of focused management, attention to the needs of our customers, adherence to clear strategies for growth - both domestically and internationally - imagination and flair in the design and delivery of our products and a sensible approach to risk. Opportunities to grow the business have been aggressively pursued, with a number of excellent, value enhancing acquisitions and strong organic growth in both domestic and international businesses. The growth achieved is measurable in the assets of the Bank, in its profitability and in its returns to you, the Stockholders. While the slowdown in economic growth in Ireland and adverse economic developments overseas may have some dampening effect, we believe that Bank of Ireland can continue to grow earnings during the current year.

MAJOR ACHIEVEMENTS IN THE DEVELOPMENT OF NEW MARKETS

It is worth recalling that, not so long ago, Bank of Ireland had only a negligible presence in the mortgage market, no presence in life assurance or pensions, no material asset management business, domestic or international and no international lending. Today, in 2001, we are the number one provider of new mortgages as well as a range of other products in the Irish market, we have a leading position in the life and pensions business, we are Ireland's largest domestic asset management business and among the top ten managers of international assets in the United States; and international lending now accounts for 60% of total corporate lending.

These levels of business growth were not achieved in a vacuum. They happened during a period of intensifying competition, fundamental changes in consumer attitudes and a revolution in the technology of product delivery. Bank of Ireland has adapted very successfully to these changes and has met every competitive challenge in its domestic market. It has developed substantial and sustainable positions in a number of niche markets outside Ireland and has equipped itself to meet future threats and opportunities with confidence.

STRONG BUSINESS FUNDAMENTALS

Quality banks are measured nowadays principally by their business mix, their asset quality, their capital strength and their operating efficiency. On each of these measures, Bank of Ireland has a very good story to tell. For a number of years, we have recognised the dangers of over-reliance on interest income and we have moved with determination – and considerable success – to develop fee generating businesses, these now provide 44% of our total income. They consume much less equity than traditional banking and, consequently, offer greatly enhanced returns.

Asset quality continues to be a critical success factor in the operation of our business. The success of our approach is reflected in the statistics on loan losses.

Our capital position is strong, considerably in excess of statutory minima and sufficient to provide flexibility as and when the Group identifies further suitable acquisitions.

Some of our businesses have acceptable efficiency levels. Those that do not, principally the more traditional banking activities, have been the focus of close attention and determined management action to improve their cost effectiveness. This has necessitated some fundamental network and operational changes, which are yielding the desired results.

ECONOMIC PROSPECTS

We are encouraged by the national and international consensus around Irish economic prospects, which accords with the assessment on which the Group's business growth forecasts are predicted. The fundamentals of the Irish economy are strong and there is considerable momentum to drive growth, albeit at lower levels, throughout the current year and beyond. We are not perturbed by the prospect of slower growth; indeed, it was clear that the rates achieved in recent years could not have been sustained indefinitely.

ECONOMIC AND MONETARY UNION

We are about to complete the most significant monetary transformation in recent history with the introduction at year end of a single currency in note and coin form across most of the European Union. This is a daunting task for banks and has involved very material investment by Bank of Ireland. Successful transition to the new currency requires cross-business and cross-community co-operation and there is much at stake for all the participants. We are particularly sensitive to the needs of our business customers who will bear much of the burden and we will work closely with them and with the authorities to ensure that the task is completed successfully.

THE COURT

As this is my first report as Governor, it is fitting that I should acknowledge the honour conferred on me by my colleagues on the Court and I thank them for their inspiration and support during the year. I believe that the Court continues to comprise an impressive and appropriate array of skills and experience developed in a range of occupations and businesses in Ireland and abroad. These skills have been invaluable in the governance and direction of the Group and have contributed significantly to the achievements that I described earlier.

During the year, two Directors of long standing retired from the Court – Margaret Downes who had served with great distinction since 1986, both as a Director and for a period as Deputy Governor, and Paddy Galvin, who joined in 1994 and who, similarly, made a very important contribution. I wish to thank them both for their many valuable insights, their loyalty to the Group and their dedication to the interests of Stockholders.

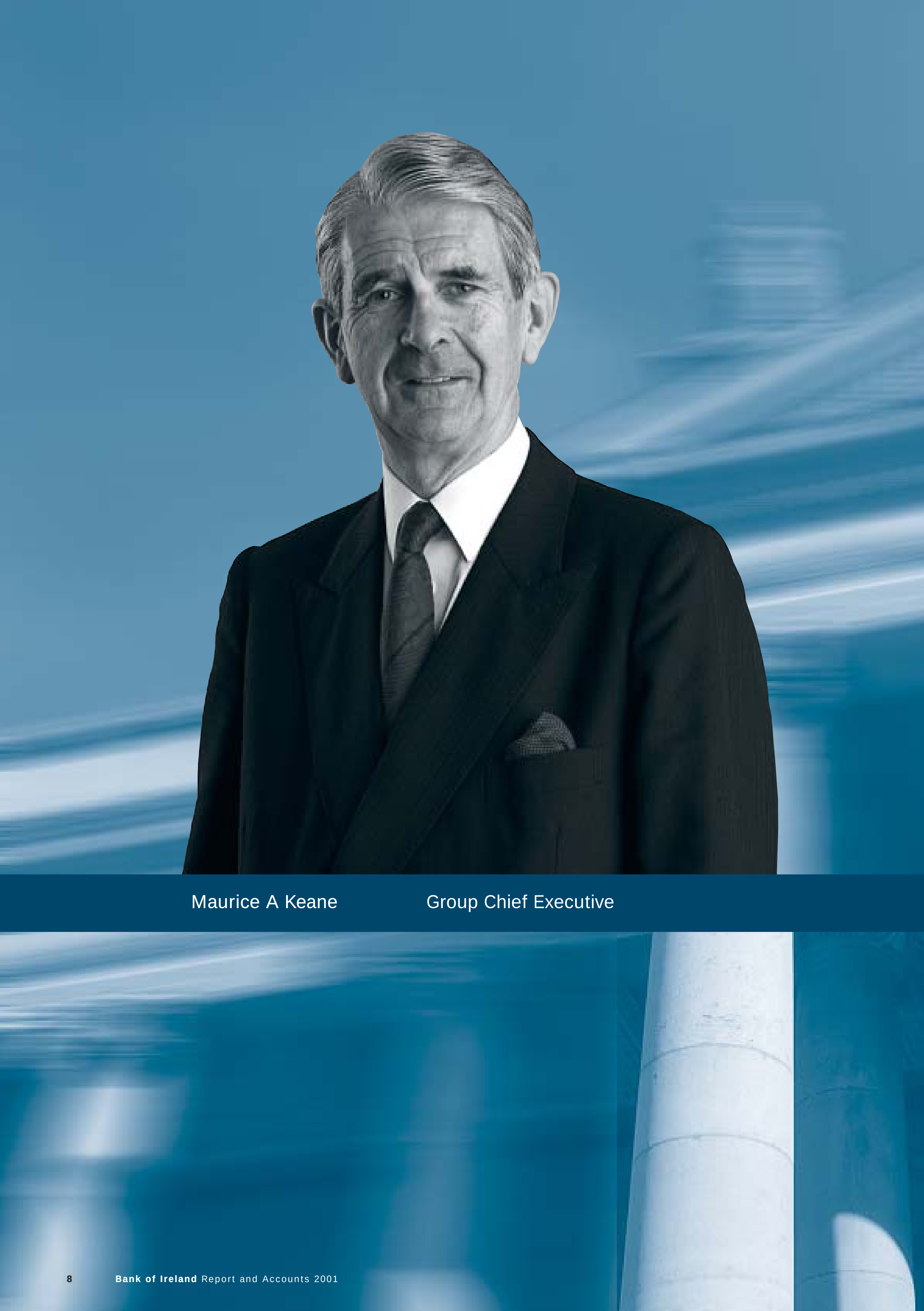
Since my appointment as Governor, three new members have joined the Court. Donal Geaney is the Chairman and Chief Executive of Elan Corporation plc, Caroline Marland is a former Managing Director of Guardian Newspapers and Thomas J. Moran is President and Chief Executive Officer of Mutual of America. All three bring valuable international experience to the Court.

MANAGEMENT AND STAFF

The success of the Group rests ultimately with our customers and with the 17,700 people who strive to meet their needs throughout the organisation. The culture and ethos of our staff is a matter of great pride to me and to all of the Directors. I am aware of the strong focus on integrity, and the priority placed on customer services. I have experienced the competitive spirit and the obvious pride in the traditions and success of the organisation. These are attributes of the greatest importance and are the best guarantee of future success.

Laurence G Crowley

Laurence G Crowley
Governor



Maurice A Keane Group Chief Executive

These are very strong results. In our key businesses, we have delivered new business flows frequently exceeding general market growth.

Bank of Ireland Group reports profit on ordinary activities before tax and exceptional items of €1,088m for the year to 31 March 2001, an increase of 18% on the previous year. Profits after tax and exceptional items increased by 6% to €764m. Alternative earnings per share excluding exceptional items, at 83.1 cents, increased by 22%.

The second half result was considerably ahead of the second half of last year, but somewhat below the first half of this year. The weakness in equity markets impacted on the Group's asset management business and some anticipated slowing in customer activity was evident compared to the first half of the year.

Return on average Stockholders' Equity, excluding exceptional items, was 24.6% - continuing the Group's eight year average of 25% – generating shareholder value added of €508m, an increase of 20% over the previous year.

ROE growth is greatly assisted by the growing proportion of Group earnings that are fee based. For example, some 26% of Group Profit before Taxation is now generated by Life & Pensions and Asset & Wealth Management, business segments that were developed in relatively recent years.

These are very strong results. In our key businesses, we have delivered new business flows frequently exceeding general market growth. This has been achieved while implementing an extensive transformation programme that has included management re-organisation, re-grouping of some businesses and the re-focusing of others in response to changing market conditions. The Group has demonstrated its capacity to take full advantage of market opportunities while positioning itself competitively for future growth.

The ability of the Group to achieve strong sales growth in the face of intensifying competition is underscored by continuing innovation in both product design and delivery. The quality of our e-commerce offerings is now widely recognised and our industry-leading e-platform for business is achieving considerable success. This facility gives Bank of Ireland an important competitive advantage in business banking markets and it has received an enthusiastic response from business customers, both in Ireland and the United Kingdom.

Our telephone banking model has expanded rapidly, with a much extended product and service offering.

The Group continues to benefit from the strength of the economy in Ireland where it has gained market share in profitable segments. Significant growth has been achieved in both lending and resources, while maintaining high asset quality standards. Margins in retail banking in Ireland have remained broadly stable year on year. The rate of economic growth in Ireland is slowing to more sustainable levels, partly as a result of external economic forces, as well as the impact of domestic inflation, which has been higher than the European average for some time. Unforeseen events, such as the consequences in the wider economy of foot and mouth disease, may reduce growth further during the current year. However, the economy will continue to expand at rates substantially in excess of EU and OECD averages and Ireland is confidently forecast to remain among the top performing European economies for the foreseeable future.

In the United Kingdom, steady diversification of income streams is being achieved by Bristol & West through the successful evolution of its businesses into more specialised product segments, delivering higher returns. The Bank branch network continues to deliver good organic growth from successful exploitation of targeted business areas.

The international businesses have made further strong progress. The Group's presence in niche international financing has been prudently expanded and the asset management business has achieved further development milestones in its markets. Total assets under management have reduced by approximately €2 billion as a result of stock market weakness.

Income growth has significantly outstripped cost growth in the established businesses, reflecting continued success and demonstrable progress in restraining costs in certain businesses. The Group is investing substantially in future revenue opportunities, especially outside Ireland, and this is reflected in the headline cost figure for the year. The total cost increase of 19% (16% in constant currency) includes the impact of the MoneyeXtra and Chase de Vere acquisitions in the UK, and costs associated with substantial volume increases in internationally-focused businesses. The cost increase in established businesses was 8%. The Group's continuing strong focus on cost management resulted in cost and headcount savings in branch banking, and in Head Office, and efficiencies in Group purchasing. While the Group Transformation Programme involves realisation costs, the payback is very attractive and fully justifies the investment. The Group will achieve in full the cost reductions targeted in the programme.

The Group Cost/Income Ratio was marginally lower than last year at 54.2%.

Credit quality remains excellent and Group income is well insulated from sectoral difficulties or the possible impact of economic slowdown, both by the strong credit culture that permeates all Group businesses and our prudent provisioning policy. The Bank is satisfied with the quality of its overall exposure to the technology, media and telecommunications sectors. Exposure to companies involved in the acquisition of third-generation telecoms licenses is minimal. The loan loss charge was 15 basis points of total loans while balances under provision reduced from €355m to €315m.

Group total operating income increased by 19% to €2,540m, of which net interest income was €1,426m and other income was €1,114m, 15% and 24% respectively ahead of last year. In constant currency, the growth in total operating income was 15%. The exceptionally strong growth in other income drove further improvements in the balance between the Group's two income streams. Non-interest income now accounts for 44% of the total, boosting return on equity and reducing the impact of margin fluctuation.

Principal contributors to the growth in fee income were Corporate Banking, which had an excellent year, Life and Pensions, Asset and Wealth Management Services, strong Retail volumes and the second half impact of the Chase de Vere acquisition.

Capital ratios are strong. Tier 1 ratio was 7.8% at year end and Total Capital was 12.4%. Towards the year end, €600m was raised by an issue of tax-efficient, hybrid Tier 1. The Group is well positioned to finance appropriate, value enhancing acquisitions and is actively seeking such opportunities across the spectrum of its business activities.

MANAGEMENT AND ORGANISATION

The Group has been substantially re-structured during the past year to reflect changing market demands and business flows. Retail and business banking operations in the sterling area have been amalgamated, as have Treasury and International Banking, with material efficiencies resulting. An entirely new management structure has been put in place in Retail Banking in Ireland, which is strongly customer service orientated, with back office support increasingly provided from central units. The Group's bancassurance and broker-led insurance operations are utilising a range of shared services. The principal business lines in Bristol & West now have distinct management teams to facilitate more rapid growth.

These and other changes have resulted in greater operational efficiencies and cost reductions in certain businesses, some of which have already been delivered and with more to flow through in coming years.

OUTLOOK

We anticipate continued earnings growth, despite the changing economic environment. The Irish economy will outperform EU and OECD average growth rates, but at levels which are more sustainable than those experienced in recent years. In Great Britain, the rapid transformation of our business into higher margin activities will support future earnings growth. Strong asset quality and conservative provisioning will serve to protect earnings, and we believe that the outlook for the Group is positive.

BUSINESS PERFORMANCE

	2000/01 €m	1999/00 €m
Retail Banking Republic of Ireland	290	229
Life & Pensions	131	107
Corporate & Treasury	368	280
Bristol & West	228	216
Asset and Wealth Management	147	129
Group and Central	(30)	18
Grossed-up profit on ordinary activities before exceptional items	1,134	979
Grossing Up	(46)	(59)
Profit on ordinary activities before exceptional items	1,088	920

RETAIL BANKING REPUBLIC OF IRELAND

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

Net interest income rose by 17%, a very substantial increase driven by both resources and lending growth combined with stable net interest margin. Margin decline in Ireland partially offset volume gains in previous reporting periods. The halt in margin decline is encouraging, especially given the scale of the volume gains achieved in the year under review.
Total resources increased by 16%, with particularly strong growth in credit balances.

Lending was buoyant, but without any deterioration in asset quality and the quality of the retail loan book remains exceptionally high. Mortgage lending increased by 29% and other lending by 21%. The Group's share of new mortgages increased by almost 3% to 25.7% in the latest twelve month period for which information is available and Bank of Ireland Group is now the clear leader in the new mortgage market. This gain was achieved while operating prudent lending criteria and conservative Loan to Value ratios.

Life Loan, an equity release product designed to meet the needs of older customers who may be asset rich but cash poor, was enthusiastically received and has generated considerable interest in the market. Customers above pre-determined age limits may borrow against up to 30% of the value of their principal residence, without any requirement to repay during their lifetime. Bank of Ireland was first in the market in Ireland with such a product and its introduction was a response to a clear need.

The Group's share of the resources market in Ireland increased significantly. Total savings volumes are expected to be boosted by the Government's Special Savings Investment Account scheme and Bank of Ireland has introduced a full suite of deposit and equity based products in support of the scheme.

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

The loan loss charge as a percentage of advances increased marginally, from 0.23% to 0.25%, and includes a further contribution of €8m to the non-designated specific provision. An excellent loan quality profile was maintained.

Year on year, costs increased by just 5.5%. This is a very satisfactory cost performance, especially in the context of the major growth in volumes and revenues in the businesses concerned. The Retail Transformation Programme, a subset of the Group Transformation Programme referred to earlier, has made excellent progress, evident in extensive rationalisation of delivery channels, accelerated customer migration to electronic payments, the development of shared service centres and new, flatter, management structures – all of which have resulted in manpower and cost savings. A high priority has been placed on the enhancement of the IT infrastructure, which is critical to the successful transformation of the business.

Throughout this period of change, a strong focus has been maintained on customer service, and satisfaction levels are continuously monitored and measured. We are conscious that branch closures and changes in branch services cause some inconvenience and that customers may require a period of adjustment to become accustomed to and comfortable with alternative ways of conducting business.

LIFE & PENSIONS

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

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

The table below provides an analysis of profits before tax:

	2000/01 €m	1999/00 €m
New business	45	30
Existing business	67	56
Return on shareholders' funds	13	8
Operating profit before tax	125	94
Change in discount rate	-	14
Change in tax rate	33	8
Other exceptional items	6	11
Sub total	164	127
Less: income adjustment for certain services provided by Group companies	(33)	(20)*
Profit before tax	131	107

* restated to reflect revised commission arrangements

Profits from new business increased by €15m. Life business sales of €228m increased by 33% on the prior year. Profits from existing business were ahead by €11m, driven by good operating performance.

The outlook for the business remains positive. While economic growth in Ireland is slowing, this has not been reflected in demand for life and pension products. Ireland has traditionally been under-provided in these areas and growing personal prosperity has led to increased demand. The Group is well positioned to meet this demand with a range of products and innovative delivery channels.

BRISTOL & WEST

Bristol & West made substantial progress in the implementation of its diversification strategy and this is reflected in its results, which are impacted both by earnings from acquired businesses and new business lines, offset by the investment costs associated with these developments. Excluding the amortisation of goodwill associated with the acquisition of Chase de Vere and Moneyextra, profits in constant currency were virtually unchanged from last year at Stg£144m. Profits in euro increased by 6% to €228m.

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

Mortgage lending has been moved steadily towards higher margin products, such as buy-to-let and self certification, and strong growth has been achieved in these segments without any adverse impact on credit quality. Bristol & West is increasingly seen as a specialist mortgage provider with market-leading propositions in niche areas.

In the UK, some Stg£21 billion of TESSA funds reached maturity during 2000 and the year was, as a consequence, critical for all deposit takers in the market. Bristol & West was particularly successful in attracting such funds with its TESSA-only ISA. The Bristol & West Guaranteed Equity TESSA was the top performer in the market and inflows to the Guaranteed Equity Bond have increased dramatically in the early months of 2001.

Bristol & West Online, through which customers can actively manage their savings portfolios, is showing very encouraging trends, with more than 5,000 customers registered in its first three months of operation. Savings inflows are increasing steadily through the online channel, reflecting its potential as an important source of future business.

Two acquisitions were completed during the year, both supporting the Bristol & West strategy to develop rapidly into advice-led investment services. The purchase of Chase de Vere Investments plc in September provides the Group with an excellent opportunity to extend into a strongly growing market sector, focused on high net worth customers. Its results to date are ahead of expectations. Chase de Vere is one of the leading independent financial advisers in the UK with more than Stg£1 billion placed on behalf of clients.

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

CORPORATE AND TREASURY

Corporate and Treasury delivered a very satisfactory 31% increase in profits to €368m (2000: €280m). Income increased by 25%, with particularly strong growth in non interest income, which benefited from an excellent performance in Treasury and strong fee income flows in Corporate Banking. Asset quality remains satisfactory despite the rapid growth of the business. Some of the trading gains in the second half of the year are regarded as exceptional and cannot be assumed to recur.

Costs increased by 18%, of which 5% arose from exchange rate differences. The underlying increase is modest when set against income growth of 25%.

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

A significant number of Corporate Banking customers have signed on to Business Online, which is recognised as the market leading internet payment and cash management system for business customers.

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

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

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

First Rate Enterprises had a very good year and increased its profits by 37%.

ASSET AND WEALTH MANAGEMENT

In the context of the poor stock market conditions which prevailed throughout most of the year and the sharp falls in January and February 2001, PBT growth of 14% year on year by the Asset and Wealth Management businesses is a satisfactory result. This segment of Group operations accounts for 14% of total pre-tax profits.

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

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

Profits in Bank of Ireland Private Banking were up by 46%, reflecting the enhanced range of products that it now offers and increased market penetration of the growing affluent sector in Ireland.

GROUP AND CENTRAL COSTS

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

BOIe

BOIe is now firmly established specialising in eCommerce and web-enabled solutions.

The Group's strategic positioning with respect to eCommerce, which has remained consistent from the outset, has proved to be robust, and the quality of our e-offerings is now widely recognised and acknowledged. The targets we set for both personal and business use of internet banking have been met. We are achieving encouraging levels of product sales through the web and we confidently anticipate further progress in this regard.

The Group believes that eCommerce will play an important role in the evolution of financial services and anticipates continuing investment in this dynamic aspect of the business.

EMU

The EMU transitional period ends on 31 December 2001. From that time, all of the Group's activities in the Republic of Ireland must be conducted in euro rather than in Irish pounds or other participating currencies. The Group has been preparing for this unprecedented event for a number of years. Despite the unique scale of the effort and challenge involved, the Group is confident that each of its businesses in the Republic of Ireland will have successfully completed their preparations by 1 January 2002 and will carry out the extensive conversion processes required in a timely and customer-friendly way.

In the period to 31 December, the Group will engage in comprehensive communication campaigns - with staff to ensure that they can provide as much help as possible to customers during the changeover period, and with customers to familiarise them with the conversion process and how it will impact on how they conduct their business with the Group, both during the changeover period and subsequently.

The introduction of euro notes and coin and the withdrawal of Irish pound notes and coin from 1 January 2002 will be a huge, unprecedented logistical challenge for banks as well as the other key players involved, including the retail sector and the Central Bank. Bank of Ireland will play its full part in the national effort to bring about this major change in our financial environment as smoothly and as efficiently as possible.

Revenue expenditure attributed to EMU preparations to March 2001 was €36m of which €23m was incurred in the year to March 2001. It is estimated that a further €48m will be incurred in the year to March 2002 in completing preparations. Approximately €10m of this relates to the Group's involvement in the changeover of Irish notes and coin to euro.

FINANCIAL REVIEW

The Group Profit and Loss account for the years ended 31 March 2001 and 2000 are set out below

	31 March 2001 €m	31 March 2000 €m
Net interest income	1,426	1,242
Other income	1,114	900
Total operating income	2,540	2,142
Income from associated undertakings and joint ventures	7	1
Provision for bad and doubtful debts	72	56
Operating expenses	1,387	1,167
Profit on ordinary activities before exceptional items	1,088	920
Group Transformation Programme	93	-
Profit before Taxation	995	920

ANALYSIS OF RESULTS

Net interest income increased by 15% to €1,426m during the year, supported by strong growth in lending volumes across the Group of 15% and an increase in customer accounts of 11%. On a constant currency basis, the increase in net interest income was 11%.

The Group net interest margin reduced from 2.55% to 2.31%. In the previous year, the Group margin benefited from positions taken in Treasury in advance of the introduction of the Euro. The Group net interest margin for all businesses in the Republic of Ireland reduced from 3.09% to 2.66%. While the Retail Banking margin remained relatively stable for the year, higher wholesale borrowings, together with strong volume growth in Corporate Banking and a more normal trading environment in Treasury, impacted on the margin. The foreign net interest margin reduced slightly from 1.97% to 1.90%, again reflecting higher wholesale borrowings, the funding costs of acquisitions and some slight reduction in Bristol & West.

Average Earning Assets			Net Interest Margin (including grossing up)	
31 March 2001	31 March 2000		31 March 2001	31 March 2000
€bn	€bn		%	%
34.3	26.2	Domestic	2.66	3.09
29.0	24.3	Foreign	1.90	1.97
63.3	50.5	Group	2.31	2.55

Other income increased by 24% or €214m to €1,114m. This growth is reflected across all major businesses, with high levels of fee income in Corporate Banking, and Asset and Wealth Management, customer driven volumes in Treasury, and in sales of Group products in Retail Banking that were ahead of last year. The second half benefited by €29m from the inclusion of Chase de Vere for the full six months.

Asset quality remains excellent. The provision for bad and doubtful debts increased to €72m, representing a charge of 0.15% of average loans. Balances under provision reduced further from €355m to €315m for the year under review representing a coverage ratio of 137%. The total general provision is €307m (2000: €283) and includes a non - designated specific element of €147m (2000: €142m).

Total operating expenses increased by €220m or 19% and includes goodwill amortisation of €7m for acquisitions completed in the UK during the year (Chase de Vere and Moneyextra). The Group's cost income ratio, excluding goodwill amortisation, of 54.2% has improved slightly over the corresponding period last year.

The increase in operating expenses is attributable to a number of factors, mainly the impact of the Moneyextra and Chase de Vere acquisitions of €50m, the strengthening of Sterling against the Euro of €34m, substantial volume increases in internationally-focused businesses such as asset management and international lending of €127m.

The table below breaks out Group operating expenses into six major categories:

	31 March 2001 €m	31 March 2000 €m
Investment Costs	20	-
Internationally-focused businesses	127	94
Established businesses	1,133	1,050
Acquisitions/Divestments	50	13
Euro/Y2K implementation costs	23	10
Exchange rate variance	34	-
	1,387	1,167

The cost increase in the longer established businesses was 8% reflecting normal salary increments and growing business volumes.

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

The effective tax rate, excluding the Deposit Interest Retention Tax settlement, has fallen to 20%, mainly as a result of the reduction in the rate of Irish Corporation Tax.

The Group Balance Sheet has increased by €10.9 billion to €78.9 billion at 31 March 2001, an increase of 16%.

Total stockholder funds stand at €3.8bn and total capital includes the additional Hybrid Tier 1 and other capital raised at the latter end of the year. The Group capital ratios are strong at 7.8% and 12.4% for Tier 1 and total respectively. The equity assets ratio was 4.3% at the year end.

The Return on Stockholders' Equity, excluding the exceptional items, was 24.6% for the year, reflecting continued shareholder value added. Return on average assets was 1.1% for the year.

DIVIDEND

The Directors have recommended a Final Dividend of 19.6 cents. No tax credit is associated with this dividend in accordance with the change in tax treatment of distributions from Irish resident corporations introduced from 6 April 1999. The recommended Final Dividend, together with the Interim Dividend of 9.40 cents paid in January 2001, results in a total of 29 cents for the year ended 31 March 2001, an increase of 23% on the previous year.

The Bank operates a progressive dividend policy based on medium term prospects rather than earnings in any particular year. Dividend cover remains at 2.9 times. Future dividend increases are facilitated by the extent of cover and the Bank's capacity to reduce the dividend cover further.

The introduction in 1999 of Dividend Withholding Tax ("DWT") means that, with certain exceptions, distributions from Irish Resident Corporations are subject to DWT, (currently at a rate of 20%). It is the residual amount of the dividend (i.e. after deduction of DWT, where applicable) which may be taken in the form of new units of stock under the Stock Alternative Scheme. (Some Irish entities and Stockholders resident in countries other than Ireland may be eligible to claim exemption from DWT and have been advised accordingly). The Directors have decided that the Stock Alternative Scheme will be offered to Stockholders in respect of this dividend. Invitations to participate in the Scheme, under which new units of Ordinary Stock may be obtained in lieu of all or part of the cash dividend, will be posted on Tuesday 5 June 2001 to those Stockholders who have not already joined the Scheme. Those wishing to avail of this offer must complete and return the appropriate form to the Bank's Registrars by Monday 2 July 2001.

The Final Dividend will be paid on or after Friday 13 July 2001 to Stockholders who are registered as holding Ordinary Stock at the close of business on Friday 18 May 2001 and who have not previously elected to avail of the Stock Alternative Scheme.

The Annual Report and Accounts and the Notice of the Annual General Court of Proprietors will be posted to Stockholders on Tuesday 5 June 2001 and the Annual General Court will be held on Wednesday 4 July 2001.

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, operational risk and liquidity 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 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. The structure of risk, financial and operational controls is 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 liquidity, credit and market 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 39 and accounting policy on page 51.

It is recognised that certain forms of derivatives can introduce risks which are difficult to measure and control. For this reason, it is Group policy to place clear boundaries on the nature and extent of its participation in derivatives markets and to apply the industry and regulatory standards to all aspects of its derivatives activities.

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

Nature of Derivatives Instruments

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

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

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

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

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

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

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

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

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

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

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

CREDIT RISK

The Bank is continuing to enhance its credit risk management systems and processes in line with best industry practice in loan rating/credit risk modelling, economic capital allocation, loan pricing and strategic loan portfolio management, including identification and control of concentration risk.

A number of elements of this enhanced system are now in place for the Bank's larger business lending. These include: a risk rating system which is actuarially based, reflects the Bank's historical loan loss record and industry wide loss experience and is consistent with rating agency scales; streamlining of the Bank's credit processes to more cost effectively focus senior management attention on the basis of inherent risk; enhanced systems for economic capital allocation, Risk Adjusted Return on Capital ("RAROC") measurement, loan pricing and customer profitability measurement which replace the previous ROE approach and enhance the ability of business relationship managers to structure loans, negotiate with customers and more effectively price for risk. These initiatives will position the Bank for ongoing prudent loan growth and to meet the expected requirements of the Basle II Accord on regulatory capital reform.

The final stage in this process – integrating the previous stages into a full loan portfolio management system – is now underway. This will allow more precise identification and control of credit risk concentrations and guide strategic decisions on loan portfolio composition and overall capital allocation.

Discretionary Authorities

The Bank of Ireland Group has a credit risk management system which operates through a hierarchy of exposure discretions. All exposures above a certain level require the approval of the Group Credit Committee, which is comprised of senior executives some of whom are Executive Directors and which is empowered to decide on matters of credit policy within overall credit policy approved by the Court. Exposures below Group Credit Committee's discretion are approved according to a system of tiered exposure discretions.

Individual lending officers are allocated discretionary limits according to credit competence, proven judgement and experience. The discretionary limits exercisable by lending officers 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 the central Group Credit Control Department for independent assessment and subsequent adjudication by the appropriate discretionary authorities including Heads of Divisions, Senior Executives and the Group Credit Committee.

Credit Policy

The core values and main procedures governing the provision of credit are laid down in a Group Credit Policy document. This has been approved by Group Credit Committee and the Court of Directors. This is supplemented by individual Unit Credit Policies which are in place for each Unit involved in lending. These 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. Clear procedures for the approval and monitoring of exceptions to policy are contained in each Unit Credit Policy.

Each Unit Credit Policy is approved by Group Credit Committee and is subject to regular review with material changes requiring Group Credit Committee approval.

In a number of cases these Unit Credit Policies are supplemented by Sectoral Credit Policies. These policies are reviewed regularly and material changes are approved by Group Credit Committee. Lending caps are imposed when it is considered appropriate to limit exposure to certain industry sectors.

In the case of branch banking, a number of Sectoral Guidelines have been developed setting out the key factors to be taken into account in lending decisions - the structure of the industry, the nature of the companies involved, the typical financial structure of companies in the industry - and providing guidance on the structuring of credit facilities to companies in the industry.

An independent function, Group Credit Review ("GCR"), reviews the quality and management of risk assets across the Group. GCR normally reviews a sample of lending in all units at least annually and provides comment on the quality and adequacy of overall credit management standards, credit analysis, grade management and accuracy, compliance with credit policy and other control procedures. The Group Credit Committee also reviews risk asset quality on a quarterly basis.

Credit Grading/Assessment

The quality of all Group lending is monitored and measured using a grading system, the objectives of which are to guide the selection and pricing of larger business loans, to provide an accurate measure of the underlying quality of the Group's loan portfolio, to facilitate early identification of a deterioration in quality and to enable management to focus on problem loans as soon as weaknesses begin to emerge.

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 may be taken, the types of financial instruments which may 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 and receives a quarterly report of compliance with these 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 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 is defined to consist of Treasury's mark to market interest rate and foreign exchange books, as well as risk positions arising from J&E Davy's normal market making and broking activities in securities and equities.

In the case of interest rate markets in the year ended 31 March 2001, risk arose predominantly from transactions in securities, interest rate swaps and interest rate futures. Positions in forward foreign exchange, FRAs, interest rate caps and options on futures also contributed to risk from time to time.

Trading Book risk is measured on a consistent basis across different activities. A Value at Risk (VaR) approach is used to measure risk and set limits. VaR provides an estimate of the potential mark to market loss on a set of exposures over a specified time horizon at a defined level of statistical confidence.

In the Group's case, the horizon is 1 day and the confidence level is 97.5%. This implies that on any given day, VaR provides an estimate of potential mark to market loss which has no more than a 2.5% probability of being exceeded.

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

The Group uses a variety of back tests 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 2001, the Group's average Trading Book VaR calculated weekly amounted to €1.8m. Its lowest Trading Book VaR was €0.8m and its peak was €3.2m. At 31 March 2001, Trading Book VaR was €1.7m.

Interest rate risk in Treasury was the predominant source of Trading Book VaR. The average VaR for this component of risk in the year ended 31 March 2001 was €1.2m.

BANKING BOOK

Interest Rate Risk

The Group's banking book consist of its retail and corporate deposit and loan books, as well as Treasury's interbank cash books and the 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's non trading books and is also used in Bristol & West, although these 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 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, the Group's exposure to a parallel upward shift in the euro and sterling yield curves was €8.0m (2000: €6.0m) and €21.9m (2000: €20.3m) respectively.

The table in Note 40 to the Accounts (page 88) provides an indication of the repricing mismatch in the Non Trading Books at 31 March 2001.

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 2001, the Group's structural foreign exchange position was as follows:

	31 March 2001 €m	31 March 2000 €m
GBP	2,158	1,853
USD	112	77
Total structural FX position	2,270	1,930

The positions indicate that a 10% change in the value of the euro against all other currencies at 31 March would result in an amount taken to or from reserves of €227m (2000: €193m).

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

The Group may choose to hedge all or part of its overseas earnings in a particular year, thereby fixing a translation rate for the amount hedged. In the year ended 31 March 2001, the Group sold forward Stg£162m (2000: Stg£80m) at an average exchange rate of 0.61445 (2000: 0.7273) against the euro and US$10m at an average rate of 0.9962 against the euro.

LIQUIDITY RISK

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

Limits on potential cashflow mismatches over defined time horizons 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. The 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 Basle Committee on Banking Supervision defines operational risk as "the risk that deficiencies in information systems or internal controls will result in unexpected loss". 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.

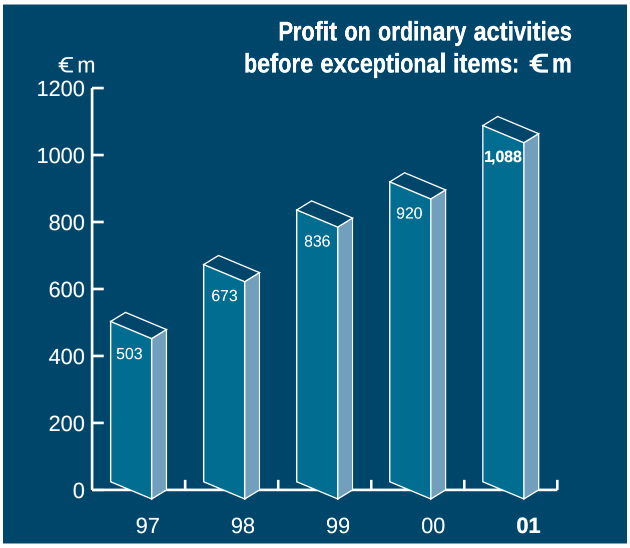
Maurice Keane

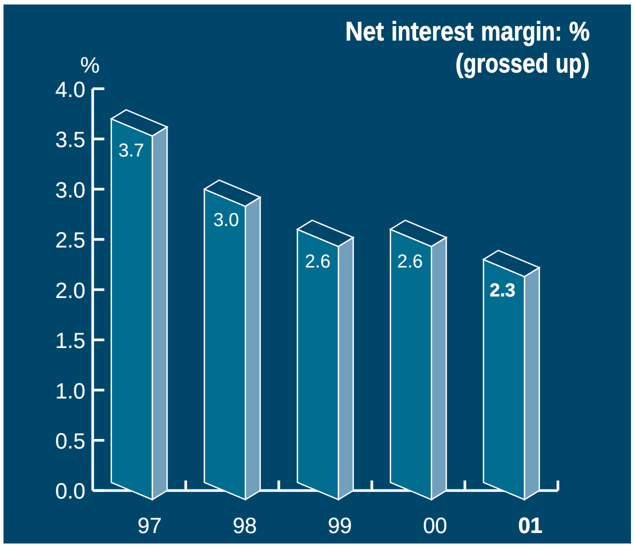
Maurice A Keane
Group Chief Executive

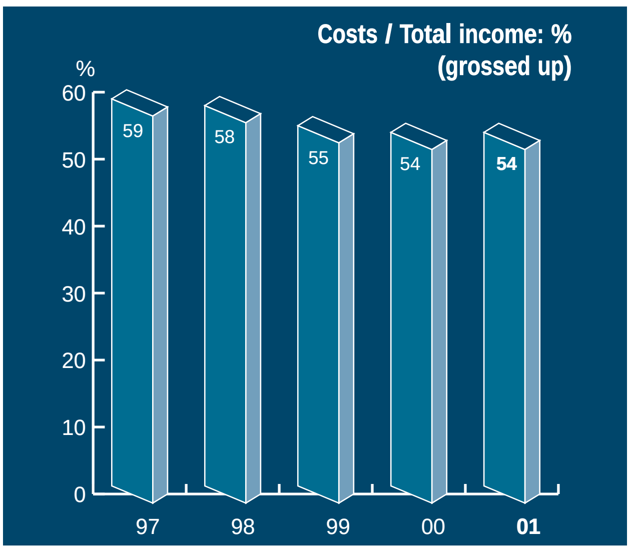
FIVE YEAR FINANCIAL SUMMARY

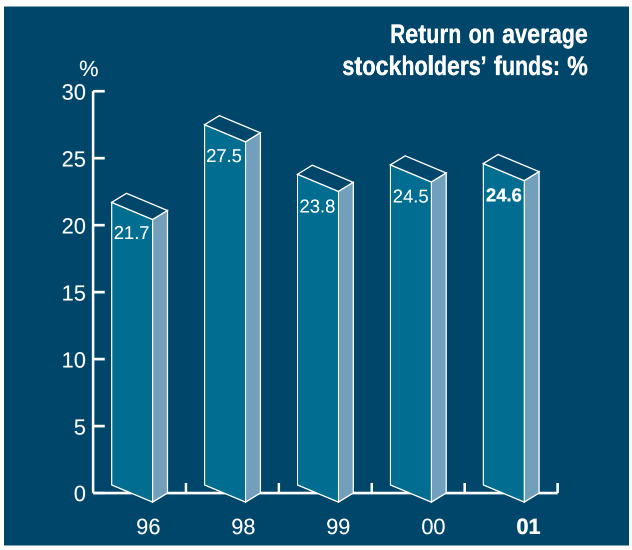
	Year Ended 31 March				
	1997	1998	1999	2000	2001
	€m	€m	€m	€m	€m
PROFIT AND LOSS ACCOUNTS					
Profit on ordinary activities before exceptional items	503	673	836	920	1,088
Profit on ordinary activities before taxation	503	673	1,054	920	995
Profit on ordinary activities after taxation	339	476	801	724	799
Earnings per unit of €0.64 Ordinary Stock (1)	33.0c	45.0c	74.5c	68.0c	72.8c
Alternative Earnings per unit of €0.64 Ordinary Stock (1) (2)	-	-	54.3c	-	83.1c
Dividends per unit of €0.64 Ordinary Stock (net) (1)	11.27c	14.6c	18.41c	23.5c	29.0c
BALANCE SHEETS					
Minority interests - equity	3	4	3	5	5
- non equity	-	81	79	87	81
Outside Interests - non equity	-	-	-	-	593
Subordinated liabilities	912	1,455	1,389	1,866	1,917
Total stockholders' funds	1,792	2,007	2,854	3,279	3,798
Assets	24,976	50,322	54,314	68,017	78,875
OPERATING RATIOS	%	%	%	%	%
Net interest margin (grossed-up) (4)	3.7	3.0	2.6	2.6	2.3
Other income / average earning assets (4)	1.9	1.8	1.8	1.8	1.8
Costs / total income (grossed-up) (4)	59	58	55	54	54
Return on average total assets (3)	1.3	1.2	1.1	1.2	1.1
Return on average stockholders' funds (3)	21.7	27.5	23.8	24.5	24.6
ASSET QUALITY					
Loan loss provisions / loans (4)	1.5	1.1	1.0	0.9	0.8
Annual provisions / average loans (4)	0.2	0.2	0.2	0.1	0.2
CAPITAL ADEQUACY RATIOS					
Tier 1 capital	11.0	7.2	9.0	7.4	7.8
Total capital	16.3	11.3	13.0	11.8	12.4

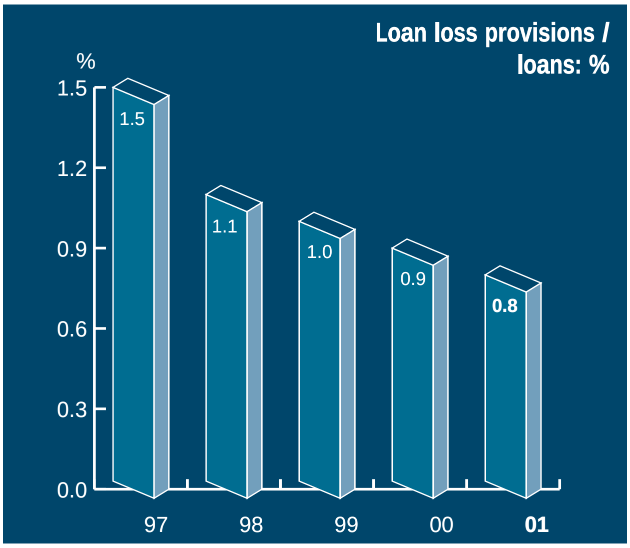
(1) Ratios have been restated as the capital stock was redenominated into two units of ordinary stock.
(2) Based on profit attributable to ordinary stockholders before exceptional items.
(3) Ratios for 1999 and 2001 are based on the profit attributable to ordinary stockholders before exceptional items.
(4) Ratios have been restated to exclude the effect of First NH Banks.

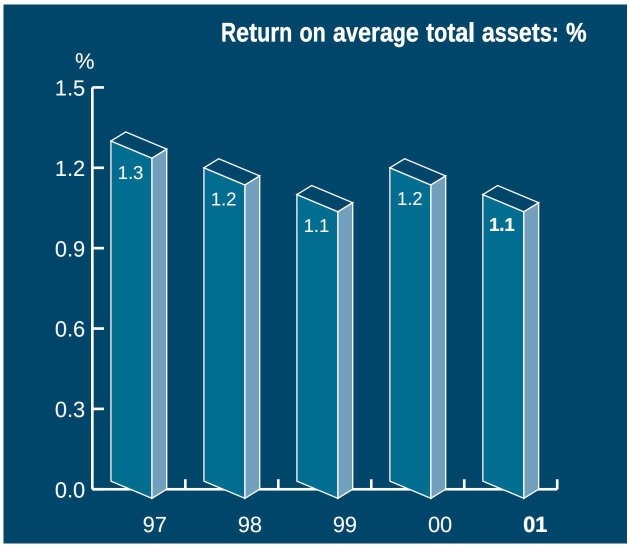

Profit on ordinary activities before exceptional items: € m
€ m
1200
1000
800
600
400
200
0
503
673
836
920
1,088
97
98
99
00
01

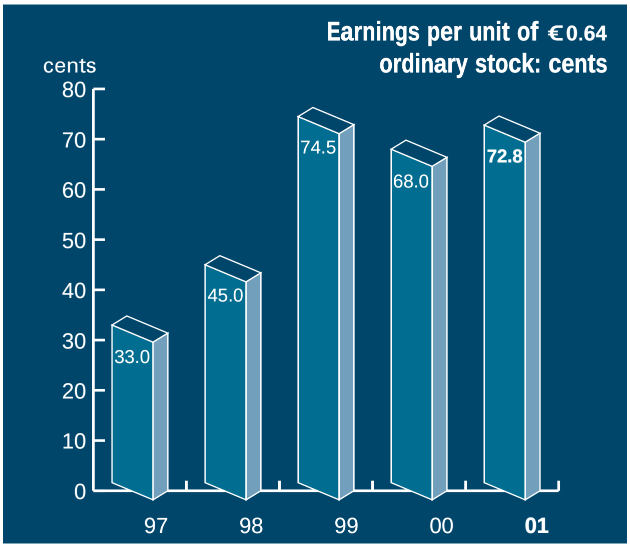

Net interest margin: % (grossed up)
%
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
3.7
3.0
2.6
2.6
2.3
97
98
99
00
01

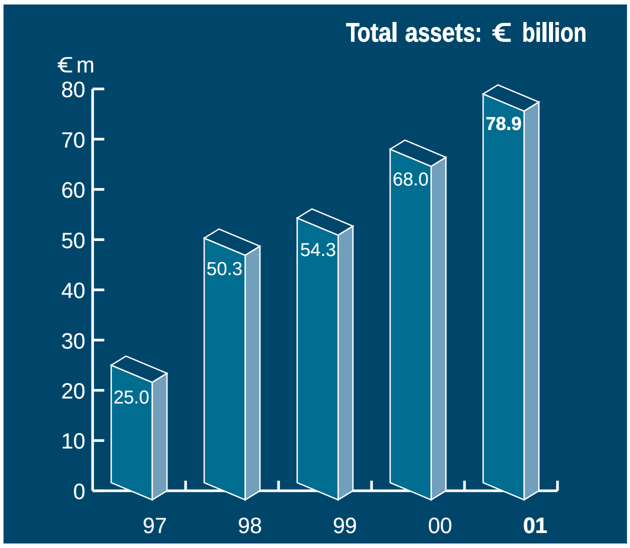

Costs / Total income: % (grossed up)
%
60
50
40
30
20
10
0
59
58
55
54
54
97
98
99
00
01

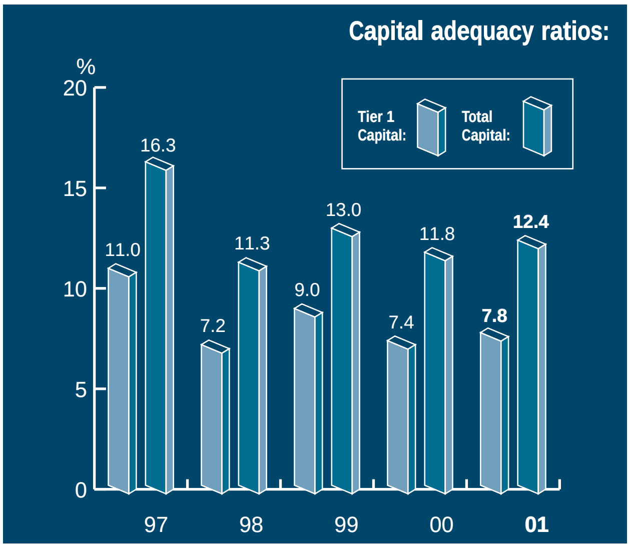

Return on average stockholders' funds: %
%
30
25
20
15
10
5
0
21.7
27.5
23.8
24.5
24.6
96
98
99
00
01

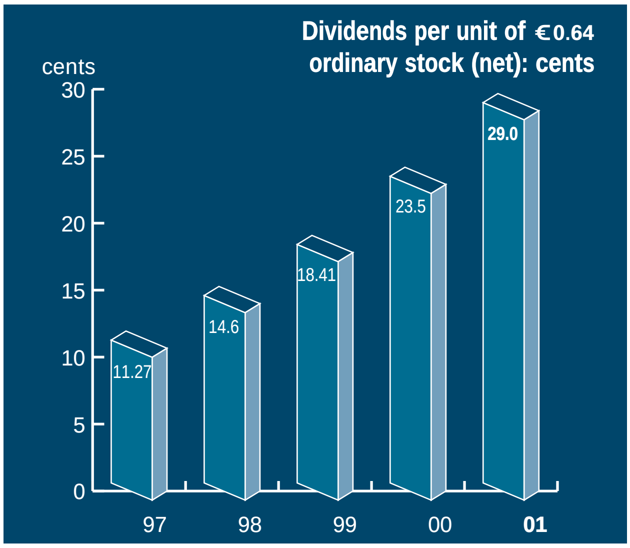

Loan loss provisions / loans: %
%
1.5
1.2
0.9
0.6
0.3
0.0
1.5
1.1
1.0
0.9
0.8
97
98
99
00
01


Return on average total assets: %
%
1.5
1.2
0.9
0.6
0.3
0.0
1.3
1.2
1.1
1.2
1.1
97
98
99
00
01


Earnings per unit of €0.64 ordinary stock: cents
cents
80
70
60
50
40
30
20
10
0
33.0
45.0
74.5
68.0
72.8
97
98
99
00
01


Total assets: € billion
€m
80
70
60
50
40
30
20
10
0
25.0
50.3
54.3
68.0
78.9
97
98
99
00
01


Capital adequacy ratios:
Tier 1 Capital:
Total Capital:
%
20
15
10
5
0
11.0
16.3
7.2
11.3
9.0
13.0
7.4
11.8
7.8
12.4
97
98
99
00
01


Dividends per unit of €0.64 ordinary stock (net): cents
cents
30
25
20
15
10
5
0
11.27
14.6
18.41
23.5
29.0
97
98
99
00
01

REPORT OF DIRECTORS

The Directors present their report together with the audited accounts for the year ended 31 March 2001.

RESULTS

The Group profit attributable to the Ordinary Stockholders amounted to €725m after Non-Cumulative Preference Stock dividends of €26m, as set out in the consolidated profit and loss account on pages 44 and 45.

DIVIDENDS

The Directors have recommended a Final Dividend of 19.6 cents per unit of €0.64 of Ordinary Stock in respect of the year ended 31 March 2001. No tax credit is associated with this dividend in accordance with the change in the tax treatment of distributions from Irish resident corporations introduced from 6 April 1999 (see note on Dividend Withholding Tax ("DWT") on page 112). The recommended Final Dividend together with the Interim Dividend of 9.40 cents per unit of €0.64 of Ordinary Stock paid in January 2001, results in a total of 29.0 cents for the year ended 31 March 2001 and compares with a total of 23.5 cents 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 €101m, will amount to €334m. Under the terms of the Stock Alternative Scheme, Stockholders will be offered the choice of taking new units of Ordinary Stock in lieu of the Final Dividend, after deduction of DWT where applicable.

GROUP ACTIVITIES

The Bank and its group undertakings provide an extensive range of banking and other financial services. The Governor's Statement and the Group Chief Executive's Operating and Financial Review on pages 5 and 9, describe the operations and the development of the Group.

CAPITAL STOCK, SUBORDINATED LIABILITIES AND OUTSIDE INTEREST – NON EQUITY

A total of 992,330,835 units of Ordinary Stock, of nominal value of €0.64 each, were in issue at 1 April 2000.

During the year, as a result of various issues of new stock and/or reissue of treasury stock under staff stock schemes and the Stock Alternative Scheme, the total Ordinary Stock in issue increased to 1,001,288,093 units of €0.64 each as at 31 March 2001.

The Treasury stock in issue at 31 March 2001 was 45.0 million shares.

Full details of the changes during the year in the capital stock, subordinated liabilities and outside interests - non equity are displayed in Note 36, Note 33 and Note 35.

DIRECTORS

The names of the members of the Court of Directors as at 9 May 2001 together with a short biographical note on each Director appear on pages 2 and 3.

Mr Denis O'Brien was co-opted to the Court on 11 April 2000.

Mr Laurence G Crowley was appointed Governor on 5 July 2001 following the retirement of Mr Howard E Kilroy from that position and as a Director at the conclusion of the Annual General Court in July 2000. Dr Mary P Redmond was appointed Deputy Governor on 13 September 2000.

Mr Donal J Geaney was co-opted to the Court with effect from 27 September 2000. On 5 April 2001 Mrs Caroline A Marland and Mr Thomas J Moran were co-opted to the Court. All three Directors retire at the forthcoming Annual General Court and in accordance with the Bye Laws, being eligible, offer themselves for re-election.

Dr Margaret Downes and Dr E Patrick Galvin both retired from the Court on 28 February 2001 having reached their retirement ages.

Lord Armstrong of Ilminster, Mr Roy E Bailie, Mr Maurice A Keane and Mr Patrick JA Molloy retire by rotation at the 2001 Annual General Court. Lord Armstrong and Patrick Molloy are not seeking re-election and will retire from the Court following the 2001 Annual General Court. Mr Bailie and Mr Keane, 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 2001, and of their spouses and minor children, in the stock issued by the Bank are shown in the Remuneration Report on pages 36 to 40.

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 2001.

SUBSTANTIAL STOCKHOLDINGS

There were 67,929 registered holders of the Ordinary Stock of the Bank at 31 March 2001. An analysis of these holdings is shown on page 111.

As at 9 May the Bank had received notification of the following substantial interests in its Issued Ordinary Stock:-

NAME	%
Bank of Ireland Asset Management Limited *	6.8
AIB plc and subsidiaries *	3.1

* 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 33 to 35.

The Remuneration report is set out on pages 36 to 40.

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 IR£4,000 (€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.

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.

9 May 2001

CORPORATE GOVERNANCE STATEMENT

The Group continues to be committed to maintaining the highest standards of corporate governance. The Court of Directors is accountable to the Bank's 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 are applied in the Group. The Directors believe that the Bank has complied fully with the provisions of the Code and that it has complied throughout 2000/2001 with the provisions where the requirements are of a continuing nature.

COURT OF DIRECTORS

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

- it is the practice of the Bank that the Court of Directors comprises a significant majority of Non-Executive Directors;
- the Court, as at 9 May 2001, comprises 15 Directors, 12 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 2 to 3);
- 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;
- Mr A D Barry was appointed senior independent director 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 specifically 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 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 scheduled meeting of the Court is usually held each month, except August. Additional meetings are convened as required;
- the Court is provided by management with relevant information to enable it to discharge its duties. Additionally it 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 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 "Internal Controls");
- the Non-Executive Directors meet annually, without management present, to review Court and 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 has also been subject to special review by the Group Audit Committee as well as by the Court of Directors on an ongoing basis. 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 Mr Richard Burrows (Chairman), Lord Armstrong of Ilminster, Mr Roy E Bailie, Mr Donal J Geaney and Mr Raymond MacSharry.

Group Remuneration Committee – The Group Remuneration Committee comprises Non-Executive Directors only. It is responsible for the formulation of the Group's policy on remuneration in relation to all Executive Directors, the Group Secretary and the Senior Executives who report directly to the Group Chief Executive. The membership of the Group Remuneration Committee currently comprises Mr Laurence G Crowley (Chairman), Mr Roy E Bailie, Mr Anthony D Barry, Mr Richard Burrows and Dr Mary P Redmond. (The Remuneration Report is set out on pages 36 to 40).

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 Mr Laurence G Crowley (Chairman), Mr Anthony D Barry, Mr Raymond MacSharry, Mr Denis O'Brien and Dr Mary P 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 and Exchange Commission and with copies of slide presentations to analysts and investors relating to the Group's full year and half year results. Additionally the Investor Information section on the Group's homepage is updated with all of its Stock Exchange releases as they are made.

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 its 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 system 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 9 to 24).

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 system 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.

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.

At the end of the year the Court reviewed the Group Audit Committee's conclusions in relation to the Group's system 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 2001.

In relation to the previous reported issue of Deposit Interest Retention Tax ("DIRT"), the Court has satisfied itself that management action taken to deal with this issue is appropriate. This action included the settlement of all outstanding liabilities and penalties as agreed with the Revenue Commissioners and the implementation of revised operational control procedures, especially in relation to documentation and control over the designation of accounts for payment of interest without retention tax.

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.

Going Concern – 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.

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 Remuneration Committee comprises Non Executive Directors only. The membership of the Committee is currently Mr Laurence G Crowley (Chairman), Mr Roy E Bailie, Mr Anthony D Barry, Mr Richard Burrows and Dr Mary P Redmond. The Terms of Reference of the Group Remuneration Committee include the formulation of the Group's policy on remuneration in relation to all Executive Directors, the Group Secretary and the Senior Executives who report directly to the Group Chief Executive. In its mode of operation and in framing this remuneration policy the Group Remuneration Committee has complied throughout the year with the Best Practice Provisions set out in Sections A and B of the Irish Stock Exchange's requirements annexed to the Listing Rules. Such recommendations of the Committee are considered by the Court, however Directors do not participate in any decisions relating to their own remuneration. The remuneration of the Executive Directors of the Bank is determined by the Group Remuneration Committee on behalf of the Court of Directors.

REMUNERATION POLICY

The remuneration policy adopted by the Bank is to reward its Executive Directors competitively having regard to comparable public companies and the need to ensure they are properly rewarded and motivated to perform in the best interests of the Stockholders. Their remuneration is reviewed annually by the Remuneration Committee and such review takes into consideration, inter alia, such factors as each individual's responsibilities and performance, levels of remuneration in comparable organisations and the general pay awards made to staff overall. The Group Chief Executive is fully consulted about remuneration proposals and from time to time the Group Remuneration Committee commissions job-matched salary surveys of comparator organisations.

The key elements of the remuneration package for Executive Directors are basic salary, a performance related cash bonus, a Long Term Performance Stock Plan, stock options, participation in the Employee Stock Issue and in the Savings-Related Stock Option Schemes and membership of a defined benefit pension scheme. These various elements are summarised below:-

- **Performance Bonus Scheme -** The level of cash bonus earned under the performance bonus scheme currently ranges for each individual, between nil and 40% of basic salary. The level earned for 2000/2001 is a function of the Remuneration Committee's assessment of each Executive Director's performance against his pre-determined goals for 2000/2001 and also an assessment of the overall performance of the Group in that year.

- **Long Term Performance Stock Plan -** In 1999 the Group established a Long Term Performance Stock Plan for key Senior Executives who are best placed to maximise Stockholder value. Under this plan, which is described in more detail in Note 36 on page 76, awards under this Plan have been made to the Executive Directors as set out in the table on page 39.

- **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 36 on page 76).

- **Employee Stock Issue Scheme -** Additionally 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 36 on page 76).

- **Sharesave Scheme -** 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 39. (see note 36 on page 76).

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

Service contracts - No service contracts exist between the Bank and any Director which require disclosure under the Companies Acts or under Irish Stock Exchange Listing Rules.

External Directorships - It is policy to permit Executive Directors to accept one external directorship and that any fees payable for such a directorship are for the account of the Bank.

Directors' Remuneration (all figures in €'000s)

	Salary (1)	Court Fees (2)	Other Board Fees (3)	Performance Bonus (4)	Other Remuneration (5)	Benefits (6)	Pension Contributions (7)	Total Remuneration 2000/2001
Non Executive Officers								
Governor								
L.G. Crowley (from 5/7/00)	156	-	-	-	-	-	10	166
H.E. Kilroy (up to 5/7/00)	55	-	-	-	-	-	-	55
Deputy Governor								
M.P. Redmond (from 13/9/00)	32	-	-	-	-	-	-	32
A.D. Barry (up to 13/9/00)	24	-	-	-	-	-	-	24
Totals for 2000/2001	267	-	-	-	-	-	10	277
(Totals for 1999/2000*)	(259)	(-)	(-)	(-)	(-)	(-)	(-)	(259)
Executive Directors								
M.A. Keane	550	-	-	223	22	12	56	863
P.M. D'Alton	256	-	-	91	13	13	26	399
B.J. Goggin	256	-	-	91	13	11	26	397
Totals for 2000/2001	1,062	-	-	405	48	36	108	1,659
(Totals for 1999/2000*)	(804)	(-)	(-)	(321)	(25)	(24)	(82)	(1,256)
Non-Executive Directors								
Lord Armstrong	-	38	-	-	-	-	-	38
R. E. Bailie	-	38	-	-	-	-	-	38
A.D. Barry (from 13/9/2000)	-	22	-	-	-	-	-	22
R. Burrows	-	38	1	-	-	-	-	39
L.G. Crowley (up to 5/7/2000)	-	9	-	-	-	-	3	12
M. Downes (retired 28/2/01)	-	34	6	-	-	-	14	54
E.P. Galvin (retired 28/2/01)	-	34	-	-	-	-	-	34
D.J. Geaney (from 27/9/00)	-	20	-	-	-	-	-	20
R. MacSharry	-	38	-	-	-	-	-	38
P.J. Molloy	-	38	52	-	-	-	-	90
D. O'Brien (from 11/4/00)	-	37	-	-	-	-	-	37
M.P. Redmond (up to 13/9/00)	-	16	-	-	-	-	-	16
Totals for 2000/2001	-	362	59	-	-	-	17	438
(Totals for 1999/2000*)	-	(296)	(190)	-	-	-	(20)	(506)
Grand Totals for 2000/2001	1,329	362	59	405	48	36	135	2,374
(Grand Totals for 1999/2000*)	(1,063)	(296)	(190)	(321)	(25)	(24)	(102)	(2,021)

* The figures shown on these lines represent the total remuneration figures for the groupings:-"Non Executive Officers", "Non Executive Directors" and "Executive Directors" and relate to Directors in office during 1999/2000. Due to retirements etc. the totals for each grouping are not directly comparable with totals for 2000/2001.

	€'000s 2000/2001	€'000s 1999/2000
Ex Gratia Payments paid to Former Directors/Dependants	**490**	488

Notes

(1) The Governor and Deputy Governor, as Non-Executive Officers of the Bank, are not paid 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.
(4) Payments under the Group Performance Bonus Scheme.
(5) Includes the cash value of Ordinary Stock receivable under the Employee Stock Issue Scheme.
(6) Benefits include the use of company car 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.

Changes in the Directorate during the Period

	Executive Directors	Non Executive Directors and Non Executive Officers
Number at 31 March 2000	4	11
Changes during year	– Mr P.W. McDowell (31/3/2000)	+ Mr D. O'Brien (11/4/2000)
		– Mr H.E. Kilroy (5/7/2000)
		+ Mr D.J.Geaney (27/9/2000)
		– Dr M. Downes (28/2/2000)
		– Dr E.P. Galvin (28/2/2000)
Number at 31 March 2001	3	10
Average Number during 2000/2001 (1999/2000)	**3** (2.4)	**11.6** (11.1)

Directors' Pension Entitlements

	Accrued Annual Pensions at 31 March 2001(1) €000s	Increase in accrued benefits over the year €000s	Transfer Value of increase(2) €000s
Executive Directors			
M.A. Keane	372	20	350
P.M. D'Alton	67	15	164
B.J. Goggin	136	12	133
Non Executive Directors			
L.G. Crowley	14	2	19
M. Downes	19	2	27

(1) Or date of retirement if earlier.

(2) These figures show the transfer values of the increase in accrued benefits over the year (i.e. the amounts shown in the preceding column). They have been calculated in accordance with Actuarial Guidance Note GNII (RoI) and exclude Director's contributions.

Stock Options held by Directors and Secretary.

(a) Executive Stock Options

Options to subscribe for units of Ordinary Stock in the Bank granted to and exercised by the Directors and the Secretary during the year to 31 March 2001 are included in the following table.

	Options at 1.4.00	Options Granted Since 1 April 2000 No.	Options Granted Since 1 April 2000 Price €	Options Exercised Since 1 April 2000 No.	Options Exercised Since 1 April 2000 Price €	Market Price at Exercise Date €	Options at 31.3.01	Weighted Average Exercise Price €
Directors:								
P.M. D'Alton	350,038	-	-	-	-	-	350,038	2.86
B.J. Goggin	325,214	-	-	-	-	-	325,214	2.65
M.A. Keane	350,000	-	-	100,000	1.67	7.24		
				100,000	2.82	10.53		
				40,000	1.67	10.53	110,000	5.75
P.J. Molloy	259,558	-	-	59,558	1.44	9.00		
				75,000	2.11	9.20	125,000	2.11
Secretary:								
T.H. Forsyth	80,000	-	-	10,000	1.44	7.00		
				30,000	2.11	6.92		
				20,000	4.53	10.30	20,000	4.53

The above options are exercisable between now and July 2009. Details are shown in the Register of Stock Dealings by Directors, Secretaries and their families.

(b) Savings-Related Stock Options

Under the terms of the Group Savings-Related Stock 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 being 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.

	Savings Related Options Granted at 28 February 2000	Savings Related Options Held at 31 March 2001
Directors:		
P.M. D'Alton	2,234	2,234
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 and on 25 May 2000 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 36 on page 76). 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	Total Conditional Awards
P.M. D'Alton	10,769	15,046	25,815
B.J. Goggin	9,605	15,046	24,651

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 2001, 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 2001	As at 1 April 2000
	Beneficial	(1)Beneficial
Directors:		
Lord Armstrong of Ilminster	2,000	2,000
Roy E Bailie	1,026	1,000
Anthony D Barry	38,181	18,153
Richard Burrows	34,069	23,454
Laurence G Crowley	29,039	28,296
Paul M D'Alton	10,667	9,225
Donal J Geaney	7,278	7,232
Brian J Goggin	73,370	71,514
Maurice A Keane	1,078,443	906,928
Raymond Mac Sharry	1,231	1,199
Patrick J Molloy	1,224,833	1,075,246
Denis O'Brien	201,000	201,000
Mary P Redmond	2,102	1,074
Secretary:		
Terence H Forsyth	87,595	38,469

(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 2001 and 9 May 2001.

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 2001.

Transactions with Directors

The aggregate amounts outstanding and the number of persons concerned, as at 31 March 2001 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, all staff members, are shown below:

		Aggregate Amount Outstanding		**Number of Persons**
	2001	**2000**	**2001**	**2000**
	€	**€**		
Directors				
Loans to Executives Directors on terms similar to staff loans	**271,852**	232,498	**3**	3
Other loans on normal commercial terms	**30,995,692**	1,712,767	**12**	13
Quasi-loans and credit transactions	-	-	**None**	None
	31,267,544	1,945,265		
Connected Persons				
Loans to staff members	**107,374**	176,775	**3**	5
Quasi-loans and credit transactions	-	-	**None**	None
	107,374	176,775		

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditors' Report set out on pages 42 and 43, is made with a view to distinguishing for Stockholders the respective responsibilities of the Directors and of the auditors in relation to the accounts.

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

With regard to the accounts on pages 44 to 106, 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 are responsible for keeping proper books of account 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 1999, 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**
Maurice A Keane	**Group Chief Executive**
Terence H Forsyth	**Secretary**

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

We have audited the accounts on pages 44 to 106. We have also audited the information on risk management and control on pages 19 to 21 and the remuneration report on pages 36 to 40.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Report and Accounts. As described on page 41, this includes responsibility for preparing the accounts in accordance with Accounting Standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board, the Listing Rules of the Irish Stock Exchange and our profession's ethical guidance.

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 1999 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 or Directors' transactions is not disclosed.

We read the other information contained in the Report and Accounts and consider whether it is consistent with the audited accounts. We consider the implications for our report to members if we become aware of any apparent misstatements or material inconsistencies with the accounts.

We review whether the statement on page 33 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.

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 2001 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 1999 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 29 to 32 is consistent with the accounts.

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

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

2001

GROUP PROFIT AND LOSS ACCOUNT for the Year Ended 31 March 2001

	Notes	THE GROUP 2001 €m	THE GROUP 2000 €m
INTEREST RECEIVABLE			
Interest receivable and similar income arising from debt securities		442	321
Other interest receivable and similar income	4	3,696	2,681
INTEREST PAYABLE	5	2,712	1,760
NET INTEREST INCOME		1,426	1,242
Fees and commissions receivable		850	729
Fees and commissions payable		(65)	(112)
Dealing profits	39	101	44
Contribution from life assurance companies		164	127
Other operating income	6	64	112
TOTAL OPERATING INCOME		2,540	2,142
Administrative expenses	7	1,257	1,048
Depreciation and amortisation	7,23	130	119
OPERATING PROFIT BEFORE PROVISIONS		1,153	975
Provision for bad and doubtful debts	17	72	56
OPERATING PROFIT		1,081	919
Income from associated undertakings and joint ventures	8	7	1
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS		1,088	920
Group Transformation Programme	9	(93)	-
PROFIT BEFORE TAXATION		995	920
Taxation	10	196	196
PROFIT AFTER TAXATION		799	724

GROUP PROFIT AND LOSS ACCOUNT for the Year Ended 31 March 2001

	Notes	THE GROUP 2001 €m	2000 €m
PROFIT AFTER TAXATION		799	724
Deposit Interest Retention Tax	11	35	-
PROFIT FOR THE FINANCIAL YEAR		764	724
Minority interests : equity		3	3
: non equity		7	6
Non-cumulative preference stock dividends	12	26	25
Interest paid to outside interest – non equity		3	-
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS		725	690
Transfer to capital reserve	37	101	70
Ordinary dividends	12	290	233
PROFIT RETAINED FOR THE YEAR		334	387
Earnings per unit of €0.64 Ordinary Stock	13	72.8c	68.0c
Alternative Earnings per unit of €0.64 Ordinary Stock	13	83.1c	-
Diluted Earnings per unit of €0.64 Ordinary Stock	13	72.1c	67.6c

The movement in the reserves is shown in Note 37.

The profit attributable to the Ordinary Stockholders of the Bank dealt with in the accounts of the Bank amounted to €317m (2000: €322m). 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.

The notes on pages 51 to 106 form part of the accounts.

Laurence G Crowley **Governor**
Mary P Redmond **Deputy Governor**
Maurice A Keane **Group Chief Executive**
Terence H Forsyth **Secretary**

GROUP BALANCE SHEET at 31 March 2001

	Notes	THE GROUP 2001 €m	2000 €m
ASSETS			
Cash and balances at central banks		256	210
Items in the course of collection from other banks		708	617
Central government and other eligible bills	14	76	746
Loans and advances to banks	15	8,115	6,972
Loans and advances to customers	16	51,147	44,844
Securitisation and loan transfers		1,414	708
Less: non returnable amounts		1,273	578
		141	130
Debt securities	18	8,529	6,668
Equity shares	19	144	15
Own shares		29	33
Interests in associated undertakings	20	14	14
Interests in Joint Ventures	21	9	-
Tangible fixed assets	23	1,150	975
Intangible fixed assets	24	227	9
Other assets	25	2,727	2,044
Prepayments and accrued income		616	502
		73,888	63,779
Life assurance assets attributable to policyholders	26	4,987	4,238
		78,875	68,017
LIABILITIES			
Deposits by banks	27	11,664	10,306
Customer accounts	28	45,630	40,990
Debt securities in issue	29	5,016	2,825
Items in the course of transmission to other banks		178	219
Other liabilities	30	3,936	3,398
Accruals and deferred income		770	611
Provisions for liabilities and charges			
- deferred taxation	31	104	86
- other	32	196	107
Subordinated liabilities	33	1,917	1,866
Minority interests			
- equity		5	5
- non equity	34	81	87
Outside Interest – non equity	35	593	-
Called up capital stock	36	691	690
Stock premium account	37	726	679
Capital reserve	37	311	232
Profit and loss account	37	1,818	1,510
Revaluation reserve	37	252	168
Stockholders' funds including non equity interests		3,798	3,279
Life assurance liabilities attributable to policyholders	26	4,987	4,238
		78,875	68,017

BALANCE SHEET at 31 March 2001

	Notes	THE BANK 2001 €m	THE BANK 2000 €m
ASSETS			
Cash and balances at central banks		240	201
Items in the course of collection		708	617
Central government and other eligible bills	14	-	213
Loans and advances to banks	15	15,112	14,912
Loans and advances to customers	16	28,940	22,888
Securitisation and loan transfers		452	-
Less: non returnable amounts		448	-
		4	-
Debt securities	18	6,129	4,595
Equity shares	19	4	4
Own shares		29	33
Interests in joint ventures	21	9	-
Shares in group undertakings	22	2,011	1,779
Tangible fixed assets	23	730	606
Other assets	25	1,154	739
Deferred taxation	31	-	3
Prepayments and accrued income		458	380
		55,528	46,970
LIABILITIES			
Deposits by banks	27	13,821	13,074
Customer accounts	28	30,474	25,743
Debt securities in issue	29	4,985	2,451
Items in the course of transmission		178	219
Other liabilities	30	1,988	1,815
Accruals and deferred income		423	350
Provisions for liabilities and charges			
- deferred taxation	31	4	-
- other	32	142	63
Subordinated liabilities	33	1,597	1,435
Called up capital stock	36	691	690
Stock premium account	37	726	679
Capital reserve	37	19	19
Profit and loss account	37	297	309
Revaluation reserve	37	183	123
Stockholders' funds including non equity interests		1,916	1,820
		55,528	46,970

MEMORANDUM ITEMS

	Notes	THE GROUP 2001 €m	THE GROUP 2000 €m
Contingent liabilities			
Acceptances and endorsements		105	106
Guarantees and assets pledged as collateral security		946	897
Other contingent liabilities		528	343
	42	1,579	1,346
Commitments	42	15,801	11,553

	Notes	THE BANK 2001 €m	THE BANK 2000 €m
Contingent liabilities			
Acceptances and endorsements		105	106
Guarantees and assets pledged as collateral security		4,509	3,422
Other contingent liabilities		528	343
	42	5,142	3,871
Commitments	42	10,970	8,662

The notes on pages 51 to 106 form part of the accounts.

Laurence G Crowley **Governor**
Mary P Redmond **Deputy Governor**
Maurice A Keane **Group Chief Executive**
Terence H Forsyth **Secretary**

OTHER PRIMARY STATEMENTS for the year ended 31 March 2001

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	THE GROUP 2001 €m	THE GROUP 2000 €m
Profit attributable to the ordinary stockholders		725	690
Exchange adjustments	36,37	(52)	183
Revaluation of property	37	85	152
Total recognised gains since last year		758	1,025

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 2001 €m	THE GROUP 2000 €m
Profit attributable to the ordinary stockholders		725	690
Dividends	12	(290)	(233)
		435	457
Other recognised gains / (losses)		33	335
New capital stock subscribed	36,37	51	42
Stock buyback		-	(409)
		519	425
At 1 April		3,279	2,854
At 31 March		3,798	3,279
Stockholders' funds:			
Equity		3,586	3,064
Non equity		212	215
		3,798	3,279

The notes on pages 51 to 106 form part of the accounts.

Laurence G Crowley	**Governor**
Mary P Redmond	**Deputy Governor**
Maurice A Keane	**Group Chief Executive**
Terence H Forsyth	**Secretary**

GROUP CASH FLOW STATEMENT for the year ended 31 March 2001

	Notes	THE GROUP 2001 €m	2000 €m
RECONCILIATION OF OPERATING PROFIT TO NET OPERATING CASH FLOWS			
Operating Profit		1,081	919
Increase in accrued income and prepayments		(117)	(24)
Increase/(decrease) in accruals and deferred income		170	(98)
Provisions for bad and doubtful debts		72	56
Loans and advances written off net of recoveries		(32)	(39)
Depreciation and amortisation		130	119
Interest charged on subordinated liabilities		144	92
Other non-cash movements		3	(26)
Profit on disposal of fixed assets		(17)	(23)
Net cash flow from trading activities		1,434	976
Net (increase) in collections / transmissions		(137)	(61)
Net (increase) in loans and advances to banks		(421)	(2,836)
Net (increase) in loans and advances to customers		(7,236)	(6,055)
Net increase in deposits by banks		1,425	3,037
Net increase in customers accounts		5,389	4,468
Net increase in debt securities in issue		2,260	2,084
Net (increase) in non-investment debt and equity securities		(335)	(914)
Net (increase)/decrease in other assets		(690)	209
Net increase/(decrease) in other liabilities		477	(210)
Exchange movements		(97)	(150)
Net cash flow from operating activities		2,069	548
Dividend received from associated undertaking		8	-
Returns on investment and servicing of finance	44	(189)	(122)
Taxation		(142)	(192)
Deposit Interest Retention Tax		(39)	-
Capital expenditure and financial investment	44	(1,127)	(310)
Acquisitions and disposals	44	(228)	(10)
Equity dividends paid		(210)	(176)
Financing	44	660	(92)
Increase/(Decrease) in cash		802	(354)

The notes on pages 51 to 106 form part of the accounts.

Laurence G Crowley **Governor**
Mary P Redmond **Deputy Governor**
Maurice A Keane **Group Chief Executive**
Terence H Forsyth **Secretary**

NOTES TO THE ACCOUNTS

1 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

1.1 Accounting Convention

The accounts on pages 44 to 106 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 1999 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.

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 euros 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.

1.4 Income Recognition

Interest income is recognised as it accrues, except in the case of doubtful debts where interest is recognised on a cash receipts basis. 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 Installment Finance

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

1.7 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, 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 capital instruments other than equity shares are deducted from the proceeds of the issue and amortised to the profit and loss account as appropriate.

1.10 Pensions

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

1.12 Provision for Bad and Doubtful Debts

Specific provisions are made on a case by case basis for loans and advances which are recognised to be bad or doubtful as a result of the continuous appraisal of the loans and advances portfolio. 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. Provisions made during the year are charged against profits, less amounts released and net of recoveries previously written off.

1.13 Deferred Taxation

Deferred taxation is recognised at the appropriate rates of tax using the liability method on timing differences between profits stated in the accounts and profits computed for taxation purposes where it is expected that a liability or asset is likely to arise in the foreseeable future. The future tax benefit relating to tax losses is not recognised unless the benefit assured is beyond reasonable doubt.

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

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.

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 over their estimated useful economic lives.

1.18 Life Assurance Business

The assets attributable to the Group from the life assurance business are consolidated in the Group balance sheet and consist of the Group's share of the net tangible and financial assets of the business and the Group's interest in policies in force. The Group's interest in polices in force is computed annually in consultation with independent actuaries and represents the discounted present value of the surpluses attributable to the Group which will be generated in the future from existing policies. The bases adopted in the valuation use prudent best estimates of future lapse rates, mortality rates, renewal expenses and investment returns. The value has been computed in accordance with bases accepted in the life assurance market. The statutory life companies' surplus attributable to the Group, together with the annual movement in the Group's interest in policies in force is included in the Group profit and loss account, grossed up for taxation at the effective rate.

2. CHASE DE VERE INVESTMENTS PLC

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

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

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

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

	Stg£m	€m
Loans and advances to banks	9.7	15.9
Loans and advances to customers	2.1	3.4
Other assets	3.0	4.9
Other liabilities	(5.4)	(8.8)
Net assets acquired	9.4	15.4
Goodwill	112.9	184.7
	122.3	200.1
Consideration	119.6	195.7
Costs of acquisition	2.7	4.4
	122.3	200.1

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

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

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

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

3. MONEYEXTRA LIMITED AND MONEYEXTRA MORTGAGES LIMITED

(a) Moneyextra Limited

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

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

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

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

(b) Moneyextra Mortgages Limited

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

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

The Group	2001 €m	2000 €m
Loans and advances to banks	345	164
Loans and advances to customers	3,134	2,371
Finance leasing	140	89
Instalment credit	77	57
	3,696	2,681

5 INTEREST PAYABLE

The Group	2001 €m	2000 €m
Interest on subordinated liabilities	144	92
Other interest payable	2,568	1,668
	2,712	1,760

6 OTHER OPERATING INCOME

The Group	2001 €m	2000 €m
Profit on disposal of investment securities	-	39
Profit on disposal of tangible fixed assets	17	23
Securitisation servicing fees	7	8
Other income	40	42
	64	112

7 OPERATING EXPENSES

The Group	2001 €m	2000 €m
Staff Costs:		
- wages and salaries	685	584
- social security costs	55	47
- pension costs	16	11
- staff stock issue	16	14
- severance packages	1	2
	773	658
Operating lease rentals:		
- property	9	10
- equipment	1	1
Other administrative expenses	474	379
Total administrative expenses	1,257	1,048
Depreciation and amortisation:		
- freehold and leasehold property	14	14
- computer and other equipment	109	105
- amortisation of goodwill	7	-
Total depreciation and amortisation	130	119
Total operating expenses	1,387	1,167

7 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 2001 the charge represents 3.5% of eligible employees' basic salary (2000: 3.5%).

	2001	2000
	€m	€m
Auditors' remuneration (including VAT)		
- Audit work	1.9	1.6
- Non audit work	9.3	3.8

The increase in non-audit work fees is primarily due to consultancy fees in respect of the Group Transformation Programme. The Audit Committee has reviewed the level of non-audit work fees and is satisfied that it has not affected the independance of the Auditors.

8 INCOME FROM ASSOCIATED UNDERTAKINGS AND JOINT VENTURES

The Group

Associated undertakings and joint ventures	7	1
	7	1

9 GROUP TRANSFORMATION PROGRAMME

Implementation of the Group's cost reduction programme is now underway and a charge of €93m before tax (€72m after tax) has been recognised in the year to 31 March 2001. See Note 32 for further details.

10 TAXATION

	2001	2000
The Group	**€m**	€m
Corporation tax	155	156
Deferred taxation	40	40
Associated undertakings	1	-
	196	196

The tax charge for the year, at an effective rate of 19.7% is lower than the standard Irish corporation tax rate because of relief arising from tax based lending and the International Financial Services Centre 10% tax rate.

Included in the charge for corporation tax is €88m (2000: €81m) in respect of taxation on non Republic of Ireland business units, giving rise to double tax relief of €24m (2000: €23m).

	2001	2000
	€m	€m
The deferred taxation charge arises from:		
Leased assets	25	38
Own assets	6	-
Short term timing differences	9	2
	40	40

In accordance with Section 21 of the Taxes Consolidation Act 1997, as amended, the standard rate of corporation tax for trading income is to be reduced, on a phased basis, to 12.5%.

The standard rate is to be;

- 20% for the year 2001
- 16% for the year 2002
- 12.5% for the year 2003 and subsequent years

11 DEPOSIT INTEREST RETENTION TAX

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

12 DIVIDENDS

The Bank	**2001** **€m**	2000 €m
Equity Stock:		
2001		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 9.4c	94	
Proposed Final dividend 19.6c	196	
2000		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 7.36c		73
Final dividend 16.14c		160
	290	233

Non Equity Stock:	**2001** **€m**	2000 €m
2001		
On 10.5m units of IR£1 of Non-Cumulative Preference Stock, Dividend IR1.2p	16	
On 5.0m units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg1.2625p	10	
2000		
On 10.5m units of IR£1 of Non-Cumulative Preference Stock, Dividend IR1.2p		16
On 5.0m units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg1.2625p		9
	26	25

13 EARNINGS PER UNIT OF €0.64 ORDINARY STOCK

The calculation of earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders of €725.3m (2000: €689.5m) and the weighted average Ordinary Stock in issue of 996.8m units (2000: 1,013.6m units).

The calculation of the alternative earnings per share for the year ended 31 March 2001 is based on the profit attributable to ordinary stockholders before exceptional items, the charge for the Group Transformation Programme and the effects of the DIRT settlement, of €828m and the weighted average ordinary stock of 996.8m units.

The diluted earnings per share is based on the profit attributable to Ordinary Stockholders of €725.3m (2000: €689.5m) and the weighted average Ordinary Stock in issue of 996.8m units (2000: 1,013.6m units) adjusted for the effect of all dilutive potential Ordinary Stock of 8.9m units (2000: 5.9m units).

14 CENTRAL GOVERNMENT BILLS AND OTHER ELIGIBLE BILLS

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Investment securities				
- government bills and similar securities	5	5	-	-
- other eligible bills	-	636	-	213
Other securities				
- government bills and similar securities	71	105	-	-
	76	746	-	213

15 LOANS AND ADVANCES TO BANKS

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Funds placed with Central Bank of Ireland	84	74	45	37
Funds placed with other central banks	632	582	608	558
Funds placed with other banks	7,399	6,316	14,459	14,317
	8,115	6,972	15,112	14,912
Repayable on demand	1,914	1,189	1,995	1,718
Other loans and advances to banks by remaining maturity				
- 3 months or less	4,010	4,630	9,935	10,581
- 1 year or less but over 3 months	1,723	1,107	3,078	2,031
- 5 years or less but over 1 year	468	22	97	559
- over 5 years	-	24	7	23
	8,115	6,972	15,112	14,912

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

	The Group		The Bank	
Amounts include:				
Due from group undertakings				
- unsubordinated			7,685	8,199

16 LOANS AND ADVANCES TO CUSTOMERS

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
(a) Loans and advances to customers				
Loans and advances to customers	48,187	42,109	27,958	22,854
Loans and advances to customers – finance leases	2,471	2,323	741	161
Hire purchase receivables	919	810	540	146
	51,577	45,242	29,239	23,161
Provisions for bad and doubtful debts	(430)	(398)	(299)	(273)
	51,147	44,844	28,940	22,888
Repayable on demand	2,234	1,953	3,380	2,692
Other loans and advances to customers by remaining maturity				
- 3 months or less	2,454	2,148	6,652	2,854
- 1 year or less but over 3 months	3,206	2,662	2,643	2,175
- 5 years or less but over 1 year	11,297	8,649	6,956	8,478
- over 5 years	32,386	29,830	9,608	6,962
	51,577	45,242	29,239	23,161
Amounts include:				
Due from group undertakings				
- unsubordinated			8,889	6,884

The loans accounted for on a non-accrual basis at 31 March amounted to €315m (2000: €355m).

(b) Securitisation and loan transfers

The Group has sold the following pools of mortgages.

Year	Securitisations	Notes	Mortgages	Presentation in accounts	Value €m
1992	Private placements with UK financial Institutions	(ii),(vi)	Residential	Linked	234
1993	Private placements with UK financial Institutions	(ii),(vi)	Residential	Consolidated	161
1993	Residential Property Securities No. 3 plc (RPS3)	(i),(ii)	Residential	Linked	404
1994	Residential Property Securities No. 4 plc (RPS4)	(i),(iii)	Residential	Linked	807
1994	Commercial Loans on Investment Property Securitisation (No. 1) plc (CLIPS)	(iv),(v)	Commercial	Linked	242
1997	Residential Property Securities No. 5 plc (RPS5)	(i),(iii)	Residential	Linked	484
2000	Liberator Securities No. 1 plc	(v)	Residential	Linked	500
2000	Shipshape Residential Mortgages No. 1 plc (SS1)	(vii)	Residential	Linked	485

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. In addition, the Group is required to cover credit losses arising subject to specified limits as set out below. 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.

16 LOANS AND ADVANCES TO CUSTOMERS (continued)

Notes

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

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

The companies are incorporated under the Companies Acts 1985 and are registered and operating 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 funded this purchase by the issue of floating rate mortgage backed securities, the lowest ranking of which have been purchased by the Group. Under the terms of this issue, the Group is not obliged to repurchase any of the assets, or to transfer in any additional assets. The issue terms of the notes include provisions that neither the company nor the noteholders have recourse to the Group and no Group company is obliged or intends to support any losses of the company. 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. Any residue is payable to the Group as deferred consideration.

(v) The company is incorporated under the Irish Companies Acts 1963 to 1999 and is registered and operating in the Republic of Ireland.

(vi) 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.

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

A summarised profit and loss account for the period to 31 March 2001 for CLIPS RPS3, RPS4, RPS5, the private placement of €234m, Liberator Securities No 1 and SS1 No 1 is set out below:

	2001	2000
	€m	€m
Interest receivable	99	55
Interest payable	(89)	(50)
Fee income	2	4
Deposit income	4	3
Operating expenses	(9)	(4)
Profit for the financial period	7	8

(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, 24% of the loans and advances in Ireland (including Northern Ireland) and 85% in Great Britain.

16 LOANS AND ADVANCES TO CUSTOMERS (continued)

(d) Leasing and hire purchase

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Amount receivable by remaining maturity				
- within 1 year	724	670	450	58
- 5 years or less but over 1 year	1,352	1,035	775	88
- over 5 years	1,314	1,428	56	161
	3,390	3,133	1,281	307

The cost of assets acquired for finance leases and hire purchase contracts, net of grants received or receivable, amounted to €1,136m (2000: €1,545m).

Aggregate amounts receivable including capital repayments during the year in respect of finance leases and hire purchase contracts amounted to €1,344m (2000: €1,082m).

17 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
At 1 April	398	359	273	240
Exchange adjustments	(8)	22	(4)	11
Transfer of provisions from subsidiary	-	-	11	-
Charge against profits	72	56	35	36
Amounts written off	(49)	(57)	(29)	(25)
Recoveries	17	18	13	11
At 31 March	430	398	299	273
All of which relates to loans and advances to customers				
Provisions at 31 March				
- specific	123	115	87	72
- general	307	283	212	201
	430	398	299	273

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 €160m (2000: €141m) and a non designated element, for prudential purposes of €147m (2000: €142m). The non designated element, against which a deferred tax asset has been recognised, will be offset, in certain pre-defined circumstances, against specific loan losses as they crystallise in future years.

18 DEBT SECURITIES

At 31 March 2001

The Group	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
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

At 31 March 2000

The Group	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Issued by Public Bodies				
Investment securities				
- government securities	533	12	(1)	544
Other securities				
- government securities	1,965			1,965
- other public sector securities	-			-
	1,965			1,965
Issued by Other Issuers				
Investment securities				
- bank and building society certificates of deposit	49			49
- other debt securities	3,656	7	(6)	3,657
	3,705	7	(6)	3,706
Other securities				
- bank and building society certificates of deposit	-			-
- other debt securities	465			465
	465			465
	6,668	19	(7)	6,680

18 DEBT SECURITIES at 31 March 2001 (continued)

The Bank	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	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

The Bank	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
	At 31 March 2000			
Issued by Public Bodies				
Investment securities				
- government securities	415	11	-	426
Other securities				
- government securities	1,767			1,767
Issued by Other Issuers				
Investment securities				
- bank and building society certificates of deposits	42			42
- other debt securities	1,700	7	(7)	1,700
	1,742	7	(7)	1,742
Other securities				
- bank and building society certificates of deposits	-			-
- other debt securities	671			671
	671			671
	4,595	18	(7)	4,606

18 DEBT SECURITIES (continued)

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Investment securities				
- listed	4,709	3,189	2,981	1,703
- unlisted	1,070	1,049	476	454
	5,779	4,238	3,457	2,157
Other securities				
- listed	2,533	2,160	2,361	1,954
- unlisted	217	270	311	484
	2,750	2,430	2,672	2,438
Unamortised premiums and discounts on investment securities	(1)	5	(1)	5

Income from listed and unlisted investments amounted to €448m (2000: €337m).

Investment securities movements	**Cost**	**Discount/ (Premium)**	**Carrying Value**
	€m	**€m**	**€m**
The Group			
At 1 April 2000	4,284	(46)	4,238
Exchange adjustments	95	1	96
Acquisitions	2,951	-	2,951
Disposals and redemptions	(1,504)	-	(1,504)
Amortisation of premiums and discounts	-	(2)	(2)
At 31 March 2001	5,826	(47)	5,779

	Cost	**Discount/ (Premium)**	**Carrying Value**
	€m	**€m**	**€m**
The Bank			
At 1 April 2000	2,202	(45)	2,157
Exchange adjustments	12	-	12
Acquisitions	2,078	-	2,078
Disposals and redemptions	(788)	-	(788)
Amortisation of premiums and discounts	-	(2)	(2)
At 31 March 2001	3,504	(47)	3,457

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Analysed by remaining maturity:				
Due within one year	2,157	1,883	2,112	1,734
Due one year and over	6,372	4,785	4,017	2,861
	8,529	6,668	6,129	4,595
Amounts include				
Due from Group undertakings				214

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 €1,413m (2000: €1,295m).

Debt securities with a market value of €2,689m (2000: €1,708m) were pledged as collateral to cover settlement risk for securities' transactions.

19 EQUITY SHARES

	The Group	The Bank
	€m	€m
At 1 April 2000	15	4
Net increase during the year	129	-
At 31 March 2001	144	4

20 INTERESTS IN ASSOCIATED UNDERTAKINGS

	The Group
	€m
At 1 April 2000	14
Increase in investment	5
Disposal of investments	(4)
Distribution	(8)
Retained Profit	7
At 31 March 2001	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	The Bank
	€m	€m
At 1 April 2000	-	-
Acquisitions	9	9
Retained profits	-	-
At 31 March 2001	9	9

On 23 June 2000 Bank of Ireland and Nova Corporation, a U.S. Company announced an agreement to form a joint venture, EuroConex Technologies Ltd.

22 SHARES IN GROUP UNDERTAKINGS

The Bank	€m
At 1 April 2000	1,779
Exchange adjustments	(29)
Net increase in investments	261
At 31 March 2001	2,011
Group undertakings	
- Credit Institutions	139
- Others	1,872
	2,011

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 2001 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
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
Lifetime Assurance Company Limited	Life Assurance and pensions	Ireland	31 December
New Ireland Assurance Company, p.l.c.	Life Assurance and pensions	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 113 to 117.

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 2001.

23 TANGIBLE FIXED ASSETS

The Group

Cost or valuation	Freehold land and buildings €m	Leases of 50 years or more unexpired €m	Leases of less than 50 years unexpired €m	Computer and other equipment €m	Finance lease assets €m	Total €m
At 1 April 2000	481	114	43	831	7	1,476
Exchange adjustments	(6)	-	(1)	(7)	-	(14)
Additions	42	-	9	197	5	253
Disposals	(13)	-	-	(77)	-	(90)
Revaluation	66	3	3	-	-	72
Reclassification	7	(7)	-	-	-	-
Acquisition of subsidiary	-	-	-	2	-	2
At 31 March 2001	577	110	54	946	12	1,699
Accumulated depreciation and amortisation						
At 1 April 2000	-	-	-	495	6	501
Exchange adjustments	-	-	-	(5)	-	(5)
Disposals	-	-	-	(57)	-	(57)
Charge for year	9	-	4	109	1	123
Revaluation	(9)	-	(4)	-	-	(13)
At 31 March 2001	-	-	-	542	7	549
Net book value						
At 31 March 2001	577	110	54	404	5	1,150
At 31 March 2000	481	114	43	336	1	975

The Bank

Cost or valuation	Freehold land and buildings €m	Leases of 50 years or more unexpired €m	Leases of less than 50 years unexpired €m	Computer and other equipment €m	Finance lease assets €m	Total €m
At 1 April 2000	311	27	30	607	7	982
Exchange adjustments	(2)	-	(1)	(2)	-	(5)
Additions	16	-	7	133	-	156
Disposals	(3)	-	-	(25)	-	(28)
Revaluation	46	-	5	-	-	51
Transfer from subsidiary	-	-	-	15	-	15
At 31 March 2001	368	27	41	728	7	1,171
Accumulated depreciation and amortisation						
At 1 April 2000	-	-	-	370	6	376
Exchange adjustments	-	-	-	(2)	-	(2)
Disposals	-	-	-	(12)	-	(12)
Charge for year	7	-	2	69	1	79
Revaluation	(7)	-	(2)	-	-	(9)
Transfer from subsidiary	-	-	-	9	-	9
At 31 March 2001	-	-	-	434	7	441
Net book value						
At 31 March 2001	368	27	41	294	-	730
At 31 March 2000	311	27	30	237	1	606

23 TANGIBLE FIXED ASSETS (continued)

Property and Equipment

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

The surplus arising on this revaluation amounted to €85m.

As at 31 March 2001 on a historical cost basis the cost of group property would have been included at €510m (2000: €415m) less accumulated depreciation €55m (2000: €42m). The Group occupies properties with a net book value of €625m (2000: €484m) in the course of carrying out its own activities.

In the year to 31 March 2001 salary and other costs of €44m (2000: €15m) incurred on computer software development and other projects have been capitalised and included in computer and other equipment. This expenditure is depreciated in equal annual installments over its estimated useful life, ranging between five and ten years.

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Tangible fixed assets leased	107	99	10	10

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Future capital expenditure				
- contracted but not provided in the accounts	39	22	29	1
- authorised by the Directors but not contracted	37	1	36	-

Rentals payable in 2001 under non-cancellable operating leases amounted to €44m (2000: €37m). Of this amount €2m (2000: €3m) relates to leases expiring within one year, €9m (2000: €6m) relates to leases expiring in two to five years and €33m (2000: €28m) relates to leases expiring after five years, split between property €43m and equipment €1m.

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

	Payable	Receivable
Year ended 31 March	**€m**	**€m**
2002	44	5
2003	44	5
2004	41	3
2005	40	2
2006	39	2
Thereafter	604	10

The obligations under finance leases amount to €6.4m (2000: €1.1m) of which €1.1m (2000: €0.6m) is due within one year, €3.7m (2000: €0.5m) is due after more than one year but within five years and €1.6m (2000: €nil) is due after five years.

24 INTANGIBLE FIXED ASSETS

	The Group	
	2001	2000
	€m	€m
At 1 April	9	-
Goodwill arising on acquisitions during the year	227	9
Exchange adjustments	(2)	-
Amortisation during the year	(7)	-
At 31 March	227	9

The details relating to Chase de Vere and Moneyextra are set out in detail in Notes 2 and 3.

25 OTHER ASSETS

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Sundry debtors	1,420	1,060	304	151
Foreign exchange and interest rate contracts	796	566	837	573
Value of life assurance business in force	368	282	-	-
Other	143	136	13	15
	2,727	2,044	1,154	739

26 LIFE ASSURANCE BUSINESS

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

	2001	2000
	€m	€m
Long Term Assurance Business		
Net tangible assets of life companies including surplus	313	270
(before payment of dividend €102m to Governor and Company of the Bank of Ireland)		
Value of life assurance business in force	368	282
	681	552
Increase in net tangible assets of life companies including surplus	43	34
Increase in value of life assurance business in force	86	62
Profit after tax	129	96
(includes a movement in revaluation reserve of €3m in 2000)		

During 2001 the Life Assurance Business paid a dividend of €102m to the Governor and Company of the Bank of Ireland which reduced the net tangible assets including surplus from €313m shown above to €211m.

The life assurance assets attributable to policyholders consist of:

	2001	2000
	€m	€m
Property	377	274
Fixed interest securities	1,469	1,285
Other securities	2,770	2,429
Bank balances and cash	311	203
Income receivable	58	31
Other assets	31	27
Other liabilities	(29)	(11)
	4,987	4,238

26 LIFE ASSURANCE BUSINESS (continued)

Value of in-force business

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

	2001	2000
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 as a starting point to project future charges on funds is calculated on a smoothed basis. Assets supporting the solvency margin are not discounted.

Achieved Profits:

The profit, derived using the Achieved Profits method, is analysed into four categories:

(i) A contribution from new business, comprising the excess amount of the value added after providing for the return equal to the risk adjusted discount rate on capital employed in writing the new business

(ii) 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;

(iii) Investment earnings on the net assets attributable to shareholders;

(iv) 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 2001 and 2000.

	Individual		Group	
	Life	Pensions	Contracts	Total
	€m	€m	€m	€m
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 Premiums Written - 2000				
Recurring premiums	220	121	8	349
Single premiums	422	60	29	511
Total gross premiums written	642	181	37	860
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
Gross New Business Premiums Written - 2000				
Recurring premiums	76	41	3	120
Single premiums	422	60	29	511
Total gross new business written	498	101	32	631

27 DEPOSITS BY BANKS

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Deposits by Banks	**11,664**	10,306	**13,821**	13,074
Repayable on demand	**2,711**	3,799	**2,709**	3,967
Other deposits by remaining maturity				
- 3 months or less	**6,263**	4,982	**8,798**	7,579
- 1 year or less but over 3 months	**1,789**	1,094	**2,048**	1,376
- 5 years or less but over 1 year	**487**	139	**152**	96
- over 5 years	**414**	292	**114**	56
	11,664	10,306	**13,821**	13,074
Amounts include:				
Due to group undertakings			**3,290**	3,733

28 CUSTOMER ACCOUNTS

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Current accounts	**7,499**	6,114	**9,585**	7,825
Demand deposits	**16,924**	16,763	**10,580**	9,308
Term deposits and other products	**20,754**	17,979	**9,480**	8,388
Other short-term borrowings	**453**	134	**829**	222
	45,630	40,990	**30,474**	25,743
Repayable on demand	**24,842**	23,561	**18,567**	15,717
Other deposits with agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less	**12,457**	10,347	**8,728**	7,139
- 1 year or less but over 3 months	**4,699**	3,383	**1,503**	1,711
- 5 years or less but over 1 year	**2,900**	2,947	**1,141**	904
- over 5 years	**732**	752	**535**	272
	45,630	40,990	**30,474**	25,743
Amounts include:				
Due to group undertakings			**2,126**	1,758

29 DEBT SECURITIES IN ISSUE

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Bonds and medium term notes by remaining maturity				
- 3 months or less	**-**	8	**-**	-
- 1 year or less but over 3 months	**-**	14	**-**	14
- 5 years or less but over 1 year	**2,644**	1,037	**2,644**	786
Other debt securities in issue by remaining maturity				
- 3 months or less	**1,731**	642	**1,700**	593
- 1 year or less but over 3 months	**476**	924	**476**	858
- 5 years or less but over 1 year	**165**	200	**165**	200
	5,016	2,825	**4,985**	2,451

30 OTHER LIABILITIES

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Current taxation	153	136	39	79
Notes in circulation	605	522	605	522
Foreign exchange and interest rate contracts	786	519	832	543
Sundry creditors	1,460	1,485	184	410
Other	736	576	132	101
Dividends	196	160	196	160
	3,936	3,398	1,988	1,815

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	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Taxation treatment of capital allowances:				
- finance leases	113	90	21	16
- equipment used by group	11	10	9	8
Other short term timing differences	(20)	(14)	(26)	(27)
	104	86	4	(3)
At 1 April	86	65	(3)	(11)
Exchange adjustments	-	-	-	-
Provision made/ (utilised)	40	40	6	8
Acquisitions	-	-	1	-
Other movements	(22)	(19)	-	-
At 31 March	104	86	4	(3)

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(1)	Other	Total
The Group	**€m**	**€m**	**€m**	**€m**
At 1 April 2000	71	-	36	107
Exchange adjustments	(1)	-	(1)	(2)
Provisions made	13	68	30	111
Provisions utilised	(14)	(13)	(8)	(35)
Provisions released	-	-	(3)	(3)
Share of provisions of subsidiaries acquired	-	-	18	18
At 31 March 2001	69	55	72	196
The Bank				
At 1 April 2000	60	-	3	63
Exchange adjustments	-	-	1	1
Provisions made	2	68	22	92
Provisions utilised	(1)	(13)	(3)	(17)
Provisions released	-	-	-	-
Transfer of provision from subsidiary undertaking	2	-	1	3
At 31 March 2001	63	55	24	142

(1) A provision of €68m was created in the current year while €13m was utilised in 2000/01, the remaining amount is expected to be incurred prior to the 31 March 2003.

33 SUBORDINATED LIABILITIES

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Undated Loan Capital				
Bank of Ireland				
US$150m Undated Floating Rate Primary Capital Notes	168	155	168	155
Bristol & West				
Stg£75m 13⅜% Perpetual Subordinated Bonds	200	207	-	-
	368	362	168	155
Dated Loan Capital				
Bank of Ireland				
Stg£100m 9.75% Subordinated Bonds 2005	161	166	161	166
US$175m Subordinated Floating Rate Notes 2007	198	183	198	183
Stg £200m Subordinated Floating Rate Notes 2009	323	334	323	334
€750m 6.45% Subordinated Bonds 2010	747	597	747	597
Bristol & West				
Stg£60m 10⅞% Subordinated Bonds 2000	-	100	-	-
Stg£75m 10¾% Subordinated Bonds 2018	120	124	-	-
	1,549	1,504	1,429	1,280
	1,917	1,866	1,597	1,435
Repayable				
in 1 year or less	-	100	-	-
between 2 and not more than 5 years	162	166	162	166
5 years or more	1,387	1,238	1,267	1,114
	1,549	1,504	1,429	1,280

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.

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.

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.

The Bristol & West 13⅜% Perpetual Subordinated Bonds have a nominal value of Stg£75m and were revalued as part of the fair value adjustments on acquisition.

34 MINORITY INTEREST - NON EQUITY

	2001	2000
	€m	€m
Bristol & West		
Stg£50.4 m 8⅛% Non-Cumulative Preference Shares of Stg£1 each	81	87
	81	87

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 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 OUTSIDE INTEREST – NON EQUITY

	2001	2000
	€m	€m
Bank of Ireland UK Holdings plc		
€600m 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	593	-

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 pasu 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.

36 CALLED UP CAPITAL STOCK

The Bank	**2001 €m**	2000 €m
Authorised		
1,500m units of €0.64 of Ordinary Stock	960	960
8m units of Non-Cumulative Preference Stock of US$25 each	226	209
100m units of Non-Cumulative Preference Stock of Stg£1 each	162	167
100m units of Non-Cumulative Preference Stock of IR£1 each	127	127
	1,475	1,463
Allotted and fully paid		
Equity		
1,001.3m units of €0.64 of Ordinary Stock	641	635
45.0m units of €0.64 of Treasury Stock	29	33
Non equity		
5m units of Non-Cumulative Preference Stock of Stg£1 each	8	9
10.5m units of Non-Cumulative Preference Stock of IR£1 each	13	13
	691	690

The weighted average Ordinary Stock in issue at 31 March 2001, used in the earnings per unit of Ordinary Stock calculation, excludes the Treasury Stock from the date of buyback, (See Note 13). This Treasury Stock does not rank for dividend.

Movements in Issued Ordinary Stock

During the year the total Ordinary Stock in issue increased from 992,330,835 units of nominal value of €0.64 each to 1,001,288,093 units of nominal value of €0.64 each as follows:

In July 2000 3,299,218 units of Ordinary Stock were issued to those holders of Ordinary Stock who elected, under the Stock Alternative Scheme, to receive additional units of Ordinary Stock at a price of €6.91 per unit, instead of all or part of the cash element of their 1999/2000 Final Dividend, by the re-issue of units of Treasury Stock.

In January 2001 2,240,996 units of Ordinary Stock were issued to those holders of Ordinary Stock who elected, under the Stock Alternative Scheme, to receive additional units of Ordinary Stock at a price of €9.32 per unit instead of all or part of the cash element of their 2000/2001 Interim Dividend.

During the year 3,416,672 units of Ordinary Stock were issued to option holders on the exercise of their options under the terms of the Senior Executive Stock Option Scheme at prices ranging between €0.97 and €5.753, by the re-issue of units of Treasury Stock.

During the year 372 units of Ordinary Stock were issued to Save as You Earn option holders on the exercise of their options under the terms of the Sharesave Scheme (“SAYE”) 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.

Stock Alternative Scheme

At the 1997 Annual General Court the Stockholders renewed the Directors’ authority to offer Stockholders the right to elect to receive new units of Ordinary Stock in lieu of part or all of the cash element of their dividends. It is the residual amount of the cash dividend (i.e. after deduction of Dividend Witholding Tax, where applicable) which may be taken in the form of new units of stock. The price at which such new units are offered is the average of the closing quotation of Bank of Ireland Ordinary Stock derived from the Daily Official List of the Irish Stock Exchange for certain dealing days starting on the date on which the stock is first quoted ‘ex-dividend’.

36 CALLED UP CAPITAL STOCK (continued)

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 Schemes. The amount set aside is related to overall Group performance assessed both in terms of real growth in earnings per share ("EPS") and how that real growth in EPS compares with that experienced by a peer group of Irish and UK financial institutions. In addition, as is permitted by Irish taxation rules, Irish participants may, subject to certain constraints, forego up to an equivalent amount of their salary towards the acquisition by the Trustees on their behalf of up to an amount equal to their free Scheme Stock. The maximum distribution under the Schemes is 4% of a participant's salary. To-date, annual distributions under the Schemes have ranged between nil and 3.5% of each participant's salary.

Sharesave Scheme ("SAYE Scheme")

At the 1999 Annual General Court the Stockholders approved the establishment of a Sharesave Scheme ("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 as a result options over 15,527,008 units of Ordinary Stock (1.6% of the Issued Ordinary Stock) were granted to participating employees at an option price of €5.40, which represented a 20% discount to the then market price. The outstanding options under the Scheme are exercisable, provided the participant's savings contracts are complete, between May 2003 and May 2007.

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 a replacement scheme, "Bank of Ireland Group Stock Option Scheme - 1996", was approved by the Stockholders at the Annual General Court held in July 1996. Key executives may participate in the current Scheme at the discretion of the Remuneration Committee. The total value of options granted may not exceed four times an executive's remuneration. The subscription price per unit of stock shall not be less than the market value of the stock at the date of grant. The exercise of options granted since 1996 are conditional upon EPS achieving a cumulative growth of at least 2% per annum compound above the increase in the Consumer Price Index over either the three year period, or if not achieved, the six year period, commencing with the period in which the options are granted. The performance condition for options granted in 1996, 1997 and 1998 has 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 150,000 options lapsed. The market price of the Bank's Ordinary Stock at 31 March 2001 was €9.41 (2000 : €7.40) and the range during the year to 31 March 2001 was €6.36 to €10.80. Outstanding options under the Stock Option Scheme are exercisable at prices ranging between €0.97 to €9.15 between now and November 2010. At 31 March 2001, options were outstanding in respect of 8,180,804 units, 0.82% of the stock in issue (2000: 10,681,326 units).

36 CALLED UP CAPITAL STOCK (continued)

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 Bank'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 Bank's TSR relative to other companies as follows:

- Before any proportion of a conditional award may vest, the cumulative growth in the Bank'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 Bank's TSR relative to other companies both in a peer group of eight 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 2001 conditional awards totalling 460,817 units of stock were outstanding to the current participants of this plan.

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.

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 Irish Pound Preference Stock will be payable in Irish Pounds in a gross amount of IR£1.20 per unit per annum, in equal semi-annual installments in arrears on February 20 and August 20 in each year.

On a winding up of, or other return of capital by the Bank (other than on a redemption), the Preference Stockholders 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 Ordinary Stockholders.

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.

37 RESERVES

	The Group €m	The Bank €m
Stock premium account		
Opening balance	679	679
Premium on issue of capital stock	9	9
Premium on stock alternative scheme issue	40	40
Exchange adjustments	(2)	(2)
Closing balance	726	726
Capital reserve		
Opening balance	232	19
Transfer from revenue reserves	101	-
Transfer to revenue reserves	(22)	-
Closing balance	311	19
Profit and loss account		
Opening balance	1,510	309
Profit retained	334	27
Exchange adjustments	(48)	(39)
Transfer from capital reserves	22	-
Closing balance	1,818	297
Revaluation reserve		
Opening balance	168	123
Revaluation of property	85	60
Exchange adjustments	(1)	-
Closing balance	252	183

38 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.

An independent actuarial valuation of the Bank of Ireland Staff Pensions Fund (the main scheme) was carried out by R Watson & Sons, consulting actuaries as at 31 March 1998 using the projected unit credit method of funding. The principal assumption in the review was that the annual rate of return on new investments would be 4.0 per cent higher than the annual rate of increase in pensionable remuneration and pensions in course of payment.

The market value of the assets of the main scheme at 31 March 1998 was €2,315.7m and the actuarial value of the net assets, after allowing for expected future increases in earnings and pensions, represented 138 per cent of the benefits that had accrued to members. The surplus is being corrected 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 2001. 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 €53.6m (2000: €54.0m) 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 credit of €2.5m in relation to the main scheme, (2000 : €2.0m).

The total pension charge for the Group in respect of the year ended 31 March 2001 was €16m (2000: €11m).

39 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 20 of the Operating and Financial Review. Details of the market risk exposures are presented on page 22 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 2001				31 March 2000
	Within one Year	**One to five years**	**Over five years**	**Total**	Total
	€m	**€m**	**€m**	**€m**	€m
Underlying Principal Amount:					
Exchange Rate Contracts	10,774	3,059	430	14,263	11,753
Interest Rate Contracts	18,712	19,941	8,166	46,819	43,238
Equity Contracts	378	1,613	369	2,360	2,290
Replacement Cost					
Exchange Rate Contracts	345	153	51	549	292
Interest Rate Contracts	113	278	192	583	436
Equity Contracts	37	84	-	121	803

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 2001			1 March 2000
	Financial	**Non-Financial**	**Total**	Total
	€m	**€m**	**€m**	€m
Exchange Rate Contracts	315	234	549	292
Interest Rate Contracts	506	77	583	436
Equity Contracts	121	-	121	803
	942	311	1,253	1,531

39 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 2001 and 2000:

	31 March 2001		
	Underlying Principal Amount(1)	Fair Value	Average Fair Value
Interest rate contracts:	€m	€m	€m
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.

39 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2000		
	Underlying Principal Amount[1] €m	Fair Value €m	Average Fair Value €m
Interest rate contracts:			
Interest rate swaps	29,598		
in a favourable position		263	334
in an unfavourable position		(193)	(302)
Interest rate caps, floors & options			
Held	4,442		
in a favourable position		75	40
in an unfavourable position		-	-
Interest rate caps, floors & options			
Written	2,191		
in a favourable position		-	-
in an unfavourable position		(6)	(3)
Forward rate agreements	1,239		
in a favourable position		-	2
in an unfavourable position		-	(2)
Financial futures	1,379		
in a favourable position		-	-
in an unfavourable position		-	-
	38,849	139	
Foreign exchange contracts:			
Forward foreign exchange	8,898		
in a favourable position		140	155
in an unfavourable position		(117)	(159)
	8,898	23	
	47,747		

(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.

	2001 €m	2000 €m
Dealing profits		
Securities and interest rate contracts	69	18
Foreign exchange contracts	31	25
Equity contracts	1	1
Total	101	44

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

39 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 2001 and 2000.

	31 March 2001				
Interest Rate Contracts:	**Underlying Principal Amount €m**	**Weighted Average Maturity in Years**	**Weighted Average Receive Rate %**	**Weighted Average Pay Rate %**	**Fair Value €m**
Interest Rate Swaps					
- receive fixed					
1 year or less	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
Forward Rate Agreements loans					
1 year or less					
1-5 years					
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)

39 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

39 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2000				
	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	1,779	0.6	5.8	5.8	49
1-5 years	1,817	2.9	2.8	5.8	7
5-10 years	261	5.6	0.9	5.3	(2)
Over 10 years	15	11.6	6.3	-	8
Interest Rate Swaps					
-pay fixed					
1 year or less	3,113	0.3	5.6	6.0	(12)
1-5 years	1,153	1.9	5.8	7.1	(23)
5-10 years	203	7.3	4.4	6.4	(11)
Over 10 years	644	15.6	4.1	5.6	4
Interest Rate Swaps					
-pay and receive floating					
1 year or less	30	0.4	8.0	10.5	-
1-5 years	85	2.7	5.4	6.1	-
5 -10 years	45	6.2	3.6	3.7	1
Forward Rate Agreements loans					
1 year or less	42	0.9	6.9	-	-
1-5 years	3	1.7	7.3	-	-
Interest Rate Caps					
1 year or less	28	0.4	-	-	28
1-5 years	42	2.2	-	-	25
5-10 years	8	6.6	-	-	8
Interest Rate Floors					
1 year or less	31	0.7	-	-	-
1-5 years	126	2.9	-	-	-
	9,425				82

39 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	31 March 2000		
Exchange Rate Contracts:	Underlying Principal Amount €m	Weighted Average Maturity in Years	Fair Value €m
Forward Foreign Exchange			
1 year or less	1,061	0.2	62
1-5 years	74	1.4	5
Currency Swaps			
1 year or less	652	0.5	(32)
1-5 years	1,484	2.7	(84)
5-10 years	430	7.4	10
Over 10 years	59	14.0	5
Currency Options			
1 year or less	43	0.5	-
1-5 years	18	1.5	-
	3,821		(34)
Equity and Commodity Contracts:			
Equity Index Linked Contracts Held			
1 year or less	497	0.7	345
1-5 years	1,553	2.8	478
5-10 years	256	5.6	-
	2,306		823
	15,552		871

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 gains on instruments used for hedging as at 31 March 2001 were €25m (1999/00: gain €669m).

The net gains expected to be recognised in 2001/2002 are €41m (2000/01: gain €465m) and thereafter the net losses expected to be recognised are €16m (2000/01:€204m).

The net gains recognised in 2000/01 in respect of previous years were €465m (1999/00:€235m) and the net losses arising in 2000/01 which were not recognised in 2000/01 were €179m (1999/00: gain €503m).

39 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

Non Trading Derivative Deferred Balances

The table below summarises the deferred profit and losses at 31 March 2001.

	Deferred Gains €m	Deferred Losses €m	Total net deferred gains/ (losses) €m
As at 1 April 2000	8.4	(4.0)	4.4
Gains and losses arising in previous years that were recognised in the year ended 31 March 2001	2.8	(1.4)	1.4
Gains and losses arising before 1 April 2000 that were not recognised in the year ended 31 March 2001	5.6	(2.6)	3.0
Gains and losses arising in the year ended 31 March 2001 that were not recognised in that year	1.9	(0.1)	1.8
As at 31 March 2001	7.5	(2.7)	4.8
Of which:			
Gains and losses expected to be recognised in the year ended 31 March 2002	2.6	(1.5)	(1.1)

Anticipatory Hedges

The Group has entered into forward foreign exchange contracts to hedge partly the exchange risk on the translation of the net profit from certain non-euro operations. The fair value of these amounted to an unrealised loss/gain of €6.6m at 31 March 2001 (1999/00: loss €4.1m).

40 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 2001. 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 drawn volumes have been included in the table.

				31 March 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
Non Trading Interest Rate Repricing - Total							
Assets							
Central Government bills and other eligible bills	71	-	-	-	-	5	76
Loans and advances to banks	5,819	922	801	511	7	16	8,076
Loans and advances to customers	31,378	2,491	3,783	10,485	2,961	170	51,268
Debt securities and equity shares	4,565	441	186	808	250	278	6,528
Other assets	501	-	-	396	-	3,105	4,002
Total assets	42,334	3,854	4,770	12,200	3,218	3,574	69,950
Liabilities							
Deposits by banks	8,662	1,151	637	487	413	151	11,501
Customer accounts	34,393	3,140	1,666	1,546	204	4,541	45,490
Debt securities in issue	4,108	170	307	431	-	-	5,016
Other liabilities	484	22	21	27	160	2,539	3,253
Subordinated liabilities	1,598	-	-	-	319	-	1,917
Outside interest non equity 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 INTEREST RATE REPRICING GAP – NON TRADING BOOK (continued)

	31 March 2000						
	Not more than three months €m	Over three months but not more than six months €m	Over six months but not more than one year €m	Over one year but not more than five years €m	Over five years €m	Non interest bearing €m	Total €m
Non Trading Interest Rate Repricing - Total							
Assets							
Central Government bills and other eligible bills	596	41	-	-	-	5	642
Loans and advances to banks	5,677	745	260	2	-	7	6,691
Loans and advances to customers	28,472	1,810	3,005	9,065	2,428	193	44,973
Debt securities and equity shares	2,960	290	375	717	180	38	4,560
Other assets	287	-	-	-	-	3,592	3,879
Total assets	37,992	2,886	3,640	9,784	2,608	3,835	60,745
Liabilities							
Deposits by banks	8,003	930	149	128	253	163	9,626
Customer accounts	31,629	1,224	1,809	1,730	592	4,006	40,990
Debt securities in issue	1,613	311	613	170	5	113	2,825
Other liabilities	307	-	-	-	181	2,567	3,055
Loan capital	1,423	100	-	-	343	-	1,866
Minority interests and shareholders' funds	-	-	-	-	-	3,371	3,371
Total liabilities	(42,975)	(2,565)	(2,571)	(2,028)	(1,374)	(10,220)	(61,733)
Net amounts due from / to Group units	3,837	(915)	(1,093)	(4,354)	617	5,235	3,327
Off balance sheet items	(957)	(880)	(338)	1,483	(185)	-	(877)
Interest rate repricing gap	(2,103)	(1,474)	(362)	4,885	1,666	(1,150)	1,462
Cumulative interest rate repricing gap	(2,103)	(3,577)	(3,939)	946	2,612	1,462	-
Euro							
Cumulative interest rate repricing gap 31 March 2000	709	1,077	1,373	3,476	4,623	990	-
Sterling							
Cumulative interst rate repricing gap 31 March 2000	817	(1,713)	(2,375)	266	739	1,390	-

41 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has estimated fair value wherever possible using market prices or data available for instruments with characteristics either identical or similar to those of the instruments held by the Group. In certain cases, however, including some advances to customers, there are no ready markets. Accordingly, various techniques have been developed to estimate what the approximate fair value of such instruments might be. These estimation techniques are necessarily extremely subjective in nature and involve assumptions which are based upon management's view of market conditions at 31 March 2001 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 2001.

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 2001 and 2000.

	2001		2000	
	Carrying Amount	**Fair Values**	Carrying Amount	Fair Values
	€m	**€m**	€m	€m
Financial instruments held for trading				
Debt securities	2,174	2,174	2,418	2,418
Equity shares	140	140	9	9
Derivative financial instruments				
Interest rate contracts	90	90	139	139
Foreign exchange contracts	(12)	(12)	23	23
Non trading financial instruments				
Assets				
Cash and balances at central banks(1)	256	256	210	210
Items in course of collection(1)	708	708	617	617
Central government bills and other eligible bills(1)	76	76	641	641
Loans and advances to banks	8,115	8,149	6,770	6,768
Loans and advances to customers	51,147	51,572	44,844	44,766
Securitisation and loan transfers(1)	141	141	130	130
Debt securities	6,355	6,387	4,237	4,249
Equity shares	4	4	4	4
Own shares	29	424	33	382
Liabilities				
Deposits by banks	11,664	11,904	10,306	10,409
Customer accounts	45,630	45,803	40,990	41,616
Debt securities in issue	5,016	5,046	2,825	2,824
Items in course of transmission(1)	178	178	219	219
Subordinated liabilities	1,917	1,959	1,866	1,923
Outside interests : non equity	593	610	-	-
Minority interests : non equity	81	96	87	91
Derivative financial instruments				
Interest rate contracts		(17)		82
Exchange rate contracts		281		(34)
Equity and commodity contracts		66		823

(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.

41 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. Outside Interest Non Equity
The estimated fair value of outside interest – non equity is based on quoted market rates for instruments with similar maturities.

10. Financial Instruments with Off-Balance Sheet Risk
Financial instruments with off balance sheet risk are detailed in Note 39 of the Notes to the Consolidated Financial Statements and include the fair value of these instruments.

11. 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.

42 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 Basle agreement on capital adequacy[(i)].

	31 March 2001		31 March 2000	
	Contract Amount	**Risk Weighted Amount**	Contract Amount	Risk Weighted Amount
	¤ m	**¤ m**	¤ m	¤ m
The Group - Contingent Liabilities				
Acceptances and endorsements	105	98	106	101
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	946	825	897	736
Other contingent liabilities	528	259	343	168
	1,579	1,182	1,346	1,005
The Group - Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	51	15	67	20
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	458	-	505	-
- Undrawn formal standby facilities, credit lines and other commitments to lend				
- Irrevocable with original maturity of over 1 year	3,227	1,490	2,709	1,350
- Revocable or irrevocable with original maturity of 1 year or less[(ii)]	12,065	-	8,272	-
	15,801	1,505	11,553	1,370

42 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

	31 March 2001		31 March 2000	
	Contract Amount	**Risk Weighted Amount**	Contract Amount	Risk Weighted Amount
The Bank – Contingent Liabilities	**€m**	**€m**	€m	€m
Acceptances and endorsements	105	98	106	101
Guarantees and assets pledged as collateral security				
- Assets pledged	-	-	-	-
- Guarantees and irrevocable letters of credit	4,509	781	3,422	696
Other contingent liabilities	528	259	343	168
	5,142	1,138	3,871	965
The Bank – Commitments				
Sale and option to resell transactions	-	-	-	-
Other commitments				
- Documentary credits and short-term trade-related transactions	51	15	67	20
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	-	-	-	-
- Undrawn note issuance and revolving underwriting facilities	458	-	505	-
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- Irrevocable with original maturity of over 1 year	1,734	743	1,123	557
- Revocable or irrevocable with original maturity of 1 year or less[(ii)]	8,727	-	6,967	-
	10,970	758	8,662	577

Notes:

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

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

Charges in respect of the exchange of euro-zone currencies

On 28 June 2000 the Commission of the European Communities served a Statement of Objections and initiated proceedings, under Article 81 of the Treaty establishing the European Community, against the Bank, Allied Irish Banks plc, TSB Bank, Irish Life and Permanent plc, Ulster Bank Ltd., National Irish Bank Ltd., ACC Bank plc, the Irish Bankers Federation and the Irish Mortgage and Savings Association (the 'Addressees'). In its Statement of Objections the Commission alleged that the Addressees agreed to fix prices in Ireland for the exchange of euro-zone currencies following the introduction of the euro as the single currency of the eleven participating Member States of the European Union. If the Commission confirms the infringement, following its consideration of the defence statements submitted by all the Addressees, it is empowered to impose fines of up to €1 million or a sum not exceeding 10% of the turnover in the preceding business year of the enterprises in question. The Bank lodged a reply against the Commission's Statement of Objections on 19 October 2000.

43 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, BIAM Holdings, Davy Corporate Finance Limited, Davy Holdings (International) Limited, Davy International, First Rate Enterprises Limited, Florenville Limited, IBI Corporate Finance Limited, IBI Interfunding Company, Ibidem Limited, Ilios Limited, J & E Davy, J & E Davy Holdings Limited, Lansdowne Leasing, Laverhill, Liscuill, Louncil Limited and Merrion Leasing.

(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.

44 NOTES TO THE CASH FLOW STATEMENT

	The Group	
	2001	2000
	€m	€m
(i) Gross Cashflows		
Returns on investment and servicing of finance		
Interest paid on subordinated liabilities	(143)	(87)
Preference dividends paid	(26)	(25)
Issue expenses on subordinated liabilities	-	(3)
Dividends paid to minority shareholders in subsidiary undertakings	(10)	(7)
Issue expenses on outside interest – non equity	(7)	-
Interest paid to outside interest – non equity	(3)	-
	(189)	(122)
Capital expenditure and financial investment		
Net (purchases) of investment debt and equity securities	(915)	(258)
Purchase of tangible fixed assets	(253)	(207)
Sale of tangible fixed assets	41	155
	(1,127)	(310)
Acquisitions and disposals		
Investments in associated undertakings	(5)	(1)
Sale of Associated undertaking	4	-
Purchase of minority interest in subsidiary	-	(9)
Purchase of Chase de Vere	(185)	-
Purchase of Moneyextra	(42)	-
	(228)	(10)
Financing		
Issue of capital stock (net of issue expenses)	11	14
Repayment of subordinated liabilities	(98)	(264)
Issue of subordinated liabilities	150	600
Issue of outside interest – non equity	600	-
Stock buyback	-	(442)
Redemption of Bristol & West preference stock	(3)	-
	660	(92)

44 NOTES TO THE CASH FLOW STATEMENT (continued)

(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
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
2000			
At 1 April 1999	1,083	594	1,677
Cash flow	(876)	522	(354)
Foreign exchange movement	3	73	76
At 31 March 2000	210	1,189	1,399

(iii) Analysis of changes in financing

	Capital Stock (including stock premium)	Subordinated Liabilities	Outside Interest- Non equity	Minority Interests- Non Equity
2001				
At 1 April 2000	1,369	1,866	-	87
Effect of foreign exchange differences	(3)	(2)	-	(3)
Cash flow	11	52	593	(3)
Stock alternative scheme issue	44	-	-	-
Capitalisation of reserves	-	-	-	-
Other non cash movements	(4)	1	-	-
At 31 March 2001	1,417	1,917	593	81
2000				
At 1 April 1999	1,314	1,389	-	79
Effect of foreign exchange differences	8	144	-	8
Cash flow	14	336	-	-
Stock alternative scheme issue	28	-	-	-
Capitalisation of reserves	5	-	-	-
Other non cash movements	-	(3)	-	-
At 31 March 2000	1,369	1,866	-	87

(iv) Chase de Vere Acquisition

	€m
Net assets acquired	15
Goodwill	185
	200
Satisfied by :	
Cash	185
Deferred consideration	15
	200

An analysis of net assets is set out in Note 2.

44 NOTES TO THE CASH FLOW STATEMENT (continued)

(v) Moneyextra Acquisition	**€m**
Net assets acquired	-
Goodwill	42
	42
Satisfied by :	
Cash	42
	42

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

45 SEGMENTAL ANALYSIS

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 net assets of the Life and Pensions business segment are based on the allocation of capital. 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. The analysis of results by business class is based on management accounts information. Ireland includes Northern Ireland and the profit 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.

(a) Geographical Segment

	2001			
	Ireland €m	**Britain €m**	**Rest of World €m**	**Total €m**
Turnover	2,754	2,386	177	5,317
Profit before exceptional item	874	224	36	1,134
Group Transformation Programme				(93)
Grossing up (1)				(46)
Profit before taxation				995
Net assets	2,409	1,237	152	3,798
Total assets (2)	60,018	34,271	2,304	96,593

	2000			
	Ireland €m	**Britain €m**	**Rest of World €m**	**Total €m**
Turnover	2,150	1,733	131	4,014
Profit before exceptional item	746	210	23	979
Grossing up (1)				(59)
Profit before taxation				920
Net assets	1,874	1,096	309	3,279
Total assets (2)	49,584	32,413	2,753	84,750

45 SEGMENTAL ANALYSIS (continued)

(b) Business Class

2001

	Retail Banking Republic €m	Life & Pensions €m	Corporate & Treasury €m	Bristol & West €m	Asset and Wealth Management Services €m	Group and Central Costs €m	Total €m
Net interest income	704	-	408	325	23	2	1,462
Other income[3]	206	131	348	175	243	28	1,131
Total operating income	910	131	756	500	266	30	2,593
Administrative expenses	524	-	331	242	110	50	1,257
Depreciation and amortisation	62	-	24	28	6	10	130
Provision for bad and doubtful debts	34	-	33	2	3	-	72
Profit before exceptional item	290	131	368	228	147	(30)	1,134
Group Transformation Programme							(93)
Grossing up[1]							(46)
Profit before taxation							995
Net assets	733	71	699	1,086	168	1,041	3,798
Total assets[2]	19,449	5,305	42,974	23,767	2,127	5,051	98,673

2000

	Retail Banking Republic (Restated)[4] €m	Life & Pensions (Restated)[4] €m	Corporate & Treasury €m	Bristol & West €m	Asset and Wealth Management Services €m	Group and Central Costs €m	Total €m
Net interest income	602	-	371	296	18	1	1,288
Other income[3]	208	107	234	114	199	52	914
Total operating income	810	107	605	410	217	53	2,202
Administrative expenses	485	-	283	170	82	28	1,048
Depreciation and amortisation	70	-	19	18	4	8	119
Provision for bad and doubtful debts	26	-	23	6	2	(1)	56
Profit before exceptional item	229	107	280	216	129	18	979
Grossing up[1]							(59)
Profit before taxation							920
Net assets	611	68	707	941	128	824	3,279
Total assets[2]	19,076	4,520	36,038	22,346	2,339	2,778	87,097

(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 €19,798m (2000: €19,080m) in business class and €17,718m (2000: €16,733m) in geographic segments.

(3) Other income includes income from associates.

(4) Restated to reflect revised commission arrangements for services provided by Group companies.

46 RELATED PARTY TRANSACTIONS

(a) Subsidiary, Associated Undertakings and Joint Ventures

Details of the principal subsidiary undertakings are shown in Note 22 on page 66. 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 2001 of €nil 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 2001 was €11m.

(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 38.

(c) Directors

Directors' emoluments and details of transactions between Directors and the Group are set out in the Remuneration Report on pages 36 to 40. Additionally, fees of €130,000 in the year to 31 March 2001 (2000:€57,138) were paid to Dr Redmond, Director and Deputy Governor, in her professional capacity as a solicitor while in sole practice and fees of €904,502 were paid to Arthur Cox, Solicitors, for legal services supplied to the Group from the date Dr Redmond became a partner there up to 31 March 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 2001 the net amount owed from RPS3 was €0.1m (2000: €0.2m), RPS4 was €1.0m (2000: €0.8m), SS1 was €1.6m (2000:nil), CLIPS was nil, Liberator was €1.0m (2000:nil) and RPS5 was €0.2m while in 2000 the net amount owed to RPS5 was €0.1m.

47 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCY

	The Group		The Bank	
	2001	2000	**2001**	2000
	€m	€m	**€m**	€m
Denominated in euros	34,311	29,421	26,799	23,320
Denominated in currencies other than euros	44,564	38,596	28,729	23,650
Total Assets	78,875	68,017	55,528	46,970
Denominated in euros	35,481	28,820	26,953	22,851
Denominated in currencies other than euros	43,394	39,197	28,575	24,119
Total Liabilities	78,875	68,017	55,528	46,970

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

48 EMPLOYEE INFORMATION

In the year ended 31 March 2001 the average full time equivalents was 17,356 (2000: 16,400) and categorised as follows in line with the business classes as stated in Note 45 on page 97.

	2001	2000
Retail Banking Republic	8,520	8,354
Life Assurance	1,050	975
Corporate & Treasury	3,115	2,940
Bristol & West Group	2,964	2,717
Asset and Wealth Management Services	872	738
Group and Central Costs	835	676
	17,356	16,400

Bristol & West includes the average full time equivalents for Bristol & West and also for the Group's mortgage business in Britain, Bank of Ireland Home Mortgages. The staff costs in Note 7 is exclusive of staff costs relating to the life assurance business. The contribution from life assurance companies shown in the Group Profit & Loss account on page 44 is net of these staff costs.

49 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 the estimated useful life of software development 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.

49 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	**US GAAP**
Goodwill	
Goodwill arising on acquisition of shares in group and associated undertakings, being the excess of cost over fair value of the Group's share of net tangible assets acquired is capitalised and amortised over its estimated useful economic life. Goodwill arising on the acquisition of subsidiary undertakings prior to 31 March 1998 was written off directly to reserves in the year of acquisition. Goodwill arising on acquisitions of subsidiary undertakings occurring after 31 March 1998 are capitalised as assets on the balance sheet and amortised over their estimated useful economic lives.	Goodwill arising on acquisitions of subsidiary undertakings is capitalised and amortised through income over the period estimated to benefit. In the Group's case a period of 20 years has been used. Goodwill is written off when judged to be irrecoverable.
Deferred Taxation	
Deferred taxation is recognised at the appropriate rates of tax using the liability method on timing differences where it is expected that a tax liability or asset is likely to arise in the foreseeable future.	Provision for deferred tax under the liability method is required in full for all temporary differences. A valuation allowance is raised against a deferred tax asset where it is more likely than not that some portion of the deferred tax asset will not be realised.
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.

49 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Pensions	
Contributions to the Group's defined benefit schemes are charged to the profit and loss account so as to spread the expected cost of pensions calculated in accordance with the advice of qualified actuaries, on a systematic basis over the employees working lives. Variations from the regular cost are spread over the average remaining service life of relevant employees.	The same basic actuarial method is used as under Irish GAAP, but certain assumptions differ, assets are assessed at fair value and liabilities are assessed at current settlement rates. Certain variations from regular cost are allocated in equal amounts over the average remaining service lives of current employees. Recognition of a liability when the accumulated benefit obligation exceeds the fair value of assets is also required. The impact of this pronouncement has been included in the GAAP reconciliation in respect of the main Bank of Ireland pensions plans.
Long-term Assurance Policies	
Income from long term assurance business consists of surpluses attributable to shareholders from the long term fund which arise in the year plus increases in the present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis.	The present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis are not recognised by the Group under US GAAP. Unearned revenues and acquisition costs related to unit linked products are deferred and amortised in proportion to total estimated gross profits over the expected life of policyholders contracts. Unearned revenues are amounts assessed from policyholders that represent compensation for services to be provided in future periods. Acquisition costs consist of commissions and other costs which vary with and are primarily related to the production of revenues.
Acceptances	
Acceptances are not recorded on the balance sheet.	Acceptances and related customer liabilities are recorded on the balance sheet.
Dividends Payable	
Dividends declared after the period end are recorded in the period to which they relate.	Dividends are recorded in the period in which they are declared.

49 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Securitised Transactions	
Depending on specified qualifying criteria there are three methods of accounting for securitised and loan transfer transactions: continued recognition, linked presentation and derecognition. The linked presentation method is adopted where there is no significant change in the Group's rights to benefits and the Group's exposure is limited to a fixed monetary ceiling. Under this method, only the net amount is consolidated, however on the face of the Group balance sheet, the related gross amounts are disclosed.	Securitised transactions, prior to the introduction of SFAS No.125, not qualifying for derecognition are presented as gross amounts on the balance sheet. Under SFAS No.125, 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.
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.
Internal Hedge Transactions	
Derivative transactions undertaken with Treasury & International Banking for hedging purposes by subsidiaries or other business units may be accrual accounted by the hedging entity.	Following an interpretation of SFAS No. 80 by the SEC, there is a requirement for the internal transaction to be contemporaneously offset by a transaction (on a one to one basis) with the external market by Treasury & International Banking for hedge accounting to be applied. Transactions which do not satisfy this requirement must be fair valued by the hedging entity.
Loan Origination Fees	
Certain loan fees are recognised when received.	Loan origination fees net of direct loan origination costs are deferred and recognised as an adjustment to the yield on the related loan or facility.
Group Transformation	
A provision for Group Transformation costs is recognised in accordance with FRS12 when a constructive obligation to transfer economic benefit as a result of a past event exists at the balance sheet date.	Costs of the Group Transformation Programme are recognised when incurred.

49 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Consolidated Net Income

	2001	2000
	€m	€m
Net income under Irish GAAP (Group profit attributable to ordinary stockholders)	725	690
Depreciation	(4)	(7)
Software development costs	8	10
Goodwill	(35)	(33)
Deferred taxation	(4)	6
Pension costs	9	11
Long-term assurance policies	(82)	(72)
Group Transformation Programme	55	-
Other	10	(1)
Deferred tax effect on these adjustments	1	24
Net income under US GAAP	689	628
Earnings per unit of €0.64 Ordinary Stock under US GAAP		
- basic	69.1c	62.0c
- diluted	68.5c	61.6c

49 GROUP FINANCIAL INFORMATION FOR US INVESTORS (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Consolidated Total Stockholders' Funds	**2001**	2000
	€m	€m
Total stockholders' funds including non equity interests under Irish GAAP	3,798	3,279
Property less related depreciation	(346)	(272)
Software development costs	(15)	(23)
Goodwill	489	537
Deferred taxation	15	19
Debt securities - available for sale	28	20
Pension costs	159	151
Long-term assurance policies	(287)	(172)
Dividends	196	160
Other	39	32
Group Transformation Programme	55	-
Deferred taxation on these adjustments	10	(4)
Consolidated stockholders' funds including non equity interests under US GAAP	4,141	3,727

Consolidated Total Assets	**2001**	2000
	€m	€m
Total assets under Irish GAAP	78,875	68,017
Property less related depreciation	(346)	(272)
Goodwill	528	578
Software development costs	(15)	(23)
Debt securities - available for sale	28	20
Pension costs	164	155
Acceptances	105	106
Long-term assurance policies	(287)	(172)
Other	(57)	(60)
Securitised assets	1,088	317
Total assets under US GAAP	80,083	68,666

Consolidated Total Liabilities and Stockholders' Funds	**2001**	2000
	€m	€m
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	78,875	68,017
Stockholders' funds (US GAAP adjustment)	343	448
Dividends	(196)	(160)
Deferred taxation	(28)	(32)
Borrowings related to securitised assets	1,088	317
Acceptances	105	106
Other	(16)	(9)
Group Transformation Programme	(55)	-
Deferred taxation on these adjustments	(33)	(21)
Total liabilities and stockholders' funds including non equity interests under US GAAP	80,083	68,666

50 RATES OF EXCHANGE

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

	31 March 2001			31 March 2000		
	Closing	**Average**	**Hedge**	Closing	Average	Hedge
€/US$	0.8832	0.9053	0.9962	0.9553	1.0247	-
€/Stg£	0.6192	0.6145	0.6145	0.5985	0.6368	0.7273

51 THE ACCOUNTS WERE APPROVED BY THE COURT OF DIRECTORS ON 9 MAY 2001.

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, 2001 and 2000. The calculations of average balances are based on daily, weekly or monthly averages, depending on the reporting unit. The average balances used are considered to be representative of the operations of the Group.

	Year Ended 31 March 2001			Year Ended 31 March 2000		
	Average Balance €m	**Interest €m**	**Rate %**	Average Balance €m	Interest €m	Rate %
ASSETS						
Loans to banks						
Domestic offices	5,584	292	5.2	3,635	146	4.0
Foreign offices	1,153	57	5.0	363	18	5.0
Loans to customers(1)						
Domestic offices	19,672	1,317	6.7	15,522	926	6.0
Foreign offices	26,069	1,802	6.9	22,075	1,414	6.4
Central government and other eligible bills						
Domestic offices	40	1	3.3	6	-	0.5
Foreign offices	212	12	5.4	596	31	5.2
Debt Securities						
Domestic offices	6,275	383	6.1	4,999	279	5.6
Foreign offices	994	59	5.9	754	42	5.6
Instalment credit						
Domestic offices	346	26	7.5	243	18	7.4
Foreign offices	540	51	9.4	428	39	9.1
Finance lease receivables						
Domestic offices	2,389	137	5.7	1,829	88	4.8
Foreign offices	33	1	4.0	39	1	3.7
Total interest-earning assets						
Domestic offices	34,306	2,156	6.3	26,234	1,457	5.6
Foreign offices	29,001	1,982	6.8	24,255	1,545	6.4
	63,307	4,138	6.5	50,489	3,002	5.9
Allowance for loan losses	(415)			(367)		
Non interest earning assets(2)	11,024			8,698		
Total Assets	73,916	4,138	5.6	58,820	3,002	5.1
Percentage of assets applicable to foreign activities	40.49%			42.7%		

AVERAGE BALANCE SHEET AND INTEREST RATES

	Year Ended 31 March 2001			Year Ended 31 March 2000		
	Average Balance	**Interest**	**Rate**	Average Balance	Interest	Rate
	€m	**€m**	**%**	€m	€m	%
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits by banks						
Domestic offices	10,640	607	5.7	7,605	366	4.8
Foreign offices	1,491	85	5.7	1,521	80	5.3
Customer accounts						
Demand deposits						
Domestic offices	8,231	203	2.5	7,155	114	1.6
Foreign offices	8,014	435	5.4	6,523	242	3.7
Term deposits						
Domestic offices	6,522	196	3.0	5,712	120	2.1
Foreign offices	12,042	704	5.8	10,487	628	6.0
Other deposits						
Domestic offices	614	44	7.2	173	10	5.5
Foreign offices	41	3	6.2	46	3	5.8
Interest bearing current accounts						
Domestic offices	488	14	2.9	401	8	2.0
Foreign offices	1,360	49	3.6	1,098	26	2.4
Debt securities in issue						
Domestic offices	1,633	102	6.2	238	13	5.5
Foreign offices	2,022	126	6.2	982	58	5.9
Subordinated liabilities						
Domestic offices	1,479	111	7.5	885	59	6.7
Foreign offices	376	33	8.8	385	33	8.6
Total interest bearing liabilities						
Domestic offices	29,607	1,277	4.3	22,169	690	3.1
Foreign offices	25,346	1,435	5.7	21,042	1,070	5.1
	54,953	2,712	4.9	43,211	1,760	4.1
Non interest bearing liabilities						
Current accounts	4,655			3,685		
Other non interest bearing liabilities(2)	10,722			8,905		
Stockholders equity including non equity interests	3,586			3,019		
Total liabilities and stockholders' equity	73,916	2,712	3.7	58,820	1,760	3.0
Percentage of liabilities applicable to foreign activities	40.49%			42.7%		

(1) Loans to customers include non-accrual loans and loans classified as problem loans.

(2) In accordance with Financial Reporting Standard 2, the balance sheets of the life assurance companies have been consolidated and are reflected under "Non Interest Earning Assets" and "Non Interest Bearing Liabilities".

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 2001

(EURO, IR£, US$ & STG£)

	€m	IR£m(1)	US$m(2)	Stg£m(2)
INTEREST RECEIVABLE				
Interest receivable and similar income arising from debt securities	442	348	390	273
Other interest receivable and similar income	3,696	2,911	3,264	2,289
INTEREST PAYABLE	2,712	2,136	2,395	1,679
NET INTEREST INCOME	1,426	1,123	1,259	883
Fees and commissions receivable	850	669	750	526
Fees and commissions payable	(65)	(51)	(57)	(40)
Dealing profits	101	80	90	63
Contribution from life assurance companies	164	129	145	101
Other operating income	64	50	56	39
TOTAL OPERATING INCOME	2,540	2,000	2,243	1,572
Administrative expenses	1,257	990	1,110	778
Depreciation and amortisation	130	102	114	80
OPERATING PROFIT BEFORE PROVISIONS	1,153	908	1,019	714
Provision for bad and doubtful debts	72	57	64	45
OPERATING PROFIT	1,081	851	955	669
Income from associated undertakings and joint ventures	7	6	7	5
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS	1,088	857	962	674
Group Transformation Programme	(93)	(73)	(82)	(57)
PROFIT BEFORE TAXATION	995	784	880	617
Taxation	196	155	174	122
PROFIT AFTER TAXATION	799	629	706	495
Deposit Interest Retention Tax	35	28	31	22
PROFIT FOR THE FINANCIAL YEAR	764	601	675	473
Minority interests : equity	3	2	2	2
: non equity	7	6	7	5
Non-cumulative preference stock dividends	26	20	22	16
Interest paid to outside interest – non equity	3	2	2	2
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS	725	571	642	448
Transfer to capital reserve	101	80	90	63
Ordinary dividends	290	228	256	179
PROFIT RETAINED FOR THE YEAR	334	263	296	206
Earnings per unit of €0.64 Ordinary Stock	72.8c	57.3p	64.4c	44.9p

(1) Converted at the fixed rate of exchange €1 = IR£0.787564.

(2) Converted at closing exchange rates.

GROUP BALANCE SHEET as at 31 March 2001

(EURO, IR£, US$ & STG£)

	€m	IR£m(1)	US$m(2)	Stg£m(2)
ASSETS				
Cash and balances at central banks	256	202	226	159
Items in the course of collection	708	557	625	438
Central government and other eligible bills	76	60	67	47
Loans and advances to banks	8,115	6,391	7,167	5,025
Loans and advances to customers	51,288	40,392	45,295	31,756
Debt securities	8,529	6,717	7,532	5,281
Equity shares	144	113	127	89
Own shares	29	23	26	18
Interests in associated undertakings	14	11	12	9
Interests in Joint Ventures	9	7	8	6
Tangible fixed assets	1,150	906	1,016	712
Intangible fixed assets	227	179	201	141
Other assets	2,727	2,148	2,409	1,688
Prepayments and accrued income	616	485	544	381
	73,888	58,191	65,255	45,750
Life assurance assets attributable to policyholders	4,987	3,928	4,405	3,088
	78,875	62,119	69,660	48,838
LIABILITIES				
Deposits by banks	11,664	9,186	10,301	7,222
Customer accounts	45,630	35,937	40,300	28,254
Debt securities in issue	5,016	3,950	4,429	3,105
Items in the course of transmission	178	140	157	110
Other liabilities	3,936	3,100	3,476	2,437
Accruals and deferred income	770	606	680	477
Provisions for liabilities and charges				
- deferred taxation	104	82	92	65
- other	196	154	173	121
Subordinated liabilities	1,917	1,510	1,693	1,187
Minority interests - equity	5	4	4	3
Minority interests - non equity	81	64	72	50
Outside interest – non equity	593	467	524	367
Called up capital stock	691	544	610	428
Stock premium account	726	572	641	450
Capital reserve	311	245	275	192
Profit and loss account	1,818	1,432	1,606	1,126
Revaluation reserve	252	198	222	156
Stockholders' funds including non equity interests	3,798	2,991	3,354	2,352
Life assurance liabilities attributable to policyholders	4,987	3,928	4,405	3,088
	78,875	62,119	69,660	48,838

(1) Converted at the fixed rate of exchange €1 = IR£0.787564.

(2) Converted at closing exchange rates.

STOCKHOLDER INFORMATION

Holders of Ordinary Stock

Stockholder Profile*	% by value
Ireland	21
Great Britain	25
USA	20
European / Other	10
Retail	24
	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	29,365	43.2	3.2	0.3
500 to 1,000	8,926	13.1	6.7	0.7
1,000 to 5,000	19,286	28.4	45.6	4.5
5,000 to 10,000	4,906	7.2	34.9	3.5
10,000 to 50,000	4,557	6.7	92.2	9.2
50,000 to 100,000	457	0.7	31.6	3.2
100,000 to 500,000	304	0.5	61.9	6.2
over 500,000	128	0.2	725.2	72.4
	67,929	100.0	1,001.3	100.0

Financial Calendar

Results	Year to 31 March 2001 - announced 10 May 2001 Half year to 30 September 2001 - to be announced November 2001
Annual General Court of Proprietors	Wednesday, 4 July 2001
Dividends - Ordinary Stock	2000/2001 Final Dividend - to be declared 4 July 2001 - payable 13 July 2001 2001/2002 Interim Dividend - to be announced November 2001 - payable January 2002
Dividends - Preference Stocks	Payable in equal semi-annual instalments - August 2001 - February 2002

STOCKHOLDER INFORMATION

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.

STOCKHOLDER INFORMATION

Dividend Payments 2000/2001

An Interim Dividend of 9.40 cents with a stock alternative, was paid in respect of each unit of Ordinary Stock on 16 January 2001.

A Final Dividend of 19.6 cents is proposed in respect of each unit of Ordinary Stock payable on or after 13 July 2001. A stock alternative will be offered to Stockholders.

Stockholders who wish to have their dividends paid direct to a bank account, by electronic funds transfer, should contact the Bank's Registrar (see page 112) to obtain the appropriate mandate form. Confirmation of such a transfer will be sent to the Stockholder's registered address under this arrangement.

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.

Dividends in respect of the Bank of Ireland Non-Cumulative Irish Pound 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.

Stock Alternative

Information on this Stock Alternative Scheme is issued to all holders of Ordinary Stock in advance of each dividend payment. Copies of the booklet describing the Scheme may be obtained from the Bank's Registrar (see page 112).

Holders of American Depositary Shares

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

The Bank of New York,
Investor Relations, P.O. Box 11258,
Church Street Station, New York, NY 10286 - 1258, USA.
Telephone: Toll Free Number (U.S. Residents): 1-888-269-2377,
International: +1-908-769 9711

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 2001 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 Registrar (see page 112).

Internet Address

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

PRINCIPAL BUSINESS UNITS AND ADDRESSES

REPUBLIC OF IRELAND

Group Head Office

Lower Baggot Street
Dublin 2
Tel: 01 6615933, Fax: 01 6615671
Website: www.bankofireland.ie

Group Senior Management
Group Chief Executive: Maurice A Keane
Chief Executive Retail Businesses: John G Collins
Chief Executive Asset & Wealth Management Services:
William R Cotter
Chief Executive Retail Banking & Distribution: Des Crowley
Group Chief Financial Officer: Paul M D'Alton
Chief Executive Corporate & Treasury: Brian J Goggin
Head of Group Corporate Development: Denis Hanrahan
Chief Executive Bristol & West plc: Jeff Warren

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

Retail Banking and Distribution

East
2 College Green, Dublin 2
Tel: 01 6777155, Fax: 01 6770249
Retail Banking Director: D Patrick Murphy

South & West
32 South Mall, Cork
Tel: 021 4944209, Fax: 021 4272463
Retail Banking Director: Tim O'Neill

Business Banking
Haddington Centre, Percy Place, Dublin 4
Tel: 01 6653300, Fax: 01 6653765
Director: Liam Madden

Direct Banking
BANKING 365
Premier House, The Square, Tallaght, Dublin 24
Tel: 01 4620222, Fax: 01 4620170
Email: online@banking365.com
Website: www.365online.com
Director Direct Channels: Cathal Muckian

Retail Businesses

ICS Building Society
New Century House,
International Financial Services Centre, Dublin 1
Tel: 01 6113000, Fax: 01 6113100
Email: ics@mortgagelink.ie
Managing Director: Brian Forrester

Life Assurance
LIFETIME ASSURANCE CO LTD
Lifetime House, Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: 01 7039500, Fax: 01 6220811
email: info@lifetime.ie
Web: www.lifetime.ie
Managing Director: Roy Keenan

NEW IRELAND ASSURANCE COMPANY plc
11/12 Dawson Street, Dublin 2
Tel: 01 6172000, Fax: 01 6172800
Email: info@newireland.ie
Website: www.newireland.ie
Managing Director: Roy Keenan

Current Asset Financing
BANK OF IRELAND COMMERCIAL FINANCE LTD
Colm House, 91 Pembroke Road, Dublin 4
Tel: 01 6140300, Fax: 01 6140301
Email: cashflow@bicf.boi.ie
Website: www.bicf.ie
Managing Director: Ann Horan

PRINCIPAL BUSINESS UNITS AND ADDRESSES

Installment Credit / Leasing

BANK OF IRELAND FINANCE LTD
Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: 01 6687222, Fax: 01 6687713
Email: info@bif.ie
Managing Director: Ann Horan

Card Services

BANK OF IRELAND CARD SERVICES
PO Box 1102, 33/35 Nassau Street, Dublin 2
Tel: 01 6798433 and 1850 251 251
Fax: 01 6795351
Email: boics@indigo.ie
Website: www.boi.ie/cards
Head of Card Services: Tom Comerford

Consumer Lending

CONSUMER LENDING BUSINESS
34 College Green, Dublin 2
Tel: 01 6122098, Fax 01 6122044
Director of Operations: Liam Hand

General Insurance

BANK OF IRELAND INSURANCE SERVICES LTD
Lifetime House, Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: 01 7039800, Fax: 01 7039840
Email: info@insurance.boi.ie
Managing Director: PJ LaComber

e-Business

BOIe
Ballymoss House, Carmanhall Road
Sandyford Road, Dublin 18
Tel: 01 2949000, Fax: 01 294 9260
Email: info@boie.ie
Website: www.bankofireland.ie
Managing Director: Des O'Reilly

Corporate and Treasury

Corporate Banking

BANK OF IRELAND CORPORATE BANKING
Lower Baggot Street, Dublin 2
Tel: 01 6044000, Fax: 01 6044025
Email: corporate.banking@boi.ie
Managing Director: James J Ruane

Commercial Electronic Banking Services
Hume House, Dublin 4
Tel: 01 6187430, Fax: 01 6187459
Website: www.boi-bol.com
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: 01 6701400, Fax: 01 8290129
Managing Director: Ronan M Murphy

BANK OF IRELAND TREASURY & INTERNATIONAL BANKING
PO Box 2386, La Touche House
International Financial Services Centre
Dublin 1
Tel: 01 6700600, Fax: 01 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: 01 6616633, Fax: 01 6616821
Website: www.ibicf.ie
Managing Director: Peter Crowley

Stockbroking

Davy Stockbrokers
Davy House,
49 Dawson Street, Dublin 2
Tel: 01 6797788, Fax: 01 6712704
Email: davy@davy.ie
Website: www.davy.ie
Chairman: J Brian Davy

Bureau De Change

FIRST RATE ENTERPRISES
4 Customs House Plaza, Harbourmaster Place
International Financial Services Centre, Dublin 1
Tel: 01 8290333, Fax: 01 8290368
Managing Director: Gary Stokes

International Consultancy

BANK OF IRELAND INTERNATIONAL SERVICES LTD
4 Customs House Plaza, Harbourmaster Place,
International Financial Services Centre, Dublin 1
Tel: 01 8290066, Fax: 01 6700662
e-mail: info@biis.boi.ie
website: www.boi.ie/biis
Managing Director: Des Smyth

PRINCIPAL BUSINESS UNITS AND ADDRESSES

Asset & Wealth Management

BANK OF IRELAND ASSET MANAGEMENT LTD
26 Fitzwilliam Place, Dublin 2
Tel: 01 6616433, Fax: 01 6616688
Email: biaminfo@biam.boi.ie
Website: www.biam.ie
Chief Executive: William R Cotter

Securities Services
BANK OF IRELAND SECURITIES SERVICES LTD
New Century House,
Mayor Street Lower, Dublin 1
Tel: 01 6700300, Fax: 01 8290144
Website: www.boi.ie
Managing Director: Brian P Collins

BANK OF IRELAND PRIVATE BANKING LTD
35 Fitzwilliam Square, Dublin 2
Tel: 01 6765566, Fax: 01 6765659
Managing Director: Mark Cunningham

GREAT BRITAIN

Deposit Taking and Mortgage Finance
BRISTOL & WEST PLC
PO Box 27, One Temple Quay
Bristol, BS99 7AX
Tel: 0117 9792222, Fax: 0117 9293787
Website: www.bristol-west.co.uk
Chief Executive: Jeff Warren

Mortgage Financing
BANK OF IRELAND HOME MORTGAGES LTD
Plaza West, Bridge Street
Reading, Berks RGI 2LZ
Tel: 0118 9393393, Fax: 0118 9587040
Website: www.bim-online.co.uk
Managing Director: Stewart Wright

Asset Management
BANK OF IRELAND ASSET MANAGEMENT (U.K.) LTD
36 Queen Street, London EC4R 1HJ
Tel: 020 7489 8673, Fax: 020 7489 9676
Managing Director: David Boal
Regulated by IMRO

Treasury
PO Box 27, One Temple Quay
Bristol, BS99 7AX
Tel: 0117 9291504, Fax: 0117 9211607
Treasurer: Brendan Spicer

BANKING UK

Chief Executive Banking UK: Gerard McGinn

Banking GB
Retail and Business Banking
36 Queen Street, London EC4R 1BN
Tel: 0207 2362000, Fax: 0207 634 3103
Website: www.bank-of-ireland.co.uk
Head of Banking GB: Peter Morris

Banking NI
Retail and Business Banking
54 Donegall Place, Belfast BT1 5BX
Tel: 028 90 234334, Fax: 028 90 238111
Email: mail@boi.co.uk
Website: www.bank-of-ireland.co.uk
Head of Banking NI: David McGowan

ISLE OF MAN

BANK OF IRELAND (INTERNATIONAL ISLE OF MAN) LTD
PO Box 246
Christian Road, Douglas, Isle of Man, IM99 1XF
Tel: 01624 644200, Fax: 01624 644298
Website: www.boii/iom.com
Managing Director: Roly Alden

Fsharp
P.O. Box 322
Christian Road, Douglas, Isle of Man IM99 2NY
Tel: 01624 644300, Fax: 01624 644329
Email: customer-services@fsharpbank.com
Website: www.fsharpbank.com
Managing Director: Ian Montgomery

PRINCIPAL BUSINESS UNITS AND ADDRESSES

UNITED STATES

Connecticut

BANK OF IRELAND ASSET MANAGEMENT (U.S.) LTD
75 Holly Hill Lane,
Greenwich,
CT 06830
Tel: 00 1 203 869 0111, Fax: 00 1 203 869 0268
President and Chief Operating Officer: Denis Curran

California

BANK OF IRELAND ASSET MANAGEMENT (U.S.) LTD
MGM Plaza, 2425 Colorado Avenue, Suite 212
Santa Monica CA 90404
Tel: 00 1 310 829 3848, Fax: 00 310 829 4840
Vice President & Head of Client Services West Coast:
Daniel Anderson

Illinois

BANK OF IRELAND ASSET MANAGEMENT (U.S.) LTD
5600 North River Road
Suite 800
Chicago, IL60018
Tel: 00 1 773 693 7194, Fax: 00 1 773 693 7203
Vice President & Head of Client Services Mid West:
Mary Fedorak

AUSTRALIA

BIAM
AUSTRALIA PTY LTD
(ACN 071 705 630)
Level 12, 492 St Kilda Road
Melbourne, VIC 3004
Tel: 00 613 9832 9400, Fax: 00 613 9832 9401
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: 00 514 849 6868, Fax: 00 514 849 8118
Vice President 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:01534 638680, Fax: 01534 630999
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: 01534 638690, Fax: 01534 617815
Managing Director: Gerry Daly

TRUST COMPANY (JERSEY) LTD
Bank of Ireland House, PO Box 416,
Francis Street, St Helier, Jersey, JE2 4QE,
Channel Islands
Tel: 01534 638660, Fax: 01534 733442
Managing Director: Brian Balleine

GERMANY

Bank of Ireland
Hochstrasse 29, 60313 Frankfurt am Main, Germany
Tel: 069 912 0230, Fax: 069 913 02320
European Representative: Joe Dunphy

BANK OF IRELAND ASSET MANAGEMENT LTD
Hochstrasse 29, 60313 Frankfurt am Main, Germany
Tel: 069 913 02333, Fax: 069 913 02320
General Manager - Continental Europe: Kevin Duffy

JAPAN

BANK OF IRELAND ASSET MANAGEMENT (JAPAN) LTD
Level 6
Akasaka Tokyu Building
2-14-3 Nagatacho
Chiyoda-ku
Tokyo 100-0014 JAPAN
Tel: 00 813 3539 3180
Fax: 00 813 3539 3182
President: Kikuo Kuroiwa

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