Report & Accounts
for the year ended 31 March 2005

Bank of Ireland Group

building on an excellent performance

Contents

Forward Looking Statement

This document contains certain forward-looking statements as defined in the US Private Securities Litigation Reform Act of 1995 with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance and the markets in which it operates. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include but are not limited to risks and uncertainties relating to profitability targets, prevailing interest rates, the performance of the Irish economy and the international capital markets, the Group's ability to expand certain of its activities, development and implementation of the Group's strategy, including the ability to achieve estimated cost reductions, competition, the Group's ability to address information technology issues and the availability of funding sources. Any forward-looking statements speak only as of the date they were made. The Bank of Ireland Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof. The reader should however, consult any additional disclosures that the Group has made or may make in documents it has filed or submitted or may file or submit to the U.S. Securities and Exchange Commission.

Court of Directors


1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

Non-Executive Officers

1 Laurence G Crowley *BComm FCA* Governor ♦ ●
Appointed to the Court in 1990 and Deputy Governor from 1995 to 1997. Appointed Governor in 2000 and retires from the Court following the 2005 Annual General Court. He is Chairman of PJ Carroll & Co Ltd. and a director of Elan Corporation plc, Hardwicke Ltd and O'Flaherty Holdings Ltd. (Age 68)

2 Richard Burrows Deputy Governor ⬟ ◊ ○ *
Appointed to the Court in 2000. Appointed Deputy Governor in 2002 and Senior Independent Director in 2003. Appointed Governor-Designate in December 2004 and takes up the position of Governor following the Annual General Court in July 2005 in succession to Laurence Crowley. Joint Managing Director of Pernod Ricard S.A. (Age 59)

Executive Directors

3 Brian J Goggin *MSc(Mgt) FCCA* Group Chief Executive
Joined Bank of Ireland in 1969. Subsequently served in a variety of senior management positions within Bank of Ireland Group in the United States, Britain and Ireland. Appointed Chief Executive Corporate and Treasury in 1996, Chief Executive Wholesale Financial Services in 2002, Chief Executive Asset Management Services in 2003 and appointed Group Chief Executive in June 2004. Appointed to the Court in 2000. A director of Post Office Limited and President, Irish Chapter, The Ireland – United States Council. (Age 53)

4 John O'Donovan *BComm FCA* Group Chief Financial Officer
Joined the Group in 2001 as Group Chief Financial Officer. Appointed to the Court in 2002. Formerly Group Finance Director/ Company Secretary of Aer Lingus. (Age 53)

Non-Executive Directors

5 Roy E Bailie *OBE* ▲
Appointed to the Court in 1999. Chairman of W&G Baird Holdings Ltd. A director of UTV plc and formerly a director of the Bank of England. (Age 61)

6 David Dilger *BA FCA* △ ○
Appointed to the Court in 2003. Chief Executive Officer of Greencore Group plc since 1995, Chief Operating Officer from 1992 and Chief Executive of Food Industries plc, which was acquired by Greencore, from 1988. (Age 48)

7 Donal J Geaney *BBS FCA* ◇ *
Appointed to the Court in 2000. Chairman of Automsoft, the Irish Aviation Authority and the National Pensions Reserve Fund Commission. Member of the Board of Directors of The Ireland-United States Council. Member of the Board of The Trinity College Foundation. Patron of Junior Achievement. (Age 54)

8 Paul Haran *MSc BSc* ○ *
Appointed to the Court in January 2005. A member of the Forum of the Economic and Social Research Institute and a Board member of the Irish Management Institute. Appointed by the Minister for Justice and Law Reform to chair the Working Group on Legal Costs. Former Secretary General of the Department of Enterprise, Trade and Employment and a former member of the National Economic and Social Council and the Board of Forfas. (Age 47)

9 Mike Hodgkinson ○
Appointed to the Court in May 2004. Chairman of Post Office Ltd and First Choice Holidays plc and a non executive director of FKI plc and Dublin Airport Authority plc. Former Managing Director of Land Rover and Range Rover Ltd. Former Chief Executive - European Food Division, Grand Metropolitan Group plc, and of British Airports Authority plc. (Age 61)

10 Raymond MacSharry *
Appointed to the Court in 1993. Chairman of London City Airport Ltd and a director of Ryanair Holdings plc. A former Minister for Finance and a former EU Commissioner for Agriculture. Former Chairman of Eircom plc and Green Property plc and a former director of Jefferson Smurfit Group plc. Mr MacSharry retires from the Court following the 2005 Annual General Court. (Age 67)

11 George Magan *FCA* △
Appointed to the Court in 2003. A Partner in Rhône Group, a private equity company headquartered in New York and Chairman of Morgan Shipley, an investment banking company based in Dubai. Former director of Morgan Grenfell and former Chairman of J.O. Hambro Magan, NatWest Markets Limited Corporate Finance and Hawkpoint Partners Limited. (Age 59)

12 Caroline A Marland ○
Appointed to the Court in 2001. Director of Burberry Group plc and Virgin Mobile Holdings (UK) plc. Former Managing Director of Guardian Newspapers, a former member of the main board of directors of the Institute of Directors in the UK and a former director of Arcadia Group plc. (Age 59)

13 Declan McCourt *BL MA MBA* △ ◇
Appointed to the Court in April 2004. He is Chief Executive of automotive distributor, the OHM Group, Chairman of the Mater Hospital Foundation and of UCD Law School Development Council and a Director of Fyffes plc, Dublin Docklands Development Authority and a number of other companies. (Age 59)

14 Thomas J Moran *BSc* ○
Appointed to the Court in 2001. President and Chief Executive Officer of Mutual of America Life Insurance Company. A member of the Taoiseach's Economic Advisory Board, the boards of the Irish Chamber of Commerce in the USA, the North American Board of the Michael Smurfit Graduate School of Business at UCD and the Ireland – US Council for Commerce. Chairman of Concern Worldwide (U.S.). (Age 52)

15 Terry Neill *MA MEconSc* △ ◇
Appointed to the Court in April 2004. Chairman of AMT-Sybex, Meridea Oy and Camerata Ireland. A member of the Governing Body and chairman of the Finance Committee, of London Business School. A member of the Boards of CRH plc and Trinity Foundation. Former Senior Partner in Accenture and was chairman of its global Board. (Age 59)

16 Denis O'Brien *BA MBA* ◇
Appointed to the Court in 2000. Chairman of Digicel Ltd and the Governing Body National College of Ireland. A director of Aergo Capital Ltd, Communicorp Group Ltd, Oakhill Plc and Frontline – International Foundation for the Protection of Human Rights and a number of other companies. (Age 47)

17 Mary P Redmond *BCL LLM PhD*
Appointed to the Court in 1994 and appointed Deputy Governor from 2000 to 2002. Consultant Solicitor in Employment Law at Arthur Cox. Honorary Fellow of Christ's College, Cambridge and a member of its Quincentenary Board. Fellow of the Royal Society of Arts. Council Member of the Institute of Directors UK. Founder of the Irish Hospice Foundation and of The Wheel, the Community and Voluntary Sector network. Former director of Jefferson Smurfit Group plc. (Age 54)

- ⬟ Senior Independent Director
- ▲ Chairman of Group Audit Committee
- △ Member of Group Audit Committee
- ◆ Chairman of Group Remuneration Committee
- ◇ Member of Group Remuneration Committee
- ● Chairman of Group Nomination & Governance Committee
- ○ Member of Group Nomination & Governance Committee
- * Trustee of the Bank Staff Pension Fund

Governor’s Statement

Laurence G Crowley, Governor

Bank of Ireland Group performed strongly in the year ending March 2005, producing our fourteenth successive year of profit growth. This was against a background of continuing change in our industry and improving economic performance in our two main markets.

The fundamentals of our business remain strong. We had good growth in business volumes, the average earning assets of the Group increased by 18% over the previous year. Return on Equity was again in excess of 20% and we continue to have strong asset quality.

Strategic Review

We conducted a strategic review during the course of the year that confirmed our focus on the Irish and UK markets while also pursuing growth internationally. The review highlighted the need for the Group to improve its efficiency in order to sustain our competitiveness in the future and to allow us to grow our business. Resulting from this we announced an ambitious Strategic Transformation Programme designed to reduce our cost/income ratio while investing in a more flexible business model. This programme will consist of specific efficiency initiatives in our Retail business in Ireland, the streamlining of some Group support services and the consolidation of some processing activities currently dispersed throughout the Group. This will provide the Group with the operating platform to ensure ongoing efficiency enabling it to maintain its position in an increasingly competitive market and to provide the investment needed to realise its growth ambitions.

Focus on the Customer

Our change programme at Bank of Ireland has commitment to our customers at its core. We are deeply committed to quality customer service and to ensuring that this is an abiding differentiating characteristic of Bank of Ireland. A key element of the transformation is about ensuring that doing business with Bank of Ireland is simpler and more straight-forward for our customers. In this way we will deliver better value, greater customer satisfaction and generate sustainable growth.

A Changing Regulatory Environment

Bank of Ireland supports a robust, transparent and accountable regulatory compliance regime. This is in the best long-term interests of all stakeholders. A great deal of regulatory and legislative change is currently taking place in Ireland and internationally. Bank of Ireland is committed to playing a positive and supportive part in the development of such change. It is important that this be well thought out, introduced after appropriate consultation, and has full regard to the costs of doing business. In the past year in particular there has been a marked increase in the cost and resources required to manage these changes across different jurisdictions and the Group has a number of separate projects underway to ensure we meet current and mandated future requirements in a timely manner. Bank of Ireland favours moves to ensure full international co-ordination of the regulatory environment.

Developing Corporate Responsibility

Bank of Ireland recognises the importance of investing in its long-term reputation by fostering a strong sense of ethical and responsible behaviour. Our business reputation is developed through our relationships with various stakeholders such as employees, customers, investors and suppliers and we are also committed to having a positive relationship with the wider communities in which we operate. In particular, we are proud of the spirit of personal giving and volunteerism that is widespread among the employees of the Group. The Bank supports this in tangible ways such as our Staff Matching Fund, by supporting staff who give their free time to help in their communities and by seconding staff to provide their skills to help voluntary and charitable organisations.

Corporate Responsibility has always been core to the Group and we made progress this year in the development of our formal Corporate Responsibility function in the Group. An account of this is included later in this Report. I am particularly satisfied that we now have in place a set of Corporate Responsibility policies that will be reflected in the behaviour of the organisation in its interactions with stakeholders. This gives practical expression to the concept of corporate responsibility and will help build a sustainable future for Bank of Ireland in a changing social environment.

The Court

In this my final Statement as Governor I would like to thank my fellow Directors past and present for their personal support for me and for their dedication to the work of the Court during my tenure as Governor. I would particularly like to thank Maurice Keane, who retired from the Court in February 2005, for his contribution as a Director and during his lengthy executive career with Bank of Ireland, and Ray MacSharry who retires after the Annual General Court as a non-executive Director after 12 years of excellent contribution to the Court. I would also like to welcome Paul Haran who was appointed to the Court in January 2005. We are fortunate to have the services of somebody of Paul’s calibre and experience.

Richard Burrows will succeed me as Governor at the conclusion of the Annual General Court. Richard has extremely valuable experience in international business and we are fortunate in having a person of his energy and talents to serve as Governor of the Bank.

Dividend

Based on the strong level of our performance we are recommending a final dividend of 29 cent. Taken with the interim dividend of 16.6 cent, this results in a total dividend of 45.6 cent for the year ended 31 March 2005, an increase of 10% on the previous year. Over the past five years compound annual growth in Bank of Ireland’s dividend was 14.2%.

Confidence for a Sustainable Future

We look forward to the future with confidence. We have strong businesses based in dynamic markets and a clear and compelling strategy incorporating an exciting customer-focused change programme, the successful implementation of which will be so important in the future of the Group which celebrates its two hundredth and twenty second birthday this year. We are particularly well served in having a strong management team focused on the delivery of our strategy for efficiency and growth. We also have dedicated employees whom I am confident will take on the challenge of change required to strengthen and grow a sustainable business for the future. Finally, I would like to thank our customers. They are our most important stakeholders to whom Bank of Ireland is committed to delivering a distinctive service of quality and value.

Laurence G Crowley

Laurence G Crowley
11 May 2005

Group Chief Executive's Operating and Financial Review

Brian J Goggin, Group Chief Executive

Bank of Ireland Group reports profit on ordinary activities from continuing operations before tax and exceptional items of €1,333 million for the year to 31 March 2005, an increase of 5% on the previous year.

Alternative earnings per share (which excludes goodwill amortisation and exceptional items) of 114.2 cent increased by 7%. Excluding the impact of the Group's investment in the UK Post Office Financial Services, which continues to progress well in its early developmental phase, profit on ordinary activities from continuing operations before tax and exceptional items increased by 10% and alternative earnings per share increased by 9%.

Return on average stockholders' equity, excluding exceptional items, was 22%, the 12th consecutive year this has exceeded 20%.

The Group's strong performance is based on the inherent strengths of our business position in two of Europe's best performing economies and a clear focused strategy designed to exploit the strongly growing dynamics in our markets. Growth in the UK economy is forecast to be well above the Euro area. The Irish economy is continuing to outperform with annual growth of about 6% forecast for the medium term. Consumer spending, underpinned by strong employment growth, low inflation and interest rates, together with favourable demographics, are the key drivers of this growth. This benign economic background will continue to drive the strong momentum evident in our businesses in our home market.

We made significant progress during the course of the year in our stated objective of stepping up the implementation of our business strategy. The strategy of the Group is based on geographical and business diversification and is aimed at maximising the return from our leading position in the Irish market, substantially reshaping and growing our business in the UK and developing our portfolio of international, niche skill-based businesses. To realise the full potential of this growth and expansion strategy we are implementing a major strategic transformation programme designed to reduce our costs while beginning to build a consolidated operating model. This will transform our support services and retail manufacturing infrastructure and will ensure we have the efficiency and flexibility to enhance our competitiveness and to capitalise on growth opportunities.

The immediate priorities under this programme consist of specific initiatives in our retail business in Ireland, the streamlining of Group support services and the consolidation of processing activities currently dispersed throughout the Group. Through this initiative we will achieve an annual reduction in costs of €120 million over the next four years. A reduction of 2,100 in the Group's staff numbers will result from this programme. The estimated rationalisation and implementation costs associated with this programme will amount to €210 million over the period in addition to capital expenditure of €40 million. A provision of €117 million has been provided in the results to 31 March 2005.

The achievement of this transformation initiative is a key component of our strategy of building a more competitive business capable of maximising the returns from our existing markets and enabling us to exploit considerable growth opportunities.

In the twelve months to March 2005, Group income and cost growth were in line, excluding the impact of our investment in the UK Post Office joint venture. This outcome reflects a significant achievement in the second half of the year where, through an improved focus on efficiency, we reversed a negative 2% cost/income gap at the half year to September 2004. The cost/income ratio for the year of 53.9% was slightly lower than the corresponding year.

The Group net interest margin declined from 2.21% to 2.01% in the year to 31 March 2005 due mainly to balance sheet growth and higher associated wholesale borrowings, the impact of the low interest rate environment on liability spreads together with the back book repricing of residential mortgages in the UK, and some margin pressure due to competition.

We also made significant progress in resolving the issues facing us in our UK business. During the year we sold our financial advice business, Chase de Vere. Having concluded that the non-mortgage elements of Bristol & West (i.e. the physical branch network and associated deposit base) were not strategically core, we have received a number of expressions of interest for this business. The UK market is a key focus of growth for the Group where our strategy is to continue the strong development of our business banking activities, maximise our position in the mortgage market and drive growth in our consumer banking business primarily through the development of our relationship with the UK Post Office and our retail branches in Northern Ireland.

It is a key priority of our business strategy to accelerate growth in our international businesses. We made good progress in this regard during the year against our targets of building high quality, sustainable earnings streams.

Our Asset Management business, which accounts for 7% of divisional profits, is facing challenges primarily related to the relative underperformance of the North American EAFE product with consequent mandate losses. Bank of Ireland Securities Services (BOISS) and Iridian are both performing well. We have taken steps to strengthen Bank of Ireland Asset Management (BIAM) principally through a number of high-calibre senior appointments to our investment team. BIAM is determined to remain the most successful Irish-owned fund management business. While BIAM's trajectory of profit growth will be impacted in the short term, we are confident that our asset management business will recover in the medium term to contribute positively to the growth in Group performance.

Asset quality remains strong. Excluding the benefit of the special loan loss release of €100 million the charge for loan losses was €79 million for the year, after a reduction in general provisions, and represents 11 bps of average lending.

Competitive differentiation based on quality customer service will continue to be a defining characteristic of Bank of Ireland as we go forward. We have a strong tradition in this regard but we need to redouble our efforts in an increasingly competitive environment and I am committed to putting in place the people and processes that will ensure we achieve a real, measurable difference in this area. Quality service means innovation around customer needs, consistent delivery and full and rapid recovery when things go wrong. As a tangible indication of our intent to improve the customer experience we are putting additional staff into our front-line retail operations in Ireland, even as we become more efficient and reduce the scale of our overall workforce. This is being supplemented by ongoing programmes, continuing investment in branch upgrades and actions designed to deliver on quality service to our customers.

At Bank of Ireland we are fortunate to have employees who consistently show the commitment to customers that underpins the long-term sustainability of our business. The relationship between our employees and the organisation is reflected in the consistently upward trend in our employee engagement scores as independently measured over recent years. I would like to thank our employees for their contribution to the continuing strong performance of the Group. As we move forward through a period of major change for the Group, we are committed to managing this change to the same high standards we have always demonstrated as a quality employer.

Bank of Ireland Group has a clear strategic vision for the sustainable development of its business. Recognising a changing environment, the implementation of this strategy is being significantly stepped up so we can build on our fourteenth successive year of profit growth.


1

2

3

4

5

6

7

8

9

10

Group Executive

1 Brian Goggin
Group Chief Executive

2 John O'Donovan
Group Chief Financial Officer

3 Cyril Dunne
Chief Information Office & Group Transformation Director

4 Roy Keenan
Chief Executive, UK Financial Services

5 John Collins
Group Chief Development Officer

6 Denis Donovan
Chief Executive, Wholesale Financial Services

7 Des Crowley
Chief Executive, Retail Financial Services Ireland

8 Michael Grealy
Head of Group HR

9 Ronan Murphy
Group Chief Risk Officer

10 Kevin Dolan
Chief Executive, Asset Management Services

Outlook

We have a focused strategy underpinned by a clear plan to step up its implementation by improving efficiency, investing in a more flexible business model and exploiting our opportunities for growth. Strong economic performance in our major markets provide a basis for optimism for business prospects in the coming year.

Business Performance•

	31 March 2005 €m	31 March 2004 €m
Retail Republic of Ireland	490	419
Bank of Ireland Life	135	147
Wholesale Financial Services	407	371
UK Financial Services	388	373
Asset Management Services	115	125
UK Post Office Financial Services	(55)	(3)
Group & Central	(128)	(115)
Grossing up	(19)	(50)
Profit on ordinary activities from continuing operations before taxation & exceptional items	1,333	1,267

• The results as presented in the Annual Report and Accounts have been prepared under Irish GAAP. All listed companies must produce Group financial statements compiled under IFRS for financial years beginning on, or after, 1 January 2005. The Bank of Ireland Group will therefore produce full IFRS consolidated financial statements for the year ending 31 March 2006.

Retail Republic of Ireland

Pre-tax profits in the Republic of Ireland increased by €71 million or 17% to €490 million. This was an excellent performance reflecting very strong income growth, good cost control and very satisfactory asset quality.

The continuing strength of the Irish economy and our competitive capability in the domestic market resulted in excellent growth in volumes and product sales as well as market share gains.

Lending volumes grew strongly, rising by 24%. The mortgage market remained buoyant through the year and our year-end mortgage balances were up 27%. Growth in other lending accelerated as the year progressed and balances were up 21% at the year end, with lending to the business sector higher by 23%. Resources volumes performed very well with year-end growth of 12%, and market share increasing.

Net interest income rose by 12%. Net interest margin contracted by 34 basis points. This was partly due to some narrowing of product margins but mainly reflected rapid balance sheet growth and associated higher wholesale borrowings together with the impact of the low interest rate environment on liability spreads.

Non-interest income rose by 5% with foreign exchange and other fee income being significant contributors to the growth. Total Income increased by 10% over the corresponding period. The loan loss charge was €2 million lower than in the previous year, and as a percentage of advances was down 5bps at 18bps. Costs rose by 7%. Higher salary, depreciation and information technology costs were partly offset by savings in other areas.

Bank of Ireland Life

Bank of Ireland Life, the Group's life and pensions business, recorded a strong performance in the financial year. Operating profits grew by 17% due to good sales growth, with market share increasing by 3% to 24% based on industry new business returns. Profit before tax was lower than the prior year due to a lower investment variance and the impact of a change in the discount rate on the prior year outturn.

Bank of Ireland Life results are summarised below:

	31 March 2005 €m	31 March 2004 €m
New business contribution	59	51
Profit from existing business		
- expected return	59	54
- experience variances	18	14
- operating assumption changes	4	5
Return on shareholder funds	5	8
Less inter-company payments	(26)	(30)
Operating profit	119	102
Investment variance	16	26
Effect of economic assumption changes	–	19
Profit before Tax	135	147

The growth in the new business contribution reflects strong new business volumes, allied to a tight focus on cost management. The Company is continuing to invest in its core IT platforms to ensure it maintains its strong competitive position.

The positive experience variances reflects the better than expected embedded value assumptions.

The Company's commitment to excellent customer service and its superior long-term investment track record ensure that it is well positioned in a market with considerable future potential.

Wholesale Financial Services

Profit before tax for the year to March 2005 of €407 million is 10% ahead of the previous year. The Division has benefited from significant growth in lending volumes and fee based income, in addition to another very strong performance by First Rate Enterprise's Joint Venture with the UK Post Office.

Income (including share of Joint Venture) is 11% ahead, with cost growth higher at 13%, reflecting investment costs in our domestic and international businesses. These include the costs of hiring extra revenue generating personnel in Corporate Banking, Global Markets and Davy and other initiatives including the successful ACS (covered bond) programme. Credit quality is strong, with the loan loss charge expressed as a percentage of average lending volumes, at 26bps, the same level as last year.

Corporate Banking reported an excellent result, buoyed by strong lending growth and fee income. This reflects our strong franchise in the domestic corporate banking market, and our chosen niche international markets, including acquisition finance and project finance.

Corporate Banking's results include three months contribution from Burdale, a leading UK based comprehensive asset based lender which was acquired in early January 2005 and which has been fully integrated into Corporate Banking.

Trading conditions for Global Markets have been challenging and the business reported a good performance, underpinned by increased customer business. Davy has enjoyed an excellent year.

UK Financial Services

(In Local Currency)

Profit before tax and exceptional items at £265 million for the year to 31 March 2005 is 2% higher than the previous year.

The loan book growth was strong across the Division, up 12% to £25 billion, while resources increased by 2%. Total income was 2% lower, primarily as a result of tighter margins resulting from the mortgage back book re-pricing and challenges in Chase de Vere and the Bristol & West branch network. The results include a release of £10 million from the non designated specific provision (NDSP) arising on the transfer of the commercial asset book to another part of the Bank of Ireland Group. Costs were flat and were tightly controlled through the Business Improvement Programme, which has exceeded expected cost savings for the year.

Profits in our mortgage business decreased year on year as a result of back book re-pricing. The loan book increased by 9% during a year when the introduction of new mortgage regulation impacted the writing of new business. The quality of the mortgage book remains very strong, and arrears across all sectors continue to run at lower levels than the industry average.

Business Banking profits increased by 19% reflecting strong growth in volumes and include the benefit of the £10m release of the non designated specific provision (NDSP). Loan book growth of 19% has been achieved whilst maintaining strong asset quality standards. Resource balances have increased 8% over the previous year.

Our strategy in Consumer Banking is now focused on developing the full potential of our investment in the UK Post Office Financial Services venture. The sale of the financial advice business, Chase de Vere, was concluded in March 2005, and having concluded that the non-mortgage elements of Bristol & West (i.e. the physical branch network and associated deposit base) were not strategically core, we have received a number of expressions of interest for this business.

Asset Management Services

The Asset Management Services division, which incorporates the Group's asset management and securities services businesses, saw pre-tax profits fall by 8% to €115 million over the same period last year.

BIAM experienced specific challenges relating to the relative investment performance of specialist North American EAFE equity mandates with consequent client losses. Assets under management in BIAM fell to €46.9 billion at 31 March 2005 compared to the prior year level of €57.5 billion, a decrease of €10.6 billion.

Assets under management in Iridian increased by 5% to $10.3 billion at 31 March 2005 and the company's relative investment performance continues to be very strong.

Bank of Ireland Securities Services (BOISS), the custody and fund administration business continues to perform well and experienced strong profit growth over the same period last year.

Group & Central

Group & Central which comprises earnings on surplus capital, unallocated central & support costs and some small business units had a net cost in the year to 31 March 2005 of €128 million, compared to €115 million for the corresponding period.

Total Income is in line with last year, with higher business income at the centre offset by the funding cost of the Group's investment in the UK Post Office Financial Services venture, and the additional funding cost of the share buy back programme.

Total costs are higher due to increased compliance spend together with higher staff costs, and costs associated with business growth.

Financial Review

Analysis of Results

The Group Profit and Loss account for the years ended 31 March 2005 and 2004 are set out below.

	Continuing Operations before Exceptional Items 31 March 2005 €m	Exceptional Items 31 March 2005 €m	Total 31 March 2005 €m	Total 31 March 2004 €m
Net Interest Income	1,898	–	1,898	1,744
Other Income	1,275	–	1,275	1,234
Total Operating Income	3,173	–	3,173	2,978
Income from associated undertakings and joint ventures	46	–	46	29
Operating Expenses	1,807	117	1,924	1,654
Loan Losses	79	(100)	(21)	86
Profit on ordinary activities before exceptional items	1,333	(17)	1,316	1,267
Exceptional items	–	5	5	(97)
Profit before taxation	1,333	(12)	1,321	1,170

Net Interest income has grown by 9% to €1,898 million for the year to 31 March 2005.

Average Earning Assets 31 March 2005 €bn	Average Earning Assets 31 March 2004 €bn		Net Interest Margin (including grossing up) 31 March 2005 %	Net Interest Margin (including grossing up) 31 March 2004 %
57.5	47.9	Domestic	2.24	2.43
37.7	32.8	Foreign	1.65	1.87
95.2	80.7		2.01	2.21

The average earning assets for the Group have increased to €95.2 billion during the year which represents strong growth of 18% on the corresponding period, with the Group's net interest margin declining by 20bps from 2.21% to 2.01% during the same period. The domestic margin was down 19bps on the prior year as the change in balance sheet funding mix to accommodate the growth in assets and low interest rate environment continue to impact the domestic margin with some margin pressure arising from competition. The foreign margin was 22bps lower with the continued back book re-pricing of residential mortgages in the UK being the key drivers.

Other Income has increased to €1,275 million, an increase of 3% on the prior year. Strong fee income growth in Corporate Banking, an excellent performance from Davy together with increased sales of Group products in Retail Financial Services Ireland underpinned strong core growth within the Group. The prior year had the benefit of an additional €29 million income in the Life business due to a discount rate change and higher investment gains due to a better stock market performance. The challenges facing BIAM have also had an impact, with other income falling €14 million in the year to March 2005 against the corresponding period last year.

Income from associated undertakings and joint ventures increased by €17 million to €46 million, with the First Rate joint venture performing very strongly during the year to March 2005.

Total income has grown by 6.5% year on year to March 2005.

Asset quality remains strong. Excluding a special loan loss release of €100m, the charge for loan losses was €79 million for the year, a reduction of €7 million over the preceding period and represents 11bps of average lending. Balances under Provision stood at €335 million at 31 March 2005 (€375 million at 31 March 2004). Total provisions at 31 March 2005 stood at €319 million following a special writeback of €100 million (€472 million at 31 March 2004). The coverage ratio stands at 95% compared with 126%, the reduction being attributable to the release of €100m loan loss writeback.

Excluding the impact of the Group's investment in the UK Post Office Financial Services, total operating expenses from continuing operations have increased by 6% to €1,753 million for the year to March 2005, and have benefited from rationalisation savings in UKFS. Key drivers of the cost growth during the year were wage inflation and performance-related payments, an increase in compliance spend and higher investment costs as we seek to expand our expertise in certain niche lending markets and improve operating efficiency. The Cost/Income Ratio was 53.9% for March 2005 and is a slight improvement on the March 2004 ratio of 54.3%. Including the Group's investment in UK Post Office Financial Services which contains a high level of start up related costs, operating expenses from continuing operations have increased by 9%.

The Group has provided €117 million for the Strategic Transformation Programme initiative announced in our Trading Update on 22 March 2005. A review of the loan loss provision has taken place and in light of the favourable economic conditions and the strong quality of assets, a special release of €100 million of loan loss provisions has been made. The results for the 12 months to March 2005 include €5 million of exceptional profits with the disposal of non core activities more than offsetting restructuring costs within UKFS. These items have been excluded from the Group's alternative earnings per share calculation for March 2005.

Effective Rate of Tax

The effective tax rate was 18%. The standard Irish corporation tax rate of 12.5% has been impacted by higher tax rates in foreign jurisdictions and the levy on bank profits introduced by the Irish Government in December 2002. The current year includes a charge of €26 million (2004: €26 million) in respect of this levy.

Group Balance Sheet

The Group balance sheet has increased from €106 billion to €126 billion and the Group capital ratios remain strong with a Tier 1 ratio of 7.6% and Total Capital Ratio of 10.6%.

ROE

Return on Equity before exceptional items was 22.4% for the year.

Dividend

The Directors have recommended a final dividend of 29.0 cent. The recommended final dividend together with the interim dividend of 16.6 cent paid in January 2005 results in a total of 45.6 cent for the year to 31 March 2005, an increase of 10% on the prior year.

The Group operates a progressive dividend policy based on the medium term outlook as well as earnings in any particular year. Total dividend for the year is covered 2.5 times (40% payout ratio) compared to 2.6 times (39% payout ratio) in the previous year.

The final dividend will be paid on or after 15 July 2005 to Stockholders who are registered as holding ordinary stock at the close of business on 17 June 2005.

Annual General Court

The Annual Report and Accounts and the Notice of the Annual General Court of Proprietors will be posted to Stockholders on 7 June 2005 and the Annual General Court will be held on 6 July 2005.

Risk Management and Control

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

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

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

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

- Group Credit Committee - all large credit transactions.
- Group Asset and Liability Committee ("ALCO") - market and liquidity risk.
- Group Operational Risk Committee - operational risk.
- Group Regulatory Risk and Compliance Committee - regulatory risk and compliance.
- Portfolio Review Group - composition of the Group's loan portfolio.
- Risk Measurement Group - credit risk measurement and risk model validation.
- Group Tax Committee - significant tax related matters.

Risk within the Group is subject to independent oversight and analysis by four centrally based risk management functions reporting to the Group Chief Risk Officer: Group Credit (including

Group Credit Review), Group Market Risk, Group Operational Risk and Group Regulatory Risk & Compliance. In addition, Group Finance and Group Internal Audit, which both report to the Group Chief Financial Officer, are critical control functions.

The Group continues to follow the regulatory developments of Basel II under the Basel Committee on Banking Supervision as interpreted in the EU through the draft Capital Requirements Directive. Preparations for the changes to risk management practices necessary to comply with the forthcoming regulations have continued throughout the year. It is the Group's intention to leverage the enhancements being made to the risk management capabilities in place today in order to not only meet the new compliance requirements, but additionally to better manage our risk appetite and capital utilisation in order to generate improved risk adjusted returns for our investors.

Capital Adequacy Data

	31 March 2005 €m	31 March 2004 €m
Adjusted capital base		
Tier 1	5,740	4,569
Tier 2	3,313	3,552
	9,053	8,121
Supervisory deductions	994	934
	8,059	7,187
Risk weighted assets		
Banking Book	73,257	60,634
Trading Book	2,635	2,727
	75,892	63,361
Capital Ratios		
Tier 1 Capital	7.6%	7.2%
Total Capital	10.6%	11.3%

Credit Risk

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

The Group continues to enhance its credit risk management systems in line with best industry practice in loan rating/credit risk measurement. Such systems have been in place for corporate and larger commercial lending since 1997. During the past year the Group has focused on developing robust risk rating models in line with Basel II requirements. The Group is now well-positioned with risk rating models in place across most of the Group's core business and work is in progress to ensure full model coverage. These models will be central to the credit decisioning and management functions of the Group.

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

Discretionary Authorities

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

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

Existing credit risk is reviewed periodically with lower quality exposures subject to greater frequency of analysis and assessment.

Credit Policy

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

The Unit Credit Policies define in greater detail the credit approach appropriate to the units concerned, taking account of the markets in which they operate and the products they provide. Procedures for the approval and monitoring of exceptions to policy are clearly set out in each document. In a number of cases these unit policies are supplemented by Sectoral Credit Policies. Lending caps are put in place when it is considered appropriate to limit exposure to certain sectors. An independent function (within Group Credit), Group Credit Review, reviews the quality and management of risk assets across the Group and reports to Group Risk Policy Committee on a quarterly basis.

The Risk Measurement Group is a newly formed sub-committee of the Group Risk Policy Committee. The role of the Risk Measurement Group is to provide governance for the measurement of credit risk and implementation of risk measurement models across the Group.

Market Risk

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

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

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

Trading Book

The Group's Trading Book includes BoIGM's mark-to-market interest rate and foreign exchange books as well as a small portfolio of positions in corporate credits and credit indices held for trading purposes. The Trading Book also includes positions arising from Davy's market making and broking activities in securities and equities.

In the year ended 31 March 2005, Trading Book risk arose predominately from positions in interest rate futures, swaps, foreign exchange and, in Davy's case, equities.

A VaR approach is used to measure and limit market risk in BoIGM and Davy. (In BoIGM this covers both Trading and Banking Book risk. In Davy all market risk comes within the Trading Book.) VaR provides an estimate of the potential mark-to-market loss on a set of exposures over a specified time horizon at a defined level of statistical confidence. In the Group's case, the horizon is 1 day and the confidence level is 97.5% (one-tailed). This implies that, on any given day, VaR provides an estimate of potential mark-to-market loss which has no more than a 2.5% probability of being exceeded.

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

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

During the year ended 31 March 2005, the Group's average Trading Book VaR amounted to €2.0m. Its lowest Trading Book VaR was €1.0m and its peak was €3.6m. At 31 March 2005, Trading Book VaR was €1.1m. The corresponding figures for the year ended 31 March 2004 were an average Trading Book VaR of €1.9m, a minimum VaR of €1.0m, a peak of €3.3m and a year end level of €2.3m.

Interest rate risk in BoIGM was the predominant source of Trading Book VaR in 2004/2005. The average VaR for this component of risk in the year ended 31 March 2005 was €1.2m and the corresponding figure for the previous year was €1.1m.

Banking Book

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

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

In calculating exposures, undated liabilities and assets (principally non-interest bearing current accounts, capital and fixed assets) are assigned a duration equivalent to that of a portfolio of coupon-bearing bonds with an average life of 4 years.

All of the Group's material Banking Book exposure is in euro, sterling and US Dollars. At 31 March 2005, a 1% parallel downward shift in the Euro, Sterling and US Dollar yield curves would have generated gains in NPV terms of €8.6m, €11.6m and €14.2m respectively.

The table in Note 38 to the Accounts (page 99) provides an indication of the re-pricing mismatch in the non-Trading Books at 31 March 2005.

Derivatives

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

The Group also uses credit derivatives, on a limited basis, within its Trading Book to take exposure to credit spread movements and in its Banking Book to provide default protection on specific credit exposures.

Further details can be found in Note 37 and accounting policy is set out in Note 1.9.

Policy

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

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

BoIGM and Davy are the only Group businesses permitted to transact on the Group's behalf in derivative markets.

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

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

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

Collateral Agreements

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

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

Structural Foreign Exchange

Structural foreign exchange risk is defined as the Group's non-trading net asset position in foreign currencies. Structural risk arises almost entirely from the Group's net investments in its sterling-based subsidiaries. A structural open position in a particular currency can also be considered to be a measure of that part of the Group's capital which is denominated in that currency. In considering the most appropriate structural foreign exchange position, the Group takes account of the currency composition of its risk weighted assets and the desirability of maintaining a similar currency distribution of capital. Doing so will ensure that capital ratios are not excessively exposed to changes in exchange rates.

At 31 March 2005, the Group's structural foreign exchange position was as follows:

	31 March 2005 €m	31 March 2004 €m
GBP	2,908	2,582
USD	248	233
Total structural FX position	3,156	2,815

The positions indicate that a 10% depreciation in the value of the euro against all other currencies at 31 March would result in a gain taken to reserves of €316m (2004: €282m).

Liquidity Risk

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

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

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

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

Operational Risk

The Basel Committee on Banking Supervision defines Operational Risk for regulatory and supervisory purposes as: *"the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events"*. The risk is associated with human error, systems failure, and inadequate controls and procedures.

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

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

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

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

Regulatory Risk & Compliance

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

The Group has upgraded its risks and compliance framework. A Group Regulatory Risk and Compliance Committee has been established as a sub committee of the Group Risk Policy Committee ("GRPC"). The objective of the committee is to define and identify regulatory and compliance risks, devise and implement a framework for their management, report on their status, make recommendations and escalate to senior management as appropriate. The Committee also promotes awareness of regulatory and compliance risks throughout the Group. The

Regulatory Risk and Compliance function includes responsibility for legal compliance, tax compliance, and compliance with anti money laundering, health & safety and environmental regulations.

The Head of Regulatory Risk and Compliance is responsible for formulating and communicating a risk control framework for the management of regulatory and compliance risks and for monitoring a reporting framework to assist business management in discharging its responsibilities.

In February 2005, the Group discovered that some personal loan customers who had taken payment protection insurance, and who had repaid loans early, had not been refunded the unutilised portion of their payment protection premium. As previously announced on 7 April the potential refunds due, including interest could be up to €15 million. The Group is concerned that such an error, impacting on customers, has arisen and is currently engaged in identifying all those affected who are being fully reimbursed for the unused premium together with interest thereon. Arising from this issue, the Group has strengthened its processes and control procedures.

International Financial Reporting Standards (IFRS)

Background

In July 2002 the European Union adopted a regulation compelling EU-listed companies to prepare Group financial statements in accordance with IFRS, also known as International Accounting Standards (IAS), as endorsed by the EU.

The objective is to drive greater comparability of accounts prepared within the EU, and given the proposed convergence between IFRS and US accounting standards, on an international basis as well.

All listed companies must produce Group financial statements compiled under IFRS for financial years beginning on, or after, 1 January 2005. The Bank of Ireland Group will therefore produce full IFRS consolidated financial statements for the year ending 31 March 2006. However, as listing rules require companies to present interim statements using the same accounting framework that will be used at year end, the Group's interims for September 2005 will be prepared under IFRS.

During 2003, the Group initiated a programme to review the impact of IFRS, and to identify changes to the existing accounting policies and practices with the objective of enabling the Group to become IFRS compliant by 2005. A dedicated project team was assembled and separate work streams established. This team reports regularly to an Executive level steering committee.

While most of the standards, which will be applicable to the Group for its first set of IFRS financial statements, are now final, the interpretation and adoption of certain aspects of the standards is conditional upon the endorsement by the EU and other regulatory authorities. As a result the full impact of IFRS on the accounting for financial institutions is not yet known. Additionally, the regulators have still to provide confirmation on the treatment of certain items for regulatory capital.

Although existing Irish GAAP is similar in many ways to IFRS, there will be a number of significant differences from the Group's current accounting policies. The summary below outlines certain decisions made, options exercised or exemptions used as a result of the introduction of IFRS. This list has been based on the standards and their interpretation at the current date; no audit on the impact of adopting IFRS has been carried out and it is therefore possible that other impacts not shown here may come to light later in the year.

IFRS 1 - First-time Adoption of International Financial Reporting Standards

IFRS 1 applies when an entity first adopts IFRS and provides certain transition provisions upon first time adoption.

The Bank of Ireland Group has used the following exemptions granted under IFRS1:

- Business combinations: The Group will avail of the exemption and will not restate the group accounts for any acquisitions or business combinations that took place prior to 1 April 2004.
- Fair value or revaluation as deemed cost: The Group will avail of the exemption to treat fair value as deemed cost at transition on 1 April 2004 in respect of adaptations to properties existing at that date.
- Employee benefits: The Group has elected to recognise all cumulative actuarial gains and losses on defined benefit pension schemes at 1 April 2004.
- Cumulative translation differences: The Group will avail of the exemption to deem all accumulated balances arising from translation of foreign subsidiaries to be nil on transition to IFRS at 1 April 2004.
- Share-based payment transactions: The Group is availing of the exemption only to apply IFRS2 to share based payments granted on or after 7 November 2002 that have not vested before 1 January 2005.
- Comparative restatement: The Group intends to avail of the option not to apply IAS32 Financial Instruments: Disclosure and Presentation, IAS39 Financial Instruments: Recognition and Measurement and IFRS4 Insurance Contracts to the comparative figures for the year ended 31 March 2005.

The Group intends to implement the hedge accounting requirements of the IASB version of IAS39, but will omit the fair valuing of liabilities outside of the trading book, to comply with the EU 'carved out' version of this standard. This will enable the Group to comply with both versions of the standard.

The impact of the implementation of these standards was highlighted to the investor community on 10 March 2005. In summary, these changes are shown below, categorised by the date from which the changes will be affected.

Restatement of comparative values for the year ended 31 March 2005, and for the opening IFRS balance sheet at 1 April 2004:

- Pension accounting: There will be an increase in the annual charge, and a reduction in shareholders' funds on transition.
- Share-based Payments: There will be an increase in the annual charge.
- Goodwill (Business Combinations): There will no longer be an annual amortisation charge. Goodwill will be reviewed annually for impairment and will only be written down where impairment has occurred.
- Computer software (Intangible Assets): Computer software will be reclassified from tangible fixed assets to intangible assets on transition.
- Dividend accrual: There will be a once off increase in shareholders' funds on transition as under IFRS dividends are recorded in the period in which they are approved.
- Property, Plant and Equipment: Apart from adaptations, which will be held at cost or deemed cost, the Group will continue to revalue property, but on an Open Market Value basis. Adjustments to the asset values and to the deferred tax liability on the revaluation reserve will be made on transition.
- Special purpose entities (SPEs) (Consolidated and Separate Financial Statements): SPEs will be fully consolidated resulting in a grossing up of the balance sheet on transition.

Adjustments to the opening IFRS balance sheet at 1 April 2005, upon adoption of IAS32, IAS39 and IFRS4, and the profit and loss impact in later years.

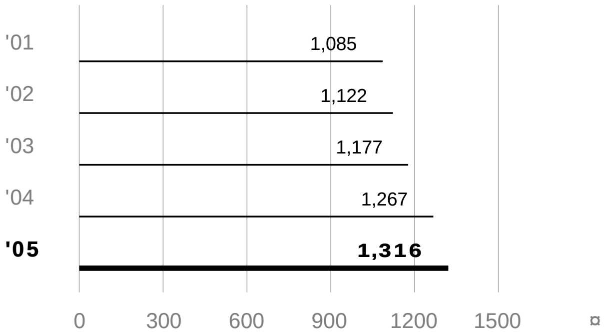
- Insurance contracts: There will be a reduction in the Value In Force asset on transition to reflect the non-application of Embedded Value to investment products. In addition, there will be a decrease in the operating profit, as investment products are accounted for on a cash flow basis under IFRS.
- Loan loss provisioning: Under IFRS, provisions will only be made where objective evidence of impairment exists. This is likely to lead to more volatility in the annual loan loss charge.
- Hedge and derivative accounting / classification of financial instruments: The Bank will adopt the hedge accounting model set out in IAS39. The effect of this is expected to substantially minimise the impact on the profit and loss account, but will be subject to the effectiveness of the hedging relationships. In addition, following a review of the asset portfolios some reclassification is expected to occur. As a consequence of both of these, the Group will have an available-for-sale and a cash flow hedging reserve within shareholders' funds.
- Effective interest rate: A once off adjustment on transition will occur. Many fees, costs and discount rates will now be spread over the expected life of the loan. The impact on the profit and loss account is not expected to be material.
- Debt vs. Equity classification: There will be some reclassification of instruments between debt and equity on adoption of IAS32. Where an instrument is classified as debt, the associated dividends will be included within interest.

Brian J Goggin
11 May 2005

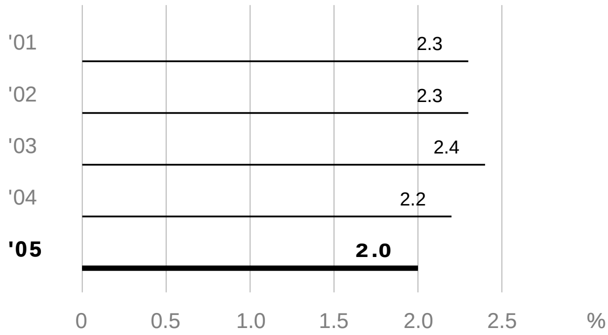
Five Year Financial Summary

	YEAR ENDED 31 MARCH				
	2001 €m	2002 €m	2003 €m	2004 €m	2005 €m
Profit and loss accounts					
Profit on ordinary activities before exceptional items	1,085	1,122	1,177	1,267	1,316
Profit before taxation	992	1,085	1,013	1,170	1,321
Profit after taxation	802	920	850	962	1,080
Earnings per unit of €0.64 Ordinary Stock	73.4c	89.0c	83.4c	97.2c	113.9c
Dividends per unit of €0.64 Ordinary Stock (net)	29.0c	33.0c	37.0c	41.4c	45.6c
Alternative earnings per unit of €0.64 Ordinary Stock (1) (3)	84.5c	93.4c	99.2c	106.7c	114.2c
Balance sheets					
Minority interests - equity	5	91	54	54	62
- non equity	81	82	73	76	73
Subordinated liabilities	2,510	2,524	2,703	3,682	4,086
Total stockholders' funds (4) (5)	3,801	4,173	4,034	4,281	4,789
Assets (5)	78,846	87,298	89,303	106,431	126,464
Operating ratios	%	%	%	%	%
Net interest margin (grossed-up)	2.3	2.3	2.4	2.2	2.0
Other income / average earning assets	1.8	1.7	1.6	1.5	1.3
Costs / total income (grossed-up)	54	56	56	54	55
Return on average total assets (2) (5)	1.1	1.1	1.1	1.1	1.0
Return on average stockholders' funds (2) (5)	24.8	24.0	22.4	23.7	22.4
Asset quality					
Loan loss provisions / loans	0.8	0.9	0.8	0.7	0.4
Annual provisions / average loans	0.20	0.19	0.18	0.14	0.11
Capital adequacy ratios					
Tier 1 capital	7.8	7.6	8.0	7.2	7.6
Total capital	12.4	11.5	11.1	11.3	10.6
Equity / assets (5)	4.2	4.4	4.3	4.0	3.7

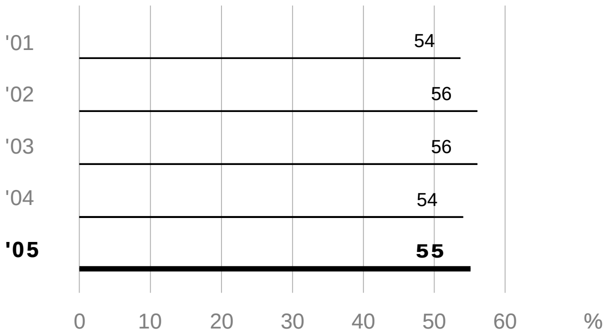
(1) Based on profit attributable to ordinary stockholders before exceptional items and goodwill amortisation.
(2) Based on the profit attributable to ordinary stockholders before exceptional items.
(3) The alternative Earnings per unit of €0.64 ordinary stock for the year ended 31 March 2001 has been restated to take account of goodwill amortisation.
(4) The information for 2003 has been restated for changes due to UITF 37 Bank of Ireland shares held by Bank of Ireland Life for the benefit of its policyholders are now included as a deduction from equity.
(5) Based on stockholders equity at year end including non-equity interests.



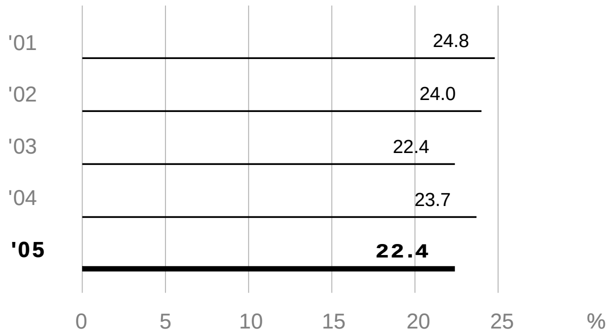
Profit on ordinary activities
before exceptional items (¤m)



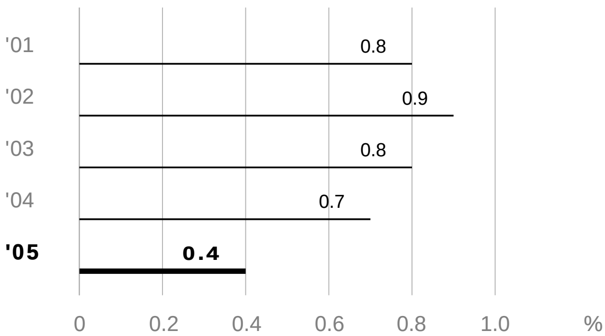
Net interest margin (grossed-up) (%)



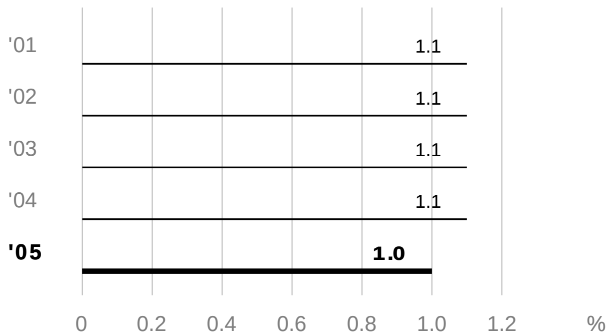
Cost / total income (grossed-up) (%)



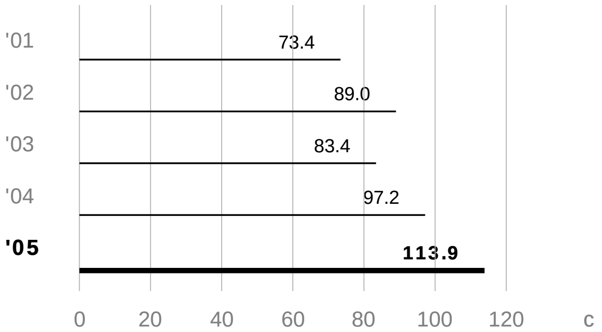
Return on average stockholders' funds (%)



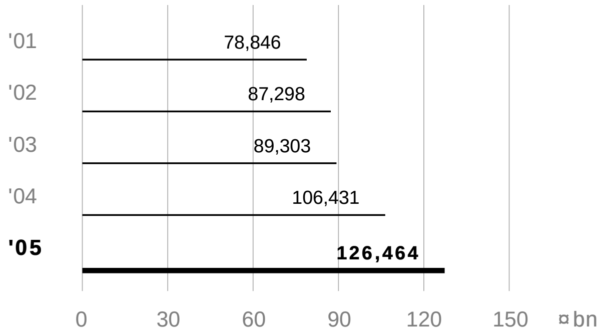
Loan loss provisions / loans (%)



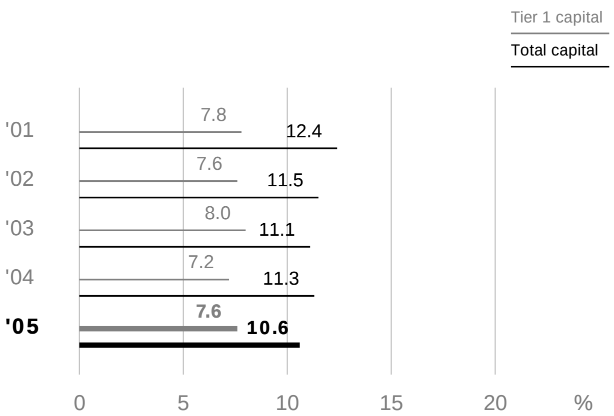
Return on average total assets (%)



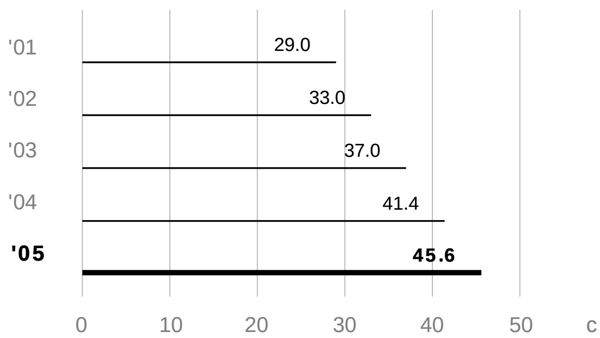
Earnings per unit of ordinary stock (cent)



Total assets (¤billion)



Capital adequacy ratios (%)



Dividends per unit ordinary stock (net) (cent)

Corporate Governance Statement

The Court of Directors is accountable to stockholders for the overall direction and control of the Group's business and is committed to the high standards of governance set out in "The Combined Code on Corporate Governance" ("the Code") published in July 2003. The Directors have also had regard to the Sarbanes-Oxley Act and the rules issued by the US Securities and Exchange Commission to implement that Act and to the Companies (Auditing and Accounting) Act 2003 in Ireland. The Directors believe that the Group has complied with the provisions of the Code throughout financial year 2004/2005 except that the Governor chaired the Group Remuneration Committee, neither an external search consultancy nor open advertising was used for the appointments of non-executive Directors and the Notice of the 2004 Annual General Court was not issued at least 20 working days before the meeting. The reasons for these exceptions are set out in the relevant sections of this Statement.

The Court of Directors

The Court consists of 17 Directors, 15 of whom are non-executive Directors. It held nine scheduled meetings during 2004/2005 including a dedicated strategy session held over two days. There were six additional meetings to deal with matters requiring attention between scheduled Court meetings. Agendas and papers, which provide the Directors with relevant information to enable them to discharge their duties, are circulated in the week prior to each meeting.

The Court has a schedule of matters specifically reserved for its decision. In general, the types of decision reserved to the Court include the determination of strategy, overseeing the management of the business, approving material acquisitions and disposals, succession planning and overseeing corporate governance, control and risk management systems.

Management is responsible for performance against agreed targets and for all operational matters.

Details of the number of scheduled meetings of the Court and its Committees and individual attendance by Directors are set out on page 26. The terms of reference of the Committees of the Court, which are reviewed annually, are available on the Bank's website (www.bankofireland.ie) or by request to the Group Secretary. The non-executive Directors meet without the executive Directors present annually and on such other occasions as are deemed appropriate.

The Bank has taken out Directors and Officers liability insurance in respect of legal action against its Directors.

Governor and Group Chief Executive

There is a clear distinction between the responsibilities of the Governor, who is Chairman of the Court, and the Group Chief Executive. These responsibilities have been set out in writing and agreed by the Court.

The Governor oversees the operation and effectiveness of the Court of Directors. He also ensures there is effective communication with stockholders and promotes compliance with the highest standards of corporate governance.

The Group Chief Executive is responsible for implementing agreed strategy and has delegated authority from the Court for all operational matters.

On 14 December 2004, the Bank announced that Richard Burrows would succeed Laurence Crowley as Governor on Mr Crowley's retirement immediately following the Annual General Court on 6 July 2005. Mr Burrows meets the independence criteria set out in the Code.

Following the resignation of the previous Group Chief Executive, the Group Nomination and Governance Committee led the process for the selection of a successor with the assistance of external consultants. On completion of the process, the Court unanimously approved the recommendation of the Nomination and Governance Committee that Brian Goggin be appointed Group Chief Executive with effect from 3 June 2004.

Board Balance and Independence

Each of the non-executive Directors bring considerable business and/or professional experience, independent challenge and rigour to the deliberations of the Court of Directors which is satisfied that there are no relationships or circumstances which are likely to affect their judgement except to the extent set out below in the case of Mike Hodgkinson.

With the exception of Mike Hodgkinson, the Court has determined that each non-executive Director is independent within the meaning of the Code. Mike Hodgkinson is Chairman of Post Office Ltd with which the Group has a significant business arrangement to distribute financial services products through Post Office branches in the UK. Since his appointment as a Director in May 2004, Mike has made a very effective contribution to the proceedings of the Court.

In considering the independence of Mr Raymond MacSharry, the Court took cognisance of the Code provision that serving as a Director of the Court for more than nine years could be relevant to the determination of the Court in that regard. The Court determined the independence of Mr MacSharry having regard to his integrity, strength of character and his objectivity. As stated in June 2004, Mr MacSharry will retire immediately following the Annual General Court on 6 July 2005.

In considering the independence of Dr Mary Redmond, the Court had regard to the fact that she has served on the Court for more than nine years and that she is a consultant solicitor at Arthur Cox which is one of the Group's suppliers of legal services. The Court determined the independence of Dr Redmond in light of her integrity, strength of character and objectivity. As stated in June 2004, Dr Redmond will retire from the Court in 2006.

In considering the independence of Mr Terry Neill, the Court had regard to the fact that he is a shareholder in Accenture which provides consulting services to the Group. The Court determined that Mr Neill is an independent Director having regard to his objectivity, integrity and strength of character.

Appointments to the Court

The Group Nomination and Governance Committee is chaired by the Governor and consists of a majority of independent non-executive Directors. The Committee is responsible for leading the process for Court and key subsidiary Board appointments and renewals. The Committee regularly reviews succession plans for the Court and key subsidiary Boards in the context of the Group's strategy and the skills, knowledge and experience of current Directors and makes appropriate recommendations to the Court. In addition the Committee monitors developments in corporate governance, assesses the implications for the Group and advises the Court accordingly. It is also charged with overseeing the Group's Corporate Responsibility Programme.

Prior to any appointment, the Committee approves a job specification, an assessment of the time involved and identifies the skills and experience required for the role.

The Court's decision last December to appoint Richard Burrows as Governor Designate to succeed Laurence Crowley, on his retirement, followed an extensive and rigorous process involving all Directors. The process was led by Caroline Marland who chaired the Committee while this matter was under consideration. Interested parties absented themselves from the Committee during this process and Donal Geaney joined the Committee on a temporary basis. Caroline Marland consulted with each Director to ascertain their views on suitable internal and external candidates to succeed to the position of Governor. The Committee also retained the services of an external search company to identify potential candidates externally and to assist in benchmarking internal candidates. Arising out of this process, the Committee considered a range of candidates and recommended to the Court that Richard Burrows be appointed to succeed Laurence Crowley as Governor. The significant commitments of Laurence Crowley and Richard Burrows are disclosed on page 2.

All newly appointed Directors are provided with a comprehensive letter of appointment detailing their responsibilities as Directors, the term of their appointment and the expected time commitment for the role. The terms and conditions of appointment of non-executive Directors can be inspected during normal business hours by contacting the Group Secretary.

The Code states that an explanation should be given if neither an external search consultancy nor open advertising has been used in the appointment of a Chairman or non-executive Director. The Group Nomination and Governance Committee retained external consultants to assist in the selection process for the Governor and Group Chief Executive. For the appointments of non-executive Directors made since 1 April 2004, the Committee was satisfied that it did not need external support in identifying parties possessing the skills required and this view was endorsed by the Court. With one exception, all of these non-executive Directors were co-opted in April/May 2004 and elected by stockholders at the Annual General Court in July 2004.

Information and Professional Development

On appointment, all non-executive Directors receive comprehensive briefing documents designed to familiarise them with the Group's operations, management and governance structures; these cover the functioning of the Court and the role of the key Court Committees. In addition, new Directors undertake an induction programme, including visits to Group businesses and briefings with senior management as appropriate and the Group will facilitate any major stockholder who wishes to meet with any new non-executive Director. On an ongoing basis special training/briefing sessions appropriate to the business of the Group are provided to all non-executive Directors.

The Directors have access to the advice and services of the Group Secretary, who is responsible for advising the Court on all governance issues and for ensuring that the Directors are provided with relevant information on a timely basis to enable them consider issues for decision and to discharge their oversight responsibilities. The Directors also have access to independent professional advice, at the Group's expense, if and when required. Committees of the Court have similar access and are provided with sufficient resources to undertake their duties.

Performance Evaluation

Each Committee of the Court reviews its own performance and discusses its conclusions with the Court. The Court undertakes a formal and rigorous annual evaluation of its own performance and reviews the conclusions of the Group Nomination and Governance Committee in relation to the performance of individual Directors standing for election or re-election. The objective of all these evaluations is to identify any scope for improvement and, in the case of the individual evaluations, to determine whether each Director continues to contribute effectively and to demonstrate commitment to the role.

The Court and individual Director performance evaluation process involves completion of questionnaires by Directors; one-to-one discussions between the Governor or Deputy Governor and each Director; a collective discussion among non-executive Directors on issues identified and presentation of the overall findings to the Court for its consideration and action as required.

As part of the overall performance evaluation process, the non-executive Directors, led by the Senior Independent Director, meet annually without the Governor present to appraise the Governor's performance, having taken the views of the executive Directors and Group Secretary into account. They may also meet on such other occasions as are deemed appropriate.

Re-Election

All Directors are submitted to stockholders for election at the first Annual General Court following their appointment and for re-election at intervals of no more than three years.

Biographical details, and the reasons why the Court believes that the individual should be elected or re-elected are provided in each instance to enable stockholders take an informed decision on their election or re-election.

In proposing re-election of any individual Director to the Annual General Court, the Governor confirms that, following formal performance evaluation, that individual Director's performance continues to be effective and that he/she demonstrates commitment to the role. All non-executive Directors are appointed for an initial three year term but may be asked to stay for a further term of three years assuming satisfactory performance. Where a Director is invited to remain beyond six years, his/her performance is subject to particularly rigorous review. Should any non-executive Directors be invited to serve longer than nine years they are subject to annual re-election.

Remuneration

The Group Remuneration Committee comprises the Governor as chairman and six independent non-executive Directors. Notwithstanding the Code provision that all members of the Remuneration Committee should be independent non-executive Directors, the Court is of the view that the Governor has, heretofore, been best placed to chair the discussion on matters pertinent to remuneration. A statement confirming that the remuneration consultants appointed by the Group Remuneration Committee have no other connections with the Group is available on the Group's website (www.bankofireland.ie) or by request to the Group Secretary. New long-term incentive schemes and significant changes to existing schemes have been submitted to stockholders for their approval.

The Remuneration Report, incorporating the responsibilities of the Group Remuneration Committee, is set out on pages 35 to 40.

Accountability and Audit

The Statement of Directors' Responsibilities, including a going concern statement is on page 41.

Internal Controls

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

The Group's overall control systems include:-

- a clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the Court which support the maintenance of a strong control environment;
- appropriate terms of reference for Court committees and sub-committees with responsibility for core policy areas;
- a comprehensive set of policies and procedures relating to financial controls, asset and liability management (including interest, currency and liquidity risk), operational risk and credit risk management, (further details are given in the Operating and Financial Review on pages 6 to 18);
- monthly reporting by business units which enables progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

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

The Directors confirm that the Court, through its committees, has reviewed, in accordance with the Combined Code, the effectiveness of the Group's systems of internal control for the year ended 31 March 2005. This review involved consideration of the work and the reports of internal audit and the risk management functions such as operational risk, regulatory risk and compliance, and anti-money laundering and establishing that appropriate action is being taken by management to address issues highlighted. In addition, the reports of the external auditors, which would 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 to the Court on all significant issues considered at the meeting, and the minutes of the meeting are circulated to all members of the Court.

Semi-annually, all Group businesses carry out a detailed operational risk assessment and report to Divisional Management on the effectiveness of their risk management systems, including controls. Heads of business units are required to certify the accuracy of the self-assessment and the results arising from this process are noted by the Group Risk Policy Committee.

Following the end of the financial year, the Court reviewed the Group Audit Committee's conclusions in relation to the Group's systems of internal control and also examined the full range of risks affecting the Group and the appropriateness of the internal control structures in place to manage and monitor them. This process involved a confirmation that an appropriate system of internal control was in place throughout the financial year and up to the date of the signing of these accounts. It also involved an assessment of the on-going process for the identification, evaluation and management of individual risks and of the role of the various committees and group risk management functions and the extent to which various significant challenges facing the Group are understood and are being addressed. The Group has a project underway to ensure it will be in compliance, by the applicable date, with the requirements of Section 404 of the Sarbanes-Oxley Act 2002, which requires, among other things, certification by management regarding the effectiveness of internal controls over financial reporting.

Audit Committee and Auditors

The Group Audit Committee, which comprises independent non-executive Directors only, monitors the integrity of the financial statements, oversees all relevant matters pertaining to the external auditors and reviews the Group's internal controls, including financial controls, and the effectiveness of the internal audit function. The Committee reviews the internal and external audit plans and subsequent findings, the selection of accounting policies, the auditors' report, the effectiveness of the services provided by the external auditors and other related matters.

During the year under review the Committee gave detailed consideration to the proposed introduction of International Financial Reporting Standards (IFRS). The Committee has conducted a formal evaluation of the effectiveness of the external audit process and has reported on its findings to the Court. It pre-approves the use by the Group of its external auditors for any audit and non-audit services and receives reports periodically on the provision of such services. It conducts an annual review of the procedures and processes by which non-audit services are provided by the external auditors in order to ensure, among other things, that auditor objectivity and independence are not compromised. As part of a review of the Group Code of Conduct which incorporates a Code of Ethics applicable to all staff, the Committee has put arrangements in place, should the need arise, for an independent investigation of any concerns raised by staff regarding matters of financial reporting or other matters. The Court has satisfied itself that at least one member of the Committee has recent and relevant financial experience.

The external auditors and the Group Chief Internal Auditor have full and unrestricted access to the Group Audit Committee as well as to the Group Chief Executive and the Governor. The Group Chief Executive, the Group Chief Financial Officer, the Head of Group Risk Management, the external auditors and the Group Chief Internal Auditor attend meetings of the Group Audit Committee and the Committee meets separately at least annually with the Group Chief Internal Auditor and the external auditors, in both cases without management present. The Committee also meets annually with management with no auditors present.

Attendance at scheduled meetings during the year ended 31 March 2005

Name	Court		Group Audit Committee		Group Nomination & Governance Committee		Group Remuneration Committee	
	A	B	A	B	A	B	A	B
Roy E Bailie	9	9	6	6	–	–	–	–
Richard Burrows	9	7	–	–	3	3	5	5
Laurence G Crowley	9	9	–	–	5	5	5	5
David Dilger	9	9	6	5	5	5	–	–
Donal Geaney	9	7	–	–	–	–	5	3
Brian J Goggin	9	9	–	–	–	–	–	–
Paul Haran (Appointed to Court 13/1/2005 and to Nomination & Governance Committee 8/3/2005)	2	1	–	–	–	–	–	–
Mike Hodgkinson (Appointed 11 May 2004)	7	5	–	–	4	3	–	–
Maurice A Keane (Retired 28 February 2005)	8	8	–	–	–	–	–	–
George Magan	9	9	6	5	–	–	–	–
Caroline Marland (Appointed to Nomination & Governance Committee 11 May 2004)	9	9	–	–	4	3	–	–
Declan McCourt (Appointed 6 April 2004)	8	7	5	4	–	–	3	2
Tom Moran	9	7	6	4	–	–	5	5
Terry Neill (Appointed 6 April 2004)	8	7	5	5	–	–	3	3
Ray MacSharry	9	9	–	–	–	–	–	–
Denis O'Brien	9	7	–	–	5	5	5	4
John O'Donovan	9	9	–	–	–	–	–	–
Mary Redmond	9	8	–	–	5	5	–	–
Michael D Soden (Resigned 29 May 2004)	2	2	–	–	–	–	–	–

Column A indicates the number of scheduled meetings held and Column B indicates the number of scheduled meetings attended during the period the Director was a member of the Court and/or the Committee and was eligible to attend.

Court Sub-Committees

- Group Risk Policy Committee - The Group Risk Policy Committee is responsible for recommending high-level risk policy and risk strategy to the Court for approval and for overseeing management of risk within approved policy parameters.
- Group Investment Committee - The Group Investment Committee is responsible for evaluating all material investment/divestment/capital expenditure proposals and approving those within its authority and recommending those outside its authority to the Court. It is also responsible for monitoring the progression of such proposals and ensuring satisfactory delivery of expected benefits.

Membership of the above committees at 31 March 2005 was as follows:-

Group Risk Policy Committee

Ronan Murphy (Chairman)
John Clifford
John G Collins
Des Crowley
Denis Donovan
Brian J Goggin (Court member)
Roy Keenan
Vincent Mulvey
Malachy Murphy
John O'Donovan (Court member)

Group Investment Committee

Brian Goggin (Chairman) (Court member)
John Clifford
John G Collins
Des Crowley
Kevin Dolan
Denis Donovan
Cyril Dunne
Michael Grealy
Roy Keenan
Ronan Murphy
John O'Donovan (Court member)

Relations with Stockholders

Communications with stockholders are given high priority. The Directors are kept informed on investor issues through regular reports from Group Investor Relations as well as feedback from stockholders, our brokers and investment bankers. The Group seeks to provide through its Annual Report a balanced, clear assessment of the Group's performance and prospects. It also uses its internet website, (www.bankofireland.ie) to provide investors with the full text of the Annual and Interim reports, the Form 20-F (which is filed annually with the US Securities and Exchange Commission) and with copies of slide presentations to analysts and investors as they are made, so that information is available to all stockholders. Additionally, the "Investor Information" section on the Group's website is updated with all Stock Exchange releases as they are made by the Group including full year and half-year results presentations.

The Group has an active and well developed Investor Relations programme which involves regular meetings between the Group Chief Executive, members of his senior executive team, the Head of Investor Relations and the Group's principal institutional stockholders and with financial analysts and brokers. All such meetings are conducted in such a way so as to ensure that price sensitive information is not divulged. Feedback from these meetings, together with relevant analysts reports, are provided to the Court on a regular basis. In addition to these normal channels of communications, the Governor and Deputy Governor gathered the views of institutional stockholders, through the Group's brokers and advisers, and presented their findings to the Court. All Directors are encouraged and facilitated to hear the views of investors and analysts at first hand through their participation in conference calls following major announcements. The Court concluded that the objective of keeping Directors fully informed of stockholder views was achieved.

The Governor and/or the Senior Independent Director are available to stockholders if they have concerns that cannot be resolved through the normal channels and it is Group policy to facilitate any major stockholder who wishes to discuss any relevant issue with the Governor or the Senior Independent Director.

The Group's policy is to make constructive use of the Annual General Court and all stockholders are encouraged to participate. Stockholders are given the opportunity to ask questions at the Annual General Court or submit written questions in advance. In the normal course, the notice of this meeting is issued at least 20 working days before the meeting. In 2004 the Court decided that it would be important for stockholder documentation to reflect the appointment of Brian Goggin as Group Chief Executive so this Code provision was not achieved. The Notice of the Annual General Court and related papers were, however, sent to stockholders well in advance of the minimum statutory notice requirement. At the Annual General Court separate resolutions are proposed on each substantially separate issue and when an issue has been determined at the meeting on a show of hands, the Chairman indicates to the meeting the proportion of proxy votes for, against and abstaining from that resolution to demonstrate what the voting position would have been if the votes of those not in attendance at the meeting were taken into account. It is usual for all Directors to attend the Annual General Court and to be available to meet stockholders. The chairmen of the Group Audit Committee, the Group Nomination and Governance Committee and the Group Remuneration Committee are available to answer relevant questions at the Annual General Court. In addition a 'Help Desk' facility is available at the meeting to assist stockholders to resolve any specific queries they may have.

New York Stock Exchange (NYSE) Corporate Governance Requirements

All non-US companies listed on the NYSE are required to disclose any significant differences between their corporate governance practices and the requirements of the NYSE applicable to US companies.

As an Irish incorporated company listed on the Irish and London Stock Exchanges, the Group's corporate governance practices reflect Irish company law, the Listing Rules of the Irish Stock Exchange and the UK Listing Authority and the Combined Code on Corporate Governance ("the Code"). The Group believes the following to be the significant differences between its corporate governance practices and NYSE corporate governance rules applicable to US companies.

The way in which the Group makes determinations of Directors' independence differs from the NYSE rules which set out five tests for Director independence and also require that "the Board of Directors affirmatively determines that the Director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of any organisation that has a relationship with the company)". The Court of Directors reviews the independence of its non-executive Directors annually having regard to the Code together with developing best practice in corporate governance and regulation.

It is a requirement of the NYSE Rules that all members of the Nomination/Corporate Governance and Compensation Committees should be independent. The Group's Nomination and Governance Committee consists of a majority of independent Directors as prescribed by the Code. The Group Remuneration Committee comprises the Governor as Chairman and six non-executive Directors determined by the Court to be independent per the Code as described earlier in this statement.

Under NYSE Corporate Governance rules, the duties and responsibilities of the Audit Committee should include discussion of the Company's earnings press releases as well as financial information and earnings guidance provided to analysts and rating agencies. These matters are considered by the Court.

Corporate Responsibility

In 2004/05 the Group strengthened the foundation on which our Corporate Responsibility programme is based and launched a number of significant initiatives. It was also a year in which we achieved external recognition for our Corporate Responsibility programme from FTSE4Good, O2 ability awards, Guinness Living Dublin Awards and Chambers of Commerce of Ireland.

Our Management of Corporate Responsibility

Since formalising our approach to Corporate Responsibility in 2003/04, significant attention has been invested in the governance and management of the programme. In addition to a full-time CR manager, we have a Corporate Responsibility Committee chaired by a member of the Group Executive Committee and representative of each of our Group Divisions. The Corporate Responsibility Committee, is responsible for agreeing policy and initiatives and setting the overall direction of the programme. Progress on the programme is reported twice yearly to the Court of Directors through the Nomination and Governance Committee.

During 2004/05, we launched a number of initiatives, details of which are presented below under the four categories of Marketplace, Workplace, Community and Environment.

Playing our part in the Marketplace

Corporate responsibility starts with our business. For Bank of Ireland, that means operating with the highest standards of integrity in the marketplace. The following measures were taken in 2004/05.

- We published an Ethical Statement *Our approach to doing business* in November 2004, which sets out how we factor social, ethical and environmental considerations into our business decision-making. To deal with ethical issues as they arise, we established a process that allows for cases to be referred for decision to our Corporate Responsibility Committee. Since publication of the policy, several such cases have been referred to the Committee for decision.

- Recent years have seen growing concern about the issue of affordable housing in Ireland. In November 2004, Bank of Ireland announced a new mortgage offering, *Breakthrough*, for the affordable housing market. The Bank is the first financial institution to enter this market in Ireland and we expect that it will help make home ownership a reality for many who previously had not thought it possible. The offering was developed in consultation with the Department of the Environment, Heritage and Local Government and was welcomed as a valuable complement to existing Government Schemes.

"Improving access to affordable housing is a very important objective of Government policy and the positive engagement from the financial sector is a further example of how working together in partnership can bring benefits to everyone in society."

An Taoiseach, Bertie Ahern, TD

- In our UK Division, a Basic Bank Account (BBA) has been developed, enabling qualifying customers to enjoy fee-free banking. This is an important stepping-stone to financial inclusion and the UK based Banking Codes Standards Board, in their report of October 2004, stated that Bank of Ireland is the best performing bank overall in terms of readiness to offer a BBA.

- During 2004, our UK Division worked with the Arab Banking Corporation to develop a suitable range of home finance products tailored for our Muslim customers. This was the first time that a UK high street lender has worked directly with an Arab bank to offer such products and is consistent with our continued focus on diversity and social inclusion in the UK market. The first of these products, a property investment facility called *Amaar Property Finance*, was launched to the market in December 2004.

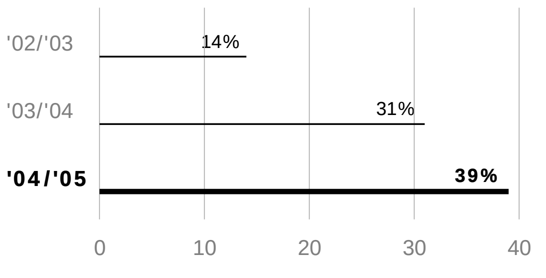
> "Bank of Ireland have recognised how a diverse workforce can help meet changing consumer demands. Offering people with disabilities tangible opportunities linked to a business strategy will enable both Corporate Social Inclusion and a competitive edge."

Terry Fahy, Project Director, Access Ability

Playing our part in the Workplace

For employees, corporate responsibility is about creating a safe and supportive working environment in which our people feel proud, committed and engaged.

- Through our annual employee engagement survey we measure how connected employees are to their work and their business objectives. Our third successive survey was conducted in December 2004 and it achieved a high response rate of 80%. Results show a significant improvement on previous years. The graph below indicates the level of improvement in the number of work teams which feature in the 'best practice' area. Our overall engagement score places the Group ahead of 64% of its peers in the external industry benchmark database.



% of 'best practice' teams in Group
Source: Group Employee Engagement Survey

- The EU directive on Information and Consultation comes into effect in 2005. The directive formalises arrangements between employers and their employees with regard to information sharing and consultation. As a large employer, the Group has given considerable attention to its provisions although the final legislation is yet to be enacted in Ireland. In our UK Division, the Partners' Council arrangements are considered to be robust and satisfy the requirements of the UK legislation. Our process in Ireland will be finalised in line with the Irish Legislation introduced later this year.

- We launched an initiative during 2004/05 to support the recruitment of people with a disability across the Group. '*Bank of Ireland – I Can*' is about facilitating people with a disability in gaining employment. We have partnered with an external disability management company, who carry out role evaluations and disability awareness training. We have developed a practical booklet to assist and develop the interviewing skills of line managers in interviewing candidates with a disability. The programme has received external recognition through the O2 Ability awards where the Group won awards under the categories of Recruitment & Selection, Career Development, Training & Retention and Leadership.

- Over the years, Bank of Ireland employees have participated at many different levels in the charitable sector. We believe it is a practical way in which a business can contribute to the creation of a sustainable, successful voluntary sector through the provision of our experience, expertise and business acumen. The Group is keen to continue this tradition and has recently partnered with Boardmatch Ireland, whose aim is to enhance the effectiveness of charitable board governance and executive leadership in matching board trained professionals to not-for-profit organisations. We look forward to actively engaging with Boardmatch Ireland during the course of 2005/06.

Playing our part in the Community

The Group has a long history of involvement at community level. We continued this tradition during 2004/05;

- 2004/05 marks the half way stage in the Bank of Ireland Millennium Scholars Trust, which was established in 2000. The trust created a fund of €12.7m to support students acquiring a third-level education where their circumstances would not otherwise allow. At this half-way stage, the Trust has already committed over €5m to very deserving candidates. Almost 300 scholarships have been awarded including 43 to students with a disability. A significant feature of the scheme is that the scholars receive mentoring and support from Group employees throughout the course of their college studies. To date, over 200 employees have provided mentoring support to the scholars.

Scholarships by Category

Category	
Third-Level Entry	149
Mature Students	44
Current Third-Level	49
Creative / Performing Arts	50
Postgraduate (Year 2000)	6
Total	298

- Following our involvement with the Special Olympics World Games in 2003, we continued to support the Special Olympics movement in Ireland during 2004/05, establishing the Special Olympics Network. This aims to double participation levels in Special Olympics training by 2006. The idea of the Network follows on from the Host Town Programme, successfully implemented by Bank of Ireland for the World Games. At present, 56 Special Olympics Networks have been registered in communities across Ireland and almost every local Network has at least one Bank of Ireland staff member on the organising committee. As part of the sponsorship, Bank of Ireland has seconded five employees to work with Special Olympics Ireland. Their role is to develop Special Olympics activities in a particular region of Ireland so that the focus is firmly on introducing and developing Special Olympics activities in the community and local areas.

- Over 1,000 employees are based in Cabinteely in Dublin across two business units – Retail Operations and IT Solutions. For many years, they have together pursued an active community involvement programme. This year they were awarded overall winner of the Chambers of Commerce of Ireland President's Award for Best CSR Community Project. This award was in recognition of their Employee Supported Volunteering, Junior Schools Programme, Schools Business Partnership and Challenge Days, which they operate in partnership with Business in the Community (BITC). They also recently won the main award in the Business in the Community category at the Guinness Living Dublin Awards.

"...recognising and highlighting the effort and contribution made by companies in Ireland for the betterment of our communities, regions and Irish society as a whole."

Mark Staunton, President,
Chambers of Commerce of Ireland

- Our employees have always responded enthusiastically to the 'call to arms' to support good causes and this was never more evident than at the time of the Special Olympic World Games in 2003. Employee volunteering remains a core feature of the Group's community involvement and creates a legacy that is about more than just money. It would be impossible to list all of the projects individually, however some of the successes of 2004/05, which would not have been so without the support of our volunteers, include; our annual sponsorship and fundraising of the Irish Cancer Society's Daffodil Day, Special Olympics Network, Tsunami Disaster fundraising and the many projects led by our business-units in local communities such as those implemented in Cabinteely in Ireland and Temple Quay in UK.

"Bank of Ireland has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4GoodIndex Series. Companies in the Series are doing more to manage their social, ethical and environmental impacts, and are better positioned to capitalize on the benefits of responsible business practice."

FTSE Group

FTSE4Good Index Series

Playing Our Part for the Environment

The Group affects the environment on two levels – firstly through our business, primarily our lending activity and secondly through the consumption of resources as a result of our physical presence. As a guiding principle, we seek to minimise the impact of our operations on the environment. Dealing with each of these aspects in turn:

- In 2003 we established a specialist environment and renewable energy fund for lending to companies and projects in the renewable energy, water treatment and waste management sectors. In addition to supporting environmentally sound projects this also makes good business sense. Total lending to date amounts to €150m with a further €300m in the pipeline for 2005/06.

- A formal Environmental Management System (EMS) was launched in August 2004 following an environmental impact assessment by external environmental consultants. The EMS covers three broad areas, namely, (i) management of environmental issues including training and audits, (ii) assessment of the environmental impact of our products and (iii) the 'hard' environmental data associated with the direct operation of the Group, such as buildings, transport. The initial EMS covers 45% of the Group's operation and this coverage will be extended during 2005/06. Data is currently being collated and we look forward to publishing the results in subsequent reports. The Group continues to be eligible to participate in the FTSE4Good ethical stock index, as a result of implementing the EMS.

- Due to the nature of its operations and high resource usage, considerable attention is given to environmental management in our Retail Operations site in Cabinteely. During 2004/05 it commenced the formal ISO14001certification process that will externally accredit their Environmental Management System and recognise the commitment to continuous improvement.

In summary, 2004/05 marked significant advances in our Corporate Responsibility Programme. Policies have been codified for stakeholders, the environment and for ethical issues. With this foundation in place, we will continue to develop further activities, based on the Bank of Ireland tradition of integrity and good practice that we believe will differentiate the Group in the increasingly important area of good corporate citizenship.

Report of the Directors

The Directors present their report and financial statements for the year ended 31 March 2005.

Results

The Group profit attributable to the Ordinary Stockholders amounted to €1,073m after Non-Cumulative Preference Stock dividends of €8m as set out in the consolidated profit and loss account on pages 44 and 45.

Dividends

The Directors have recommended a Final Dividend of 29.0 cent per unit of €0.64 of Ordinary Stock in respect of the year ended 31 March 2005. The recommended Final Dividend together with the Interim Dividend of 16.6 cent per unit of €0.64 of Ordinary Stock paid in January 2005, results in a total of 45.6 cent for the year ended 31 March 2005 and compares with a total of 41.4 cent for the previous year.

If the recommended Final Dividend is approved by the Ordinary Stockholders at the Annual General Court, the retained profit for the year, after a transfer to capital reserves of €48m, will amount to €583m.

Group Activities

The Bank and its group undertakings (the "Group") provide an extensive range of banking and other financial services. The Governor's Statement and the Group Chief Executive's Operating and Financial Review on pages 4 to 5 and 6 to 18 respectively, describe the operations and the development of the Group.

Capital Stock and Subordinated Liabilities

1,050,115,489 units of Ordinary Stock, of nominal value of €0.64 each, were in issue at 1 April 2004 of which 106,780,982 were held in Treasury Stock.

During the year, the Bank re-issued Treasury Stock under staff stock schemes and cancelled some 25m units of stock in November 2004. As at 31 March 2005, the Bank has 1,025,115,489 units of ordinary stock of €0.64 each of which 82,077,349 are held in Treasury Stock.

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

Directors

The names of the members of the Court of Directors as at 31 March 2005 together with a short biographical note on each Director appear on page 2 and 3.

Paul Haran was co-opted to the Court with effect from 13 January 2005 and, being eligible, offers himself for election. Richard Burrows, Brian Goggin, Denis O'Brien, John O'Donovan and Mary Redmond retire at the 2005 Annual General Court and, being eligible, offer themselves for re-election at the Annual General Court.

Directors' Interests

The interests of the Directors and Secretary, in office at 31 March 2005, and of their spouses and minor children, in the stock issued by the Bank are shown in the Remuneration Report on pages 35 to 40.

In relation to the Group's business, no contracts of significance to the Group in which the Directors of the Bank had any interest, subsisted at any time during the year ended 31 March 2005 except as described in Note 43 page 108.

Substantial Stockholdings

There were 62,930 registered holders of the Ordinary Stock of the Bank at 31 March 2005. An analysis of these holdings is shown on page 120.

As at 29 April 2005, the Bank had received notification of the following substantial interests in its Issued Ordinary Stock:-

Name	%
Bank of Ireland Asset Management Limited •	6.3

• This stockholding is not beneficially owned but is held on behalf of a range of clients, none of whom hold, so far as the Directors have been notified, more than 3% of the Issued Ordinary Stock.

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

Corporate Governance

Statements by the Directors in relation to the Group's compliance with the Combined Code on Corporate Governance and the Group's system of internal controls are set out in the section on Corporate Governance on pages 22 to 28.

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

Safety Health and Welfare at Work Act, 1989

It is Group policy to attach a high priority to the safety, health and welfare of its employees and customers. The Group continues to review its compliance with the above Act and with future proposed legislation. Where inadequacies are identified, programmes of rectification are initiated. The Group's Regulatory Risk and Compliance Committee reviews matters of principle covering the safety, health and welfare of employees and customers and identifies the training needs to ensure a continuing awareness in this regard.

Environment

It is Group Policy to attach a high priority and commitment to effective environmental protection. The Group continues to review its procedures and pro-actively identify best practices for its waste management procedures. Working with licensed specialist contractors, the Group is progressing its plans for the year 2005/06 and has commenced implementation of these plans, initially in the greater Dublin area, to minimise waste generation and maximise re-use and re-cycling. The Group is also evaluating an environmental management system to co-ordinate all Group environmental activities and to ensure the realisation of its environmental goals. The Group's Environmental Policy is accessible on the web at www.bankofireland.ie.

Political Donations

The Directors, on enquiry, have satisfied themselves that there were no political donations which require disclosure under the Electoral Acts, 1997 to 2002.

Branches Outside the State

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

Going Concern and Books of Account

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

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

Auditors

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

Laurence G. Crowley
Governor

Richard Burrows
Deputy Governor

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

11 May 2005

Remuneration Report

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

The Group Remuneration Committee holds delegated responsibility for setting policy on the remuneration of the Governor and senior management (including executive Directors) and approves specific remuneration packages for the Governor, each of the executive Directors, the Group Secretary and those senior executives who report directly to the Group Chief Executive ("Group Executive Committee").

The remuneration of non-executive Directors is determined by the Court. Neither the Governor nor any Director participate in any decisions relating to their own remuneration.

Remuneration Policy

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

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

Executive Directors are expected, over time, to build up a Group stock ownership equivalent to a minimum of 100% of salary.

The Reward Package for Executive Directors and Senior Management

The total remuneration package is reviewed by the Group Remuneration Committee with external assistance from New Bridge Street Consultants LLP who act as advisors to provide remuneration advice and analysis to the Group Remuneration Committee. Currently the key elements of the remuneration package are salary, a performance related bonus, the Long Term Incentive Plan, stock options, participation in the Employee Stock Issue and in the Sharesave schemes and membership of a defined benefit pension scheme. These various elements are summarised below:-

- Salary - Is payable monthly and is set at a level to recognise an individual's market worth. Salaries are reviewed annually by the Group Remuneration Committee.
- Performance-related bonus scheme - The level earned by each executive Director is a function of the Remuneration Committee's assessment of that Director's performance against pre-determined goals, required leadership behaviours and the overall performance of the Group in any year in absolute terms. The maximum bonus potential of executive Directors and Group Executive Committee members is currently 100% of salary.
- Long Term Incentive Plan - In 2004 the Group established a Long Term Incentive Plan ("LTIP"), with stockholder approval, for key senior executives who are best placed to maximise stockholder value. This replaced the Long Term Performance Stock Plan ("LTPSP"), which had been introduced in 1999. Under this Plan, and its predecessor, the LTPSP, which is described in more detail in Note 34 on page 85, conditional awards have been made to the executive Directors as set out in the table on page 38.
- Stock options - In 2004, the Group established the Executive Stock Option Scheme, with stockholder approval. This replaced the previous Executive Stock Option Scheme introduced in 1996. 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 the interests of stockholders in general. The exercise of all options granted since 2004 is conditional upon alternative earnings per share achieving a cumulative growth of at least 5% per annum compound above the increase in the Consumer Price Index over the three-year performance period. If this performance condition is not achieved, the options lapse. (See also Note 34 on page 85).
- Employee Stock Issue Scheme - The Bank operates an Employee Stock Issue Scheme under which the Court of Directors may set aside an element of Group profit before taxation for allocation to the trustees of the scheme to enable them to acquire units of ordinary stock on behalf of the scheme participants. The amount set aside is related to overall Group performance (See also Note 34 on page 84). Executive Directors participate on the same basis as staff generally.
- Sharesave - In 1999 the Group established a Sharesave Scheme ("SAYE scheme"). Under this scheme the executive Directors who participated in the scheme were granted options over units of Ordinary Stock as set out in the table on page 37. (see Note 34 on page 85). Under the scheme, first offered in 2000, participants could save for three, five or seven years. The three year scheme matured in May 2003. A further offer under the scheme was made in December 2003. Under the 2003 offer, participants could save for three or five years. It is the Group's practice to consider further offers under the scheme from time to time.
- 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 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 salary is pensionable.

Service contracts - No service contract exists between the Bank and any Director which provides for a notice period from the Group of greater than one year. It was agreed to make a payment to a former Director, Michael Soden, of €2.3m and a contribution to his pension fund amounting to €0.4m in settlement of potential litigation by Mr Soden against the Group. The payment was determined by reference to the twelve months notice provision contained in the contract of employment which Mr Soden had with the Group. (See also note 43 on page 108)

Directors' Remuneration 2004/2005 (all figures in €'000's)

	Salary (1)	Court Fees (2)	Other Fees (3)	Perf. Bonus (4)	Other Remun. (5)	Benefits (6)	Pension Contribs. (7)	Total Remun. 2004/2005	Total Remun. 2003/2004
Governor									
L G Crowley	383						36	419	328
Deputy Governor									
R Burrows	148							148	90
Executive Directors									
B J Goggin•	911			800	21	33	154	1,919	1,115
J O'Donovan	420			303	25	28	71	847	714
M D Soden (to 29.05.2004)	167			50	19	5	28	269	1,594
Non-Executive Directors									
R E Bailie		77	30					107	69
D J Dilger		77						77	43
D J Geaney		77						77	60
P Haran (from 13.01.2005)		17						17	0
M A Keane (to 28.02.2005)		70	44					114	100
R MacSharry		77						77	60
D McCourt (from 06.04.2004)		76						76	0
G M Magan		77						77	43
C A Marland		77						77	60
T Moran		77						77	60
T Neill (from 06.04.2004)		76						76	0
D O'Brien		77						77	60
M Redmond		77						77	60
Totals	2,029	932	74	1,153	65	66	289	4,608	4,456
Ex gratia payments paid to former Directors/Dependants								545	541

Notes

(1) The Governor and Deputy Governor, as non-executive Officers of the Bank, are not paid Court fees but are remunerated by way of non-pensionable salary.
(2) Court fees are paid only to non-executive Directors and are subject to review annually at June each year.
(3) Includes fees paid by boards of subsidiary companies within the Group and an additional payment of 40% of the standard fee to the Chairman of the Group Audit Committee to cover the additional workload involved in this Committee.
(4) Payments under the performance bonus scheme are linked to individual performance and overall Group performance versus targets over the financial year.
(5) Includes the cash value of Ordinary Stock receivable under the Employee Stock Issue Scheme.
(6) Benefits include car allowance and interest on any loans at staff rates.
(7) Contributions to defined benefit pension schemes. The fees paid or payable to non-executive Directors appointed post April 1991 are not pensionable. As the Governor was appointed a Director pre April 1991, an element of his salary, equivalent to the standard directors fee, is treated as pensionable.
(8) Mike Hodgkinson receives no emoluments from the Bank of Ireland Group in line with the agreement with Post Office Ltd. B J Goggin who sits on the Board of the UK Post Office Ltd. also receives no emoluments from that Board.

• Prior to his appointment as Group Chief Executive, Brian Goggin, while Chief Executive Asset Management Services Division, participated in that Division's Deferred Cash Incentive Scheme and a Long Term Incentive Programme, in lieu of the Bank of Ireland Group's Executive Stock Plans.
Under the Deferred Cash Incentive Scheme, provided certain conditions are met over the three-year performance period, Brian Goggin will receive a minimum payment of €157,500 in 2 years time. Further amounts may be paid based on the achievement of stretching profit before tax targets over the relevant performance period.
Under the Long Term Incentive Programme, provided certain conditions are met over the three-year performance period, Brian Goggin will receive a minimum payment of €350,000 in each of the two years ending 31 March 2007 and 31 March 2008. Further amounts may be paid based on the achievement of investment performance, business growth and profit targets over the relevant performance period.

Stock Options Held by Directors and Secretary

(a) Executive Stock Options

Options to subscribe for Ordinary Stock in the Bank granted and exercised during the year to 31 March 2005 are included in the table below:-

	Date of grant	Earliest exercise date	Expiry date	Exercise price ¤	Options at 1 April 2004 or date of appointment if later	Granted in year	Exercised in year	Market price at exercise date ¤	Options at 31 March 2005
Directors									
B J Goggin	28 Nov 1996	28 Nov 1999	28 Nov 2006	3.24	80,000				80,000
	13 Jul 1999	13 Jul 2002	13 Jul 2009	8.93	20,000				20,000
	21 May 2001	21 May 2004	24 May 2011	11.05	25,000				25,000
	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	25,000				25,000
	18 Jun 2003	18 Jun 2006	18 Sep 2013	10.77	50,000				50,000
	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76		92,000			92,000
					200,000	92,000			292,000
J O'Donovan	26 Nov 2001	26 Nov 2004	26 Nov 2011	10.54	38,000		13,000	12.06	
							10,000	12.15	15,000
	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	25,000				25,000
	18 Jun 2003	18 Jun 2006	18 Jun 2013	10.77	50,000				50,000
	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76		35,000			35,000
					113,000	35,000	23,000		125,000
M D Soden•	26 Nov 2001	26 Nov 2004	26 Nov 2011	10.54	181,000				
	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	80,000				
	18 Jun 2003	18 Jun 2006	18 Jun 2013	10.77	200,000				
					461,000				
Secretary									
J B Clifford	05 Jun 1996	05 Jun 1999	05 Jun 2006	2.82	60,000				60,000
	25 May 2000	25 May 2003	25 May 2010	6.96	15,000				15,000
	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	10,000				10,000
	18 Jun 2003	18 Jun 2006	18 Jun 2013	10.77	20,000				20,000
	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76		21,500			21,500
					105,000	21,500			126,500

• These options have lapsed

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

The performance condition attached to the grant of stock options made in May 2001, under the 1996 Executive Stock Option Scheme, were met in May 2004 and the options became capable of exercise from that date.

(b) Sharesave Options 2000

Under the terms of the Sharesave Scheme offered in 2000, options were granted to all participating Group employees on 28 February 2000 at an option price of €5.40 per unit of Ordinary Stock. (This price was set at a discount of 20% of the then market price as permitted by the Rules). The options held under this scheme by the Directors and Secretary are set out below. Under the terms of the 2000 Sharesave offer, participants could save for three, five or seven years. The three-year scheme matured in May 2003.

Name	2000 Sharesave options granted at 28 February 2000	Market value at date of Grant	Options Exercised	Date of Exercise	Market value at date of Exercise	2000 Sharesave options held at 31 March 2005
Directors						
B J Goggin	4,261	€6.07				4,261
Secretary						
J B Clifford	2,233	€6.07	2,233	4th June 03	€11.20	–

(c) Sharesave Options 2003

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

Name	2003 Sharesave options granted at 15 December 2003	Market value at date of grant	2003 Sharesave options held at 31 March 2005
Directors			
J O'Donovan	2,653	€10.60	2,653
M D Soden (to 29.05.2004)	1,522	€10.60	–
Secretary			
J B Clifford	1,522	€10.60	1,522

(d) Long Term Incentive Plan ("LTIP")

Conditional awards of units of Ordinary Stock have been made on 24 June 2002, 18 June 2003, 8 December 2003 (under the terms of the LTPSP) and 26 July 2004 (under the terms of the LTIP), to senior executives. These awards do not vest in the executives unless demanding performance criteria are achieved (see description of LTIP in Note 34 on page 85). The performance conditions attached to the award of conditional units of stock, made in May 2001, under the Long Term Performance Stock Plan 1999, were met in May 2004 and, based on the Group's TSR performance versus the various Peer Groups, 80% of the award vested in the participants. The conditional awards of units of Ordinary Stock made to date to the executive Directors are as follows:-

Name	Date of Award	No. of shares conditionally Held at 1 April 2004	Conditionally Awarded in the year•	Vested in the year••	Retained in Scheme •••	Lapsed in the year	Potential interest in shares at 31 March 2005	Original Maturity Date	Maturity Date
Directors									
B J Goggin	13 July 99				9,221		11,526	13 July 02	13 July 09
	25 May 00				13,541		16,249	25 May 03	25 May 05
	21 May 01	10,811		8,649	8,649	2,162	10,379	21 May 04	21 May 06
	24 June 02	13,763					13,763	24 June 05	
	26 July 04		139,000				139,000	26 July 07	
		24,574	**139,000**	**8,649**	**31,411**	**2,162**	**190,917**		
J O'Donovan	24 June 02	10,055					10,055	24 June 05	
	18 June 03	14,058					14,058	18 June 06	
	26 July 04		35,000				35,000	26 July 07	
		24,113	**35,000**				**59,113**		
M D Soden	26 Nov 01	23,756				23,756		26 Nov 04	
	24 June 02	25,137				25,137		24 June 05	
	18 June 03	33,739				33,739		18 June 03	
		82,632				**82,632**			
Secretary									
J B Clifford	13 July 99				7,648		9,560	13 July 02	13 July 09
	25 May 00				10,226		12,271	25 May 03	25 May 05
	21 May 01	6,004		4,803	4,803	1,201	5,764	21 May 04	21 May 06
	24 June 02	5,703					5,703	24 June 05	
	18 June 03	8,330					8,330	18 June 06	
	26 July 04		15,000				15,000	26 July 07	
		20,037	**15,000**	**4,803**	**22,677**	**1,201**	**56,628**		

• Market price at date of award €10.76
•• Market price at date of vesting €9.80
••• Only applies to awards made under the LTPSP. Minimum of 80% of the vested stock must be retained for two years from maturity of award. After the two year retention period, an additional award of 20% is made. If the award is retained for an additional 5 years, a further award of 30% is made.

Changes in the Directorate During the Period

	Executive Directors	Non-Executive Directors and Officers
Number at 31 March 2004	3	12
Changes during year	- M D Soden (29/05/2004)	+ J D McCourt (06/04/2004) + T V Neill (06/04/2004) + M S Hodgkinson (11/05/2004) + P M Haran (13/01/2005) - M A Keane (28/02/2005)
Number at 31 March 2005	2	15
Average number during 2004/2005 (2003/2004)	2.2 (3)	15.1 (11.5)

Directors' Pension Entitlements

Set out below are details of the pension benefits earned by the Directors during the year ended 31 March 2005

	(a) Additional pension earned in the year ¤000	(b) Increase in transfer value ¤000	(c) Accrued pension entitlement at 31 March 2005 ¤000
Executive Directors			
B J Goggin	297.5	4,680	588.9
J O'Donovan	24.7	380	153.5
M D Soden (to 29.05.2004)	40.8	796	132.4
Non-executive Officer			
L G Crowley	6.7	117	32.7

Column (a) above is the increase in pension built up during the year.
Column (b) is the additional capital value of column (a) which could arise if the pension were to be transferred to another pension plan on the Director leaving the Group and is based on factors supplied by the actuary in accordance with actuarial guidance notes GN11 (ROI), less each Director's contributions.
Column (c) is the aggregate pension entitlement based on each Director's pensionable service with the Group at 31 March 2005, or at date of leaving if earlier, but payable at normal retirement age.
Executive Directors have the option to pay additional voluntary contributions to their pension plan; neither the contributions nor the resulting benefits are included in the above table.

Directors' Interests in Stock

In addition to their interests in the Ordinary Stock through their holding of stock options and the conditional awards of stock they have received under the LTPSP and LTIP as set out above, the interests of the Directors and Secretary in office at 31 March 2005, 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 2005 Beneficial	As at 1 April 2004(1) Beneficial
Directors		
R E Bailie	3,808	3,352
R Burrows	46,590	45,981
L G Crowley	38,640	31,881
D J Dilger	2,523	2,190
D J Geaney	18,068	7,734
B J Goggin	334,126	322,784
P M Haran	2,000	2,000
M S Hodgkinson	2,000	2,000
R MacSharry	1,954	1,620
J D McCourt	5,200	5,000
G M Magan	1,423	1,090
C A Marland	1,705	1,371
T J Moran	1,720	1,386
T V Neill	83,826	34,126
D O'Brien	301,705	301,371
J O'Donovan	53,363	27,207
M P Redmond	2,877	2,543
Secretary		
J B Clifford	58,684	51,450

(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 2005 and 11 May 2005.

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 2005.

Transactions with Directors

The aggregate amounts outstanding and the number of persons concerned, as at 31 March 2005 in respect of all loans, quasi-loans and credit transactions made by the Bank to its Directors, together with loans, other than in the ordinary course of business, to connected persons are shown below:

	Aggregate Amount Outstanding		Number of Persons	
	2005 €	2004 €	2005	2004
Directors				
Loans to executive Directors on terms similar to staff loans	210,007	209,855	1	1
Other loans on normal commercial terms	25,040,420	24,417,939	12	9
Quasi-loans and credit transactions	–	–	None	None
	25,250,427	24,627,794		
Connected Persons				
Loans to connected persons	3,940	6,577	1	1
Quasi-loans and credit transactions	–	–	None	None
	3,940	6,577		

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 115, the Directors have determined that it is appropriate that they continue to be prepared on a going concern basis and consider that in their preparation:-

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

The Directors have a responsibility for ensuring that proper books of account are kept which disclose with reasonable accuracy at any time the financial position of the Bank and which enable them to ensure that the accounts are prepared in accordance with accounting standards generally accepted in Ireland and to comply with Irish law including the Companies Acts, 1963 to 2003, and the European Communities (Credit Institutions: Accounts) Regulations, 1992. They also have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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

Laurence G Crowley	Richard Burrows	Brian J Goggin	John B Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Independent Auditors' Report

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

We have audited the accounts on pages 44 to 115. We have also audited the information on risk management and control on pages 12 to 17 and the remuneration report on pages 35 to 40.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for ensuring that the Report and Accounts are prepared in accordance with applicable Irish law and accounting standards generally accepted in Ireland are set out on page 41 in the statement of Directors' responsibilities.

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2003 and the European Communities (Credit Institutions: Accounts) Regulations 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the Bank balance sheet is in agreement with the books of account. We also report to you our opinion as to:

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

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

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

We review whether the statement on pages 22 to 28 reflects the Bank's compliance with those provisions of the Combined Code specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to report whether the Directors' statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Bank's corporate governance procedures or its risk and control procedures.

Basis of Audit Opinion

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

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

Opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Bank and the Group as at 31 March 2005 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2003 and the European Communities (Credit Institutions: Accounts) Regulations, 1992.

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

In our opinion, the information given in the Report of the Directors on pages 33 to 34 is consistent with the accounts.

In our opinion, the balance sheet of the Bank on page 48 does not show a financial situation which, under the provisions of the Companies (Amendment) Act, 1983, requires the convening of an Extraordinary General Court.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

11 May 2005

Group Profit and Loss Account

for the year ended 31 March 2005

	Notes	Continuing Operations before Exceptional Items 2005 €m	Exceptional Items 2005 €m	Total 2005 €m	Total 2004 €m
Interest receivable					
Interest receivable and similar income arising from debt securities		418	–	418	331
Other interest receivable and similar income	4	3,761	–	3,761	3,300
Interest payable	5	2,281	–	2,281	1,887
Net interest income		1,898	–	1,898	1,744
Fees and commissions receivable		1,200	–	1,200	1,134
Fees and commissions payable		(199)	–	(199)	(200)
Dealing profits	37	66	–	66	73
Contribution from the life assurance business		161	–	161	177
Other operating income	6	47	–	47	50
Total operating income		3,173	–	3,173	2,978
Administrative expenses	7	1,621	117	1,738	1,471
Depreciation and amortisation	7	186	–	186	183
Operating profit before provisions		1,366	117	1,249	1,324
Provision for bad and doubtful debts	16	79	(100)	(21)	86
Operating profit		1,287	(17)	1,270	1,238
Income from associated undertakings and joint ventures		46	–	46	29
Profit on ordinary activities before exceptional items		1,333	(17)	1,316	1,267
Exceptional items	9	–	5	5	(97)
Profit before taxation		1,333	(12)	1,321	1,170
Taxation	10			(241)	(208)
Profit after taxation				1,080	962

	Notes	2005 €m	2004 €m
Profit after taxation		1,080	962
Minority interests : equity		(7)	13
: non equity		6	6
Non-cumulative preference stock dividends	11	8	8
Profit attributable to the ordinary stockholders		1,073	935
Transfer to capital reserve	35	48	62
Ordinary dividends	11	442	400
Profit retained for the year		583	473
Earnings per unit of €0.64 Ordinary Stock	12	113.9c	97.2c
Diluted Earnings per unit of €0.64 Ordinary Stock	12	112.9c	96.6c
Alternative Earnings per unit of €0.64 Ordinary Stock	12	114.2c•	106.7c

• excl. Exceptional items and Goodwill amortisation.

The movement in the reserves is shown in Note 35.

The notes on pages 51 to 115 form part of the accounts.

Laurence G Crowley Governor	Richard Burrows Deputy Governor	Brian J Goggin Group Chief Executive	John B Clifford Secretary

Group Balance Sheet

at 31 March 2005

	Notes	THE GROUP 2005 €m	2004 €m
Assets			
Cash and balances at central banks		1,600	1,397
Items in the course of collection from other banks		560	584
Central government and other eligible bills	13	92	211
Loans and advances to banks	14	7,783	7,753
Loans and advances to customers	15	79,917	67,540
Securitisation and loan transfers		344	593
Less: non returnable amounts		(328)	(504)
		16	89
Debt securities	17	21,321	15,676
Securitisation		207	243
Less: non returnable amounts		(188)	(224)
		19	19
Equity shares	18	52	64
Interests in associated undertakings	19	17	14
Interests in joint ventures			
- share of gross assets		153	190
- share of gross liabilities		(92)	(73)
- goodwill		–	126
	20	61	243
Intangible fixed assets	22	316	147
Tangible fixed assets	23	1,236	1,268
Other assets	24	4,075	3,767
Prepayments and accrued income		870	690
		117,935	99,462
Life assurance assets attributable to policyholders	25	8,529	6,969
		126,464	106,431
Liabilities			
Deposits by banks	26	20,254	17,060
Customer accounts	27	60,265	54,395
Debt securities in issue	28	20,539	12,917
Items in the course of transmission to other banks		230	230
Other liabilities	29	6,269	5,676
Accruals and deferred income		770	621
Provisions for liabilities and charges			
- deferred taxation	30	72	66
- other	31	321	221
Subordinated liabilities	32	4,086	3,682
Minority interests			
- equity		62	54
- non equity	33	73	76
Called up capital stock	34	663	679
Stock premium account	35	765	767
Capital reserve	35	561	498
Profit and loss account	35	2,772	2,281
Revaluation reserve	35	234	239
		4,995	4,464
Own shares held for the benefit of life assurance policyholders		(206)	(183)
Stockholders' funds including non equity interests		4,789	4,281
Life assurance liabilities attributable to policyholders	25	8,734	7,152
		126,464	106,431

	Notes	THE GROUP 2005 €m	2004 €m
Memorandum items			
Contingent liabilities			
Acceptances and endorsements		34	33
Guarantees and assets pledged as collateral security		1,268	1,291
Other contingent liabilities		643	494
	40	1,945	1,818
Commitments	40	29,296	25,235

The notes on pages 51 to 115 form part of the accounts.

Laurence G Crowley	Richard Burrows	Brian J Goggin	John B Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Balance Sheet

at 31 March 2005

	Notes	THE BANK 2005 €m	2004 €m
Assets			
Cash and balances at central banks		1,478	1,392
Items in the course of collection		560	584
Central government and other eligible bills	13	–	–
Loans and advances to banks	14	37,474	22,863
Loans and advances to customers	15	43,950	42,715
Securitisation and loan transfers		226	277
Less: non returnable amounts		(223)	(273)
		3	4
Debt securities	17	16,501	11,019
Securitisation		101	242
Less: non returnable amounts		(87)	(228)
		14	14
Equity shares	18	18	18
Interests in joint ventures	20	–	9
Shares in group undertakings	21	1,959	1,573
Tangible fixed assets	23	956	974
Other assets	24	2,094	1,920
Deferred taxation	30	19	24
Prepayments and accrued income		646	508
		105,672	83,617
Liabilities			
Deposits by banks	26	29,868	20,174
Customer accounts	27	48,928	42,033
Debt securities in issue	28	17,784	12,917
Items in the course of transmission		230	230
Other liabilities	29	3,647	3,329
Accruals and deferred income		486	317
Provisions for liabilities and charges			
- other	31	268	156
Subordinated liabilities	32	2,111	2,268
Called up capital stock	34	663	679
Stock premium account	35	765	767
Capital reserve	35	47	32
Profit and loss account	35	659	498
Revaluation reserve	35	216	217
Stockholders' funds including non equity interests		2,350	2,193
		105,672	83,617

	Notes	THE BANK 2005 €m	2004 €m
Contingent liabilities			
Acceptances and endorsements		34	33
Guarantees and assets pledged as collateral security		3,211	3,391
Other contingent liabilities		643	494
	40	3,888	3,918
Commitments	40	21,354	20,140

The notes on pages 51 to 115 form part of the accounts.

Laurence G Crowley	Richard Burrows	Brian J Goggin	John B Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Other Primary Statements

for the year ended 31 March 2005

Note of Historical Cost Profit and Loss

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

		THE GROUP	
		2005	2004
	Notes	€m	€m
Reconciliation of movement in stockholders' funds			
At 1 April		4,281	4,034
Profit attributable to the ordinary stockholders		1,073	935
Dividends	11	(442)	(400)
		4,912	4,569
Revaluation of property		–	59
Exchange adjustments	34, 35	(108)	62
Re-issue of treasury stock under employee stock schemes	34, 35	7	25
Ordinary stock buyback and held as Treasury stock	34, 35	–	(377)
Movement in cost of own shares held for benefit of Life Assurance policyholders		(23)	(57)
Reissue of treasury stock previously held by subsidiary	35	1	-
At 31 March		4,789	4,281
Stockholders' funds:			
Equity		4,724	4,215
Non equity		65	66
		4,789	4,281

		THE GROUP	
		2005	2004
	Notes	€m	€m
Statement of total recognised gains and losses			
Profit attributable to the ordinary stockholders		1,073	935
Revaluation of property		–	59
Exchange adjustments	34, 35	(108)	62
Total recognised gains for the year		965	1,056

The notes on pages 51 to 115 form part of the accounts.

Laurence G Crowley	Richard Burrows	Brian J Goggin	John B Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Group Cash Flow Statement

for the year ended 31 March 2005

		THE GROUP	
	Notes	2005 €m	2004 €m
Net cash flow from operating activities	42	5,681	3,664
Dividend received from joint venture		14	7
Returns on investment and servicing of finance	42	(258)	(190)
Taxation		(155)	(201)
Capital expenditure and financial investment	42	(4,287)	(2,875)
Acquisitions and disposals	42	73	(179)
Equity dividends paid		(417)	(381)
Financing	42	462	609
Increase in cash in the year		1,113	454

The notes on pages 51 to 115 form part of the accounts.

Laurence G Crowley	Richard Burrows	Brian J Goggin	John B Clifford
Governor	Deputy Governor	Group Chief Executive	Secretary

Notes on the Financial Statements

1 Basis of Accounting and Accounting Policies

1.1 Accounting Convention

The financial statements on pages 44 to 115 have been prepared under the historical cost convention as modified by the revaluation of certain properties and investments, in accordance with the Companies Acts, 1963 to 2003 and the European Communities (Credit Institutions: Accounts) Regulations, 1992 and with applicable accounting standards. The accounts are drawn up in euro (€) and except where otherwise indicated are expressed in millions. Costs, assets and liabilities are inclusive of irrecoverable value added taxes where appropriate. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The Group has adopted the transitional arrangements for FRS 17, “Post Retirement Benefits” and the related disclosures are detailed in Note 36.

1.2 Future Accounting Developments

During 2004, the Accounting Standards Board (ASB) issued seven new Financial Reporting Standards, FRS 20 to FRS 26, as part of its convergence programme between Irish/UK GAAP and International Financial Reporting Standards (IFRS). These new standards, which are not effective until 2006 will not impact the Group because of the conversion to IFRS in 2005.

In December 2004, the ASB issued FRS 27 “Life Assurance”. Following feedback received in response to the exposure draft issued in July 2004, the ASB has deferred implementation of the standard until 2006.

Additional voluntary disclosure requirements are outlined and these disclosures will be reviewed and included where necessary.

1.3 Basis of Consolidation

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

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

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

1.4 Foreign Currency Translation

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

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

	31 March 2005		31 March 2004	
	Average	Closing	Average	Closing
€/US$	1.2647	1.2964	1.1796	1.2224
€/Stg£	0.6834	0.6885	0.6926	0.6659

1.5 Income Recognition

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

1.6 Mortgage Incentives

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

1.7 Leasing and Instalment Finance

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

1.8 Debt Securities and Equity Shares

Investment Securities

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

Other Securities

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

1.9 Derivatives

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

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

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

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

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

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

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

1.10 Capital Instruments

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

1.11 Pensions

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

1.12 Tangible Fixed Assets

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

1.13 Provision for Bad and Doubtful Debts

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

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

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

A general provision is also made against loans and advances to cover latent loan losses which are known from experience to be present in any portfolio of loans and advances but have yet to be specifically identified. Grading systems are used to rate the credit quality of borrowers. The general provision is calculated by reference to the underlying grade profile.

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

1.14 Deferred Taxation

Deferred taxation is recognised on all timing differences where the transaction or event that gives rise to an obligation to pay more tax in the future or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted by the balance sheet date. Deferred taxation is not provided in respect of timing differences arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into.

1.15 Investments in Associated Undertakings and Joint Ventures

Investments in associated undertakings are stated at acquisition cost, together with the appropriate share of post-acquisition reserves. Investments in joint ventures are stated at cost and unamortised goodwill arising on the acquisition of the interest together with the appropriate share of post–acquisition reserves.

1.16 Securitisation and Loan Transfers

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

1.17 Goodwill

Goodwill is a premium arising on acquisition which represents the excess of cost over fair value of the Group's share of net assets acquired. Premiums arising on acquisitions of subsidiary undertakings occurring after 31 March 1998 are capitalised as assets on the balance sheet and amortised on a straight line basis over their estimated useful economic lives. Goodwill on acquisitions prior to 31 March 1998 was charged against reserves in the year of acquisition and in the event of a subsequent disposal the goodwill would be written back and reflected in the profit and loss account. Goodwill carried in the Group Balance Sheet is subject to impairment review when the carrying amount may not be recoverable and is written down by the amount of any impairment loss identified in the year.

1.18 Life Assurance Operations

The Group accounts for the value of the shareholder's interest in long-term assurance business using the embedded value method of accounting. The embedded value is comprised of the net tangible and financial assets of the life assurance business, including any surpluses retained within the long-term business fund and the present value of its in-force business. The value of the shareholder's interest in in-force business is calculated annually in consultation with independent actuaries. The calculation projects future surpluses and other net cash flows, attributable to the shareholder arising from business written up to the balance sheet date, using prudent best estimates of economic and actuarial assumptions, as set out in Note 25, and discounting the result at a rate which reflects the shareholder's overall required return. The value is computed in accordance with bases accepted in the life assurance market.

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

The assets held within the long-term business funds are legally owned by Bank of Ireland Life Holdings plc, however the shareholder will only benefit from ownership of these assets to the extent that surpluses are declared or from other cashflows attributable to the shareholder. Reflecting the different nature of these assets, they are classified separately on the Group's balance sheet as "Life assurance assets attributable to the policyholders" with a corresponding liability to the policyholders also shown. Own shares held for the benefit of policyholders are accounted for in accordance with UITF 37. Investments held within the long-term business funds are set out in Note 25. Property is valued at open market value as determined by independent professional advisors every year, while securities are valued at mid-market value.

1.19 Stock Based Compensation

Where shares are awarded, or options granted, the charge made to the profit and loss account is the difference between the intrinsic value at the time the award is made and any contribution made by the employee. Where conditional awards are dependent on performance criteria, the cost is spread over the performance period.

Under the terms of the Group's Revenue approved Save As You Earn (SAYE) schemes, employees have the option to purchase shares at a discount to the market price. Under UITF 17, such schemes are exempted from the requirements to charge this difference to the profit and loss account over the period of their savings contract.

2 Segmental Analysis

The segmental analysis of the Group's results and financial position is set out below by geographic segment and by business class. For the geographic analysis Republic of Ireland includes profits generated in the International Financial Services Centre. Turnover is defined as interest income, non interest income and income from associates and joint ventures. Turnover by business class is not shown. The Group has seven business classes. The analysis of results by business class is based on management accounts information. 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 Directors believe that it is more meaningful to analyse total assets and the result of this analysis is therefore also included in the tables.

(a) Geographical segment — 2005

	Republic of Ireland €m	United Kingdom €m	Rest of World €m	Continuing Operations before Exceptional Items €m	Exceptional Items €m	Total €m
Turnover	2,301	3,206	192	5,699	–	5,699
Profit on ordinary activities before exceptional items	990	326	36	1,352	(17)	1,335
Exceptional items					5	5
Grossing up (1)					–	(19)
Profit before taxation					(12)	1,321
Net assets	2,780	1,519	490	4,789	–	4,789
Total assets (2)	108,395	50,446	4,262	163,103	–	163,103

(a) Geographical segment — 2004

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

2 Segmental Analysis (continued)

(b) Business class

2005

	Retail Republic of Ireland €m	BOI Life €m	Wholesale Financial Services €m	UK Financial Services €m	Asset Management Services €m	UK Post Office Financial Services €m	Group and Central €m	Continuing Operations before Exceptional Items €m	Exceptional Items €m	Total €m
Net interest income	1,018	–	302	605	4	6	(23)	1,912	–	1,912
Other income	304	135	339	241	252	1	8	1,280	–	1,280
Total operating income	1,322	135	641	846	256	7	(15)	3,192	–	3,192
Administrative expenses	778	–	249	472	141	54	113	1,807	117	1,924
Provision for bad and doubtful debts	51	–	38	(14)	–	4	–	79	(100)	(21)
Operating Profit	493	135	354	388	115	(51)	(128)	1,306	(17)	1,289
Income from associated undertakings and joint ventures	(3)	–	53	–	–	(4)	–	46	–	46
	490	135	407	388	115	(55)	(128)	1,352	(17)	1,335
Exceptional items									5	5
Grossing up [1]										(19)
Profit before taxation									(12)	1,321
Net assets	1,403	101	722	1,622	377	112	452	4,789	–	4,789
Total assets [2]	57,609	8,977	100,369	42,836	2,980	213	17,744	230,728	–	230,728
Total Risk Weighted Assets	21,969	–	26,454	26,029	284	–	1,156	75,892	–	75,892

2 Segmental Analysis (continued)

(b) Business class

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

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

(2) Total assets include intra-group items of €36,639m (2004: €39,386m) in geographic segments and €104,264m (2004: €48,054m) in business class.

3 Acquisitions – Current Year

(a) Burdale

On 5 January 2005, Bank of Ireland announced that its wholly owned subsidiary BOI UK Holdings Limited acquired a 100% interest in Burdale Financial Holdings Limited for a consideration of Stg£49m (€70m).

As analysed below, the acquisition gave rise to goodwill of Stg£37m (€52m), which has been capitalised and will be written off to the profit and loss account over the estimated useful life of 20 years.

	Stg£m	€m
Debtors	145	206
Cash at Bank	5	7
Creditors due within one year	(131)	(186)
Net assets acquired	19	27
Goodwill	37	52
	56	79
Consideration	49	70
Cost of Acquisition	1	2
Deferred Consideration	6	7
	56	79

3 Acquisitions – Current Year (continued)

There were no fair value adjustments to the Balance Sheet of Burdale Financial Holdings Limited at 5 January 2005.

The profit before tax for Burdale Financial Holdings Limited from 1 January 2004 to 31 December 2004 was Stg£6.4m (year ended 31 December 2003 Stg£7.5m).

A summarised profit and loss account for the period from 5 January 2005 to 31 March 2005 is as follows:

	Stg£m	€m
Income	2.5	3.6
Operating expenses	(1.0)	(1.5)
Operating profit	1.5	2.1

(b) Iridian

During the year the Bank acquired an additional 15% stake in Iridian Asset Management LLC ("Iridian"), increasing its stake to 76%. The acquisition gave rise to goodwill of $37.2m (€28.7m) which has been capitalised and will be written off over the estimated useful life of 15 years.

The Bank has the ability to acquire the remaining 24% over the subsequent 3 year period via a series of call options exercisable each year in broadly equal stakes at a pre-agreed market multiple of profits of the business at the time of purchase of each individual stake. Each year the Bank may purchase any available stakes not previously purchased.

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

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

4 Other Interest Receivable and Similar Income

	THE GROUP 2005 €m	THE GROUP 2004 €m
Loans and advances to banks	204	227
Loans and advances to customers	3,305	2,858
Finance leasing	129	119
Instalment credit	123	96
	3,761	3,300

5 Interest Payable

	THE GROUP 2005 €m	THE GROUP 2004 €m
Interest on subordinated liabilities	225	177
Other interest payable	2,056	1,710
	2,281	1,887

6 Other Operating Income

	Note	THE GROUP 2005 €m	2004 €m
Profit/(loss) on disposal of investment securities		2	(2)
Profit on disposal of tangible fixed assets		8	20
Securitisation servicing fees	15	4	6
Other income		33	26
		47	50

7 Operating Expenses

	Note	THE GROUP 2005 €m	2004 €m
Staff Costs:			
- wages and salaries		850	817
- social security costs		76	72
- pension costs		67	60
- staff stock issue		23	13
- severance packages		–	3
		1,016	965
Operating lease rentals:			
- property		53	46
- equipment		1	2
Other administrative expenses		551	458
Total administrative expenses		1,621	1,471
Strategic Transformation Programme (1)		117	–
		1,738	1,471
Depreciation and amortisation:			
- freehold and leasehold property	23	20	18
- computer and other equipment	23	141	146
- amortisation of goodwill	20, 22	25	19
Total depreciation and amortisation		186	183
Total operating expenses		1,924	1,654

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

The charge for staff stock issue represents an amount payable to Trustees on behalf of employees to acquire an issue of Ordinary Stock as provided pursuant to the Stock Issue Schemes approved by the stockholders in 1984 and 1997. In 2005 the charge represents 3% of eligible employees' basic salary (2004: 2.5%).

A fine was paid to the Financial Services Authority of Stg£375,000 during the year.

(1) The provision of €117m relating to the Group's Strategic Transformation Programme includes severance related expenditure together with other implementation costs, which has been provided in accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Assets". Of the provided amount, in excess of €80m is expected to be incurred in the 2005/06 financial year although actual expenditure timing is by necessity uncertain. Further expenditure, in addition to the current provision, is expected to be incurred in 2005/06 and in future years.

7 Operating Expenses (continued)

Auditors' remuneration (including VAT)

	Notes	2005 ROI €m	2005 Overseas (i) €m	2005 Total €m	2004 Total €m
Audit and assurance services					
Statutory audit (including expenses)		2.2	0.9	3.1	2.7
Other audit and assurance services	(ii)	0.6	0.1	0.7	1.1
		2.8	1.0	3.8	3.8
Other services					
Transaction services	(iii)	0.1	0.6	0.7	–
Taxation services		1.4	2.5	3.9	3.2
Other services		0.7	–	0.7	0.7
		2.2	3.1	5.3	3.9
Total		5.0	4.1	9.1	7.7

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

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

(ii) Other audit and assurance services consist primarily of fees in connection with reporting to regulators, letters of comfort and accountancy advice.

(iii) Transaction services costs relate primarily to financial due diligence and other assignments.

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

8 Employee Information

In the year ended 31 March 2005 the average full time equivalents was 16,960 (2004: 17,540) and categorised as follows in line with the business classes as stated in Note 2 on page 56.

	2005	2004
Retail Republic of Ireland	7,761	7,813
BOI Life	1,051	1,066
Wholesale Financial Services	1,429	1,305
UK Financial Services	4,820	5,298
Asset Management Services	634	652
UK Post Office Financial Services	143	10
Group and Central	1,122	1,396
	16,960	17,540

The staff costs in Note 7 are exclusive of staff costs relating to the life assurance business. The contribution from the life assurance business shown in the Group Profit & Loss account on pages 44 and 45 is net of these staff costs.

9 Exceptional Items

In the year to 31 March 2005, the exceptional items represent the following:

- Profit of €31m on the sale of the Bank's 50% shareholding in EuroConex Technologies Limited to Nova EuroConex Holdings BV, a subsidiary of US Bancorp, on 29 June, 2004.
- Implementation costs of €10m associated with the UKFS Business Improvement Programme.
- Restructuring of the UK IFA Businesses
  - On 18 March 2005, the Group completed the sale of Chase de Vere Financial Solutions plc and Moneyextra Mortgages Limited to AWD plc, part of AWD Holdings AG. The sale proceeds were €28.4m (£19.4m), which after charging for certain costs and provisions associated with the disposal, has resulted in a net loss on disposal of €20.0m (£13.7m).
  - Provisions released following the exit from leases €8m.
- The write off of goodwill associated with Venson for the impairment of certain assets amounted to €4m.

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

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

10 Taxation

	THE GROUP	
	2005 €m	2004 €m
Current Tax		
Irish Corporation tax		
Current year	138	141
Prior years	2	8
Double taxation relief	(19)	(19)
Foreign tax		
Current year	75	70
Prior years	3	(14)
	199	186
Deferred Tax		
Origination and reversal of timing differences	26	13
Share of associated undertakings and joint ventures	16	9
	241	208

The tax charge for the year, at an effective rate of 18.2% (2004: 17.8%) is higher than the standard Irish Corporation Tax rate mainly because of higher tax rates applying in other jurisdictions, and the levy on certain financial institutions.

	2005 €m	2004 €m
The deferred taxation charge arises from:		
Leased assets	(4)	(2)
Own assets	2	7
Short term timing differences	28	8
	26	13

10 Taxation (continued)

The reconciliation of current tax on profit on ordinary activities at the standard Irish Corporation tax rate to the Group's actual current tax charge for the years ended 31 March 2005 and 2004 is shown as follows:

	2005 €m	2004 €m
Profit on ordinary activities before tax multiplied by the standard rate of Corporate tax in Ireland of 12.5% (2004: 12.5%)	165	146
Effects of:		
Levy on certain financial institutions	26	26
Foreign earnings subject to different rates of tax	50	34
Non-deductible goodwill	3	30
Tax exempted income and income at a reduced Irish tax rate	(23)	(44)
Capital allowances less than/(in excess of) depreciation	2	(5)
Other deferred tax timing differences	(28)	(8)
Prior year adjustments	5	(6)
Share of associated undertakings and joint ventures	(6)	(4)
Other adjustments for current tax purposes	5	17
Current tax charge	199	186

11 Dividends

	THE BANK 2005 €m	2004 €m
Equity Stock:		
2005		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 16.6c	160	
Proposed final dividend 29.0c	282	
2004		
On units of €0.64 Ordinary Stock in issue		
Interim dividend 14.8c		143
Final dividend 26.6c		257
	442	400

	2005 €m	2004 €m
Non Equity Stock:		
2005		
On units of €1.27 of Non-Cumulative Preference Stock, Dividend €1.5237	5	
On units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg£1.2625	3	
2004		
On units of €1.27 of Non-Cumulative Preference Stock, Dividend €1.5237		5
On units of Stg£1 of Non-Cumulative Preference Stock, Dividend Stg£1.2625		3
	8	8

12 Earnings Per Unit of €0.64 Ordinary Stock

(a) Basic

The calculation of basic earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders divided by the weighted average Ordinary Stock in issue excluding Treasury stock and own shares held for the benefit of life assurance policyholders.

	2005	2004
Profit attributable to Ordinary Stockholders	€1,073m	€935m
Weighted average number of shares in issue excluding own shares held for the benefit of life assurance policyholders	942m	961m
Basic earnings per share	113.9c	97.2c

(b) Diluted

The diluted earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders divided by the weighted average Ordinary Stock in issue excluding own shares held for the benefit of life assurance policyholders adjusted for the effect of all dilutive potential Ordinary Stock.

	2005	2004
Profit attributable to Ordinary Stockholders	€1,073m	€935m
Weighted average number of shares in issue excluding own shares held	942m	961m
Effect of all dilutive potential Ordinary Stock	8m	7m
	950m	968m
Diluted earnings per share	112.9c	96.6c

(c) Alternative

The calculation of alternative earnings per unit of €0.64 Ordinary Stock is based on the profit attributable to Ordinary Stockholders before goodwill amortisation and the exceptional items divided by the weighted average Ordinary Stock in issue. Under accounting standards shares of Bank of Ireland held by the Group's life assurance subsidiary are required to be deducted from the total number of shares in issue when calculating EPS. These shares are held for the benefit of policyholders and have been included in the weighted average number of shares for the purposes of calculating alternative earnings per share.

	2005	2004
Basic	113.9c	97.2c
Own shares held for benefit of life assurance policyholders	(2.9c)	(2.1c)
Goodwill amortisation	2.1c	1.6c
Exceptional items	1.1c	10.0c
Alternative earnings per share	114.2c	106.7c
Weighted average number of shares in issue excluding own shares held for the benefit of life assurance policyholders	942m	961m
Weighted average ordinary shares held for the benefit of life assurance policyholders	24m	19m
Weighted average ordinary shares in issue including own shares for the benefit of life assurance policyholders	966m	980m

13 Central Government and Other Eligible Bills

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Investment securities				
- government bills and similar securities	7	7	–	–
Other securities				
- government bills and similar securities	85	204	–	–
	92	211	–	–

14 Loans and Advances to Banks

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Funds placed with Central Bank of Ireland	117	114	69	68
Funds placed with other central banks	54	47	21	16
Funds placed with other banks	7,612	7,592	37,384	22,779
	7,783	7,753	37,474	22,863
Repayable on demand	1,382	482	1,736	903
Other loans and advances to banks by remaining maturity				
- 3 months or less	3,662	3,627	21,409	19,015
- 1 year or less but over 3 months	2,682	2,826	5,473	2,909
- 5 years or less but over 1 year	23	787	8,797	35
- over 5 years	34	31	59	1
	7,783	7,753	37,474	22,863

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

	THE BANK 2005 €m	THE BANK 2004 €m
Amounts include:		
Due from group undertakings		
- subordinated	162	–
- unsubordinated	30,126	16,183
	30,288	16,183

15 Loans and Advances to Customers

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
(a) Loans and advances to customers				
Loans and advances to customers	76,360	63,876	42,964	41,916
Loans and advances to customers – finance leases	2,025	2,593	614	575
Hire purchase receivables	1,851	1,543	594	542
	80,236	68,012	44,172	43,033
Provision for bad and doubtful debts (see Note 16)	(319)	(472)	(222)	(318)
	79,917	67,540	43,950	42,715
Repayable on demand	2,990	2,413	4,226	4,916
Other loans and advances to customers by remaining maturity				
- 3 months or less	3,670	2,142	10,170	6,965
- 1 year or less but over 3 months	6,152	5,425	5,736	4,997
- 5 years or less but over 1 year	18,156	16,295	11,790	11,828
- over 5 years	49,268	41,737	12,250	14,327
	80,236	68,012	44,172	43,033
Amounts include:				
Due from group undertakings				
- unsubordinated			13,347	11,969

The loans accounted for on a non-accrual basis at 31 March 2005 amounted to €160m (2004: €179m) and the provisions thereon amounted to €112m (2004: €99m).

(b) Securitisation and loan transfers

The Group has sold the following pools of mortgages.

Year	Securitisations	Notes	Mortgages	Presentation in accounts	Value €m
1994	Residential Property Securities No. 4 plc (RPS4)	(i),(ii)	Residential	Linked	726
1997	Residential Property Securities No. 5 plc (RPS5)	(i),(ii)	Residential	Linked	436
2000	Liberator Securities No. 1 plc	(iii)	Residential	Linked	500
2000	Shipshape Residential Mortgages No. 1 plc (SS1)	(iv)	Residential	Linked	436

All the issued shares in the above companies are held by Trusts. The Group does not own directly or indirectly any of the share capital of these companies or their parent companies. Under the terms of separate agreements, the Group continues to administer the mortgages, for which it receives fees and income. The Group is not obliged, nor intends to support any losses in respect of the sold mortgages. Repayment of the funding will be made solely from the cashflows generated by the underlying mortgage portfolios. This is clearly stated in the agreements with the providers of the funding. The proceeds generated by the mortgage assets will be used to pay the interest and capital on the notes and any other administrative expenses and taxation. Substantially all of any residue is payable to the Group.

15 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.

(ii) On 29 October 2004 the Group exercised its option to repurchase the remaining mortgages outstanding on Residential Property Securities No.4 plc. The balances on these mortgages had reduced to £48m at the time of repurchase.
On 24 November 2004 the Group exercised its option to repurchase the remaining mortgages outstanding on Residential Property Securities No. 5 plc. The balances on these mortgages had reduced to £38m at the time of repurchase.

(iii) The company is incorporated under the Irish Companies Acts, 1963 to 2003 and is registered and operates in the Republic of Ireland.

(iv) 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. SS1 funded the purchase of mortgage assets by the issue of mortgage backed floating rate notes ('notes') the lowest ranking (the 'C notes') 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, except in respect of individual mortgages in breach of warranty. SS1 has entered into an interest rate swap agreement with Bristol & West plc to hedge its exposure in respect of the interest payments receivable under the mortgage loans and its payment obligations to the notes. The terms of this agreement are tied to market rates.

A summarised profit and loss account for the period to 31 March 2005 for RPS4, RPS5, Liberator Securities No. 1 and SS1 is set out below:

	2005 €m	2004 €m
Interest receivable	23	32
Interest payable	(17)	(25)
Fee income	–	1
Operating expenses	(2)	(2)
Profit for the financial period	4	6

(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 50% (2004: 53%) of the total loans and advances to customers, 35% (2004: 35%) of the loans and advances in the Republic of Ireland and 69% (2004: 71%) in the United Kingdom.

(d) Leasing and hire purchase

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Amount receivable by remaining maturity				
- within 1 year	1,325	1,331	706	651
- 5 years or less but over 1 year	1,768	1,885	480	432
- over 5 years	783	920	22	34
	3,876	4,136	1,208	1,117

The cost of assets acquired for finance leases and hire purchase contracts, net of grants received or receivable, amounted to €1,226m (2004: €2,382m).

Aggregate amounts receivable including capital repayments during the year in respect of finance leases and hire purchase contracts amounted to €1,288m (2004: €1,135m).

16 Provision for Bad and Doubtful Debts

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
At 1 April	472	480	318	320
Exchange adjustments	(9)	7	(5)	4
Charge against profits	79	86	70	54
Amounts written off	(144)	(114)	(91)	(70)
Recoveries	21	13	14	10
Special release	(100)	–	(75)	–
Transfer of provisions to subsidiary undertakings	–	–	(9)	–
At 31 March	319	472	222	318
Provisions at 31 March				
- specific	181	191	135	141
- general	138	281	87	177
	319	472	222	318

A review of the loan loss provision has taken place and in light of the favourable economic conditions and the strong quality of assets, a special release of €100 million of loan loss provisions has been made.

17 Debt Securities

	THE GROUP At 31 March 2005			
	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Issued by public bodies				
Investment securities				
- government securities	394	17	(4)	407
Other securities				
- government securities	5,774			5,774
	5,774			5,774
Issued by other issuers				
Investment securities				
- bank and building society certificates of deposit	1,126	12	–	1,138
- other debt securities	13,556	100	(43)	13,613
	14,682	112	(43)	14,751
Other securities				
- bank and building society certificates of deposit	–			–
- other debt securities	471			471
	471			471
	21,321	129	(47)	21,403

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

17 Debt Securities (continued)

	THE BANK At 31 March 2005 Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Issued by public bodies				
Investment securities				
- government securities	394	17	(4)	407
Other securities				
- government securities	4,809			4,809
	4,809			4,809
Issued by other issuers				
Investment securities				
- bank and building society certificates of deposit	1,126	12	–	1,138
- other debt securities	9,885	65	(6)	9,944
	11,011	77	(6)	11,082
Other securities				
- bank and building society certificates of deposit	–			–
- other debt securities	287			287
	287			287
	16,501	94	(10)	16,585

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

17 Debt Securities (continued)

	THE GROUP 2005 €m	THE GROUP 2004 €m	THE BANK 2005 €m	THE BANK 2004 €m
Investment securities				
- listed	9,541	7,703	7,301	5,390
- unlisted	5,535	3,450	4,104	2,116
	15,076	11,153	11,405	7,506
Other securities				
- listed	5,795	4,349	4,808	3,425
- unlisted	450	174	288	88
	6,245	4,523	5,096	3,513
Unamortised premiums and (discounts) on investment securities	9	13	6	13

Income from listed and unlisted investments amounted to €418m (2004: €331m).

THE GROUP	Cost €m	Discount/ (Premium) €m	Carrying Value €m
Investment securities' movements			
At 1 April 2004	11,212	(59)	11,153
Exchange adjustments	(217)	–	(217)
Acquisitions	7,837	–	7,837
Disposals and redemptions	(3,682)	–	(3,682)
Amortisation	–	(15)	(15)
At 31 March 2005	15,150	(74)	15,076

THE BANK	Cost €m	Discount/ (Premium) €m	Carrying Value €m
Investment securities' movements			
At 1 April 2004	7,565	(59)	7,506
Exchange adjustments	(103)	–	(103)
Acquisitions	6,492	–	6,492
Disposals and redemptions	(2,475)	–	(2,475)
Amortisation	–	(15)	(15)
At 31 March 2005	11,479	(74)	11,405

	THE GROUP 2005 €m	THE GROUP 2004 €m	THE BANK 2005 €m	THE BANK 2004 €m
Analysed by remaining maturity:				
Due within one year	5,887	4,371	5,174	3,950
Due one year and over	15,434	11,305	11,327	7,069
	21,321	15,676	16,501	11,019

17 Debt Securities (continued)

The valuation of unlisted securities is based on the Directors' estimate. The cost of other securities is not disclosed as its determination is not practicable. Debt securities includes securities which are subject to sale and repurchase agreements of €2,769m (2004: €2,489m).

Debt securities with a market value of €12,044m (2004: €6,460m) were pledged as collateral to cover settlement risk for securities' transactions.

Securitisation

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

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

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

	THE GROUP €m	THE BANK €m
Securitisation and loan transfers	207	101
Less: non-returnable amounts	188	87
	19	14

18 Equity Shares

	At 31 March 2005			
	Book Value €m	Gross Unrealised Gains €m	Gross Unrealised Losses €m	Fair Value €m
Group				
Held as financial fixed assets				
- listed	–	–	–	–
- unlisted	29	–	–	29
Held for trading purposes				
- listed	23	–	–	23
- unlisted	–	–	–	–
	52	–	–	52
Bank				
Held as financial fixed assets				
- listed	–	–	–	–
- unlisted	18	–	–	18
	18	–	–	18

	THE GROUP €m	THE BANK €m
At 1 April 2004	64	18
Net decrease during the year	(12)	–
At 31 March 2005	52	18

19 Interests in Associated Undertakings

	THE GROUP 2005 €m	THE GROUP 2004 €m
At 1 April	14	13
Increase in investments	5	4
Decrease in investments	(1)	(1)
Retained losses	(1)	(2)
At 31 March	17	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.

20 Interests in Joint Ventures

	THE GROUP 2005 €m	THE GROUP 2004 €m
At 1 April	243	25
Acquisitions	–	156
Payment for Post Office Brand	–	44
Dividend received	(14)	–
Retained profits	34	15
Amortisation of goodwill	(3)	–
Disposals	(4)	–
Exchange adjustments	(9)	3
Transfer to Group undertakings	(186)	–
At 31 March	61	243
The Bank		
At 31 March	–	9

On 19 March 2004 Bank of Ireland UK Holdings plc signed the contract to acquire a 50.01% holding in the entity, Midasgrange Limited (trading as Post Office Financial Services). This was accounted for as a joint venture using the gross equity method until 31 July 2004. Due to the change in the shareholdings, Midasgrange Limited is now fully consolidated in the Group's accounts from 1 August 2004. The unamortized goodwill and the intangible assets on acquisition (€119m) previously shown in "Interest in Joint Ventures" is now recorded in "Intangible Fixed Assets" (note 22) and the related minority interest (€67m) is recorded in "Minority Interest – equity".

21 Shares in Group Undertakings

	THE BANK €m
At 1 April 2004	1,573
Exchange adjustments	(28)
Net increase in investments	414
At 31 March 2005	1,959
Group undertakings	
- Credit Institutions	74
- Others	1,885
	1,959

21 Shares in Group Undertakings (continued)

The principal group undertakings at 31 March 2005 were:

Name	Principal activity	Country of incorporation	Statutory year end
Bank of Ireland Asset Management Limited	Asset management	Ireland	31 March
Bank of Ireland International Finance Limited*	International asset financing	Ireland	31 March
Bank of Ireland Life Holdings plc*	Life assurance and pensions	Ireland	31 December
Bank of Ireland Mortgage Bank*	Mortgage Lending and Mortgage Covered Securities	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

* 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 123 to 126.

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.

Bank of Ireland Mortgage Bank

The bank was incorporated in Ireland under the Companies Acts, 1963 to 2003 on 21 May 2004 as a public limited company under the name Bank of Ireland Mortgage Bank plc. It was subsequently re-registered as a public unlimited company under the name Bank of Ireland Mortgage Bank. The bank obtained an Irish banking licence under the Irish Central Bank Act, 1971 (as amended) and was registered as a designated mortgage credit institution under the Act on 1 July 2004 and is a wholly owned subsidiary of Bank of Ireland.

With effect from 5 July 2004 The Governor and Company of the Bank of Ireland transferred its Irish residential mortgage business and substantially all of its Irish residential mortgage loans and their related security to Bank of Ireland Mortgage Bank, trading as Bank of Ireland Mortgages. The transfer was effected pursuant to Section 58 of the 2001 Asset Covered Securities Act, with the approval of the Central Bank and Financial Services Regulatory Authority of Ireland.

The Bank's principal activities are the issuance of Irish residential mortgages and Mortgage Covered Securities in accordance with the Asset Covered Securities Act, 2001. Such loans may be made directly by the bank or may be purchased from Bank of Ireland and other members of the Group or third parties.

As at 31 March 2005, the total amounts of principal outstanding in respect of mortgage covered securities issued was €2.0bn.

As at 31 March 2005, the total amounts of principal outstanding in the mortgage covered pool was €2.1bn.

22 Intangible Fixed Assets

	THE GROUP	
	2005 €m	2004 €m
Goodwill		
Cost		
At 1 April	424	423
Goodwill arising on acquisitions during the year (note 3)	81	11
Transfer from joint ventures (note 20)	119	–
Exchange adjustments	(15)	(10)
At 31 March	609	424
Amortisation		
At 1 April	277	157
Charge for year	23	19
Impairment	3	93
Exchange adjustments	(10)	8
At 31 March	293	277
Net Book Value	316	147

23 Tangible Fixed Assets

THE GROUP

Cost or valuation	Freehold land and buildings €m	Leases of 50 years or more unexpired €m	Leases of less than 50 years unexpired €m	Computer and other equipment €m	Finance lease assets €m	Payments on account and assets in the course of construction €m	Total €m
At 1 April 2004	533	19	81	1,372	10	96	2,111
Exchange adjustments	(5)	–	(1)	(10)	–	(1)	(17)
Additions	6	–	8	63	–	110	187
Disposals	(37)	(1)	(1)	(47)	–	–	(86)
Reclassifications	10	(2)	(2)	30	–	(36)	–
Disposal of group undertakings	–	–	(4)	–	–	–	(4)
At 31 March 2005	507	16	81	1,408	10	169	2,191
Accumulated depreciation and amortisation							
At 1 April 2004	–	–	7	830	6	–	843
Exchange adjustments	–	–	–	(6)	–	–	(6)
Disposals	–	–	(2)	(37)	–	–	(39)
Charge for year	9	–	10	141	1	–	161
Disposal of group undertakings	–	–	(4)	–	–	–	(4)
At 31 March 2005	9	–	11	928	7	–	955
Net book value							
At 31 March 2005	498	16	70	480	3	169	1,236
At 31 March 2004	533	19	74	542	4	96	1,268

THE BANK

Cost or valuation	Freehold land and buildings €m	Leases of 50 years or more unexpired €m	Leases of less than 50 years unexpired €m	Computer and other equipment €m	Finance lease assets €m	Payments on account and assets in the course of construction €m	Total €m
At 1 April 2004	399	–	51	1,070	5	81	1,606
Exchange adjustments	(1)	–	–	(4)	–	–	(5)
Additions	6	–	6	46	–	66	124
Disposals	(11)	–	(2)	(15)	–	–	(28)
Reclassifications	7	–	(1)	24	–	(30)	–
At 31 March 2005	400	–	54	1,121	5	117	1,697
Accumulated depreciation and amortisation							
At 1 April 2004	–	–	2	625	5	–	632
Exchange adjustments	–	–	–	(3)	–	–	(3)
Disposals	–	–	(2)	(6)	–	–	(8)
Charge for year	7	–	6	107	–	–	120
Revaluations	–	–	–	–	–	–	–
At 31 March 2005	7	–	6	723	5	–	741
Net book value							
At 31 March 2005	393	–	48	398	–	117	956
At 31 March 2004	399	–	49	445	–	81	974

23 Tangible Fixed Assets (continued)

Property and Equipment

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

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

As at 31 March 2005 on a historical cost basis the cost of group property would have been included at €383m (2004: €412m) less accumulated depreciation €123m (2004: €104m). The Group occupies properties with a net book value of €578m (2004: €597m) in the course of carrying out its own activities.

In the year to 31 March 2005 salary and other costs of €80m (2004: €67m) incurred on computer software development and other projects have been capitalised. This expenditure when operational is depreciated in equal annual instalments over its estimated useful life, ranging between five and ten years.

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Tangible fixed assets leased	3	27	–	–

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Future capital expenditure				
- contracted but not provided in the accounts	10	11	10	5
- authorised by the Directors but not contracted	14	4	7	4

Rentals payable in 2005 under non-cancellable operating leases amounted to €64m (2004: €54m). Of this amount €2m (2004: €1m) relates to leases expiring within one year, €16m (2004: €14m) relates to leases expiring in two to five years and €46m (2004: €39m) relates to leases expiring after five years, split between property €62m and equipment €2m.

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

Year ended 31 March	Payable €m	Receivable €m
2006	52	3
2007	51	2
2008	46	2
2009	39	1
2010	40	1
Thereafter	602	5

The obligations under finance leases amount to €2.1m (2004: €2.8m) of which €0.8m (2004: €0.7m) is due within one year, €1.2m (2004: €2.1m) is due after more than one year but within five years and nil (2004: nil) is due after five years.

24 Other Assets

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Sundry debtors and other	1,583	1,531	228	244
Foreign exchange and interest rate contracts	1,849	1,663	1,866	1,676
Value of life assurance business in force	643	573	–	–
	4,075	3,767	2,094	1,920

25 Life Assurance Business

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

Long Term Assurance Business	2005 €m	2004 €m
Net tangible assets of life companies including surplus	352	281
Value of life assurance business in force	643	573
	995	854
Increase in net tangible assets of life companies including surplus	71	75
Increase in value of life assurance business in force	70	79
Profit after tax	141	154

The net assets above of €995m are before payment of dividend, €52m to the Governor and Company of the Bank of Ireland and other capital movements (€1m).

The life assurance assets attributable to policyholders consist of:

	2005 €m	2004 €m
Property	503	430
Fixed interest securities	1,784	1,378
Other securities	5,668	4,578
Bank balances and cash	567	574
Income receivable	53	49
Other assets	250	200
Other liabilities	(6)	(13)
	8,819	7,196
Less Bank of Ireland shares held for the benefit of policyholders	(290)	(227)
	8,529	6,969

Value of in-force business

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

	2005	2004
Risk adjusted discount rate (net of tax)	8%	8%
The risk margin assumed in the risk adjusted discount rate has increased by 0.5%		
Investment returns on unit linked assets	6.0%	6.0%
- Equities and property	6.5%	7.0%
- Government fixed interest	4.0%	4.5%
Shareholder taxation	12.5%	12.5%

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

25 Life Assurance Business (continued)

Achieved Profits:

The profit, derived using the Achieved Profits method and shown in the Operating Review, is analysed into five categories:

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

Premium Income Analysis

The table below sets out the levels of gross premiums and new business written for 2005 and 2004.

	Individual		Group	
	Life €m	Pensions €m	Contracts €m	Total €m
Gross Premiums Written – 2005				
Recurring premiums	416	360	12	788
Single premiums	584	302	92	978
Non Life Single Premium	80	–	–	80
Total gross premiums written	1,080	662	104	1,846
Gross Premiums Written – 2004				
Recurring premiums	408	297	14	719
Single premiums	393	280	46	719
Non Life Single Premium	155	–	–	155
Total gross premiums written	956	577	60	1,593
Gross New Business Premiums Written – 2005				
Recurring premiums	59	132	–	191
Single premiums	584	302	92	978
Non Life Single Premium	80	–	–	80
Total gross new business written	723	434	92	1,249
Gross New Business Premiums Written – 2004				
Recurring premiums	52	124	–	176
Single premiums	393	280	46	719
Non Life Single Premium	155	–	–	155
Total gross new business written	600	404	46	1,050

26 Deposits by Banks

	THE GROUP 2005 €m	THE GROUP 2004 €m	THE BANK 2005 €m	THE BANK 2004 €m
Deposits by Banks	20,254	17,060	29,868	20,174
Repayable on demand	4,186	3,591	4,280	5,121
Other deposits by remaining maturity				
- 3 months or less	13,217	11,824	18,900	12,952
- 1 year or less but over 3 months	2,100	1,175	2,760	1,453
- 5 years or less but over 1 year	661	324	3,574	480
- over 5 years	90	146	354	168
	20,254	17,060	29,868	20,174
Amounts include:				
Due to group undertakings			9,677	3,232

27 Customer Accounts

	THE GROUP 2005 €m	THE GROUP 2004 €m	THE BANK 2005 €m	THE BANK 2004 €m
Current accounts	13,441	11,259	16,541	13,706
Demand deposits	21,316	21,390	15,680	14,463
Term deposits and other products	24,836	21,098	16,173	13,309
Other short-term borrowings	672	648	534	555
	60,265	54,395	48,928	42,033
Repayable on demand	32,847	29,929	26,694	23,856
Other deposits with agreed maturity dates or periods of notice, by remaining maturity				
- 3 months or less	16,724	15,551	15,272	13,078
- 1 year or less but over 3 months	4,643	3,017	2,421	1,220
- 5 years or less but over 1 year	4,776	4,877	2,961	2,313
- over 5 years	1,275	1,021	1,580	1,566
	60,265	54,395	48,928	42,033
Amounts include:				
Due to group undertakings			3,233	2,488

28 Debt Securities in Issue

	THE GROUP 2005 €m	THE GROUP 2004 €m	THE BANK 2005 €m	THE BANK 2004 €m
Bonds and medium term notes by remaining maturity				
- 3 months or less	607	338	607	338
- 1 year or less but over 3 months	1,784	1,303	1,784	1,303
- 5 years or less but over 1 year	2,546	3,876	2,546	3,876
- over 5 years	2,019	–	24	–
Other debt securities in issue by remaining maturity				
- 3 months or less	10,838	5,744	10,078	5,744
- 1 year or less but over 3 months	2,745	1,655	2,745	1,655
- 5 years or less but over 1 year	–	1	–	1
	20,539	12,917	17,784	12,917

29 Other Liabilities

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Current taxation	91	85	20	40
Notes in circulation	785	761	785	760
Foreign exchange and interest rate contracts	1,831	1,686	1,878	1,702
Sundry creditors	1,931	1,452	457	389
Other	1,349	1,435	225	181
Dividends	282	257	282	257
	6,269	5,676	3,647	3,329

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

30 Deferred Taxation

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Taxation treatment of capital allowances:				
- finance leases	89	103	8	8
- equipment used by group	21	14	18	18
Other short term timing differences	(38)	(51)	(45)	(50)
Deferred taxation provision/(asset)	72	66	(19)	(24)
At 1 April 2004	66	54	(24)	(27)
Exchange adjustments	–	(1)	–	–
Charge for year	26	13	5	3
Disposals	(15)	–	–	–
Other movements	(5)	–	–	–
At 31 March 2005	72	66	(19)	(24)

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

During the year the Group disposed of a number of properties on which c. €2m tax has been provided. The Finance Act 2003 provided for the abolition of roll over relief for disposals after 4 December 2002, however relief was retained in respect of gains previously rolled over into assets disposed of on or after that date provided the proceeds on the current disposals are reinvested into further qualifying assets. No provision for deferred tax has been made on rolled over assets as there is no proposal to dispose of any material portion of the property portfolio in the foreseeable future.

31 Other Provisions for Liabilities and Charges

	Pensions obligations €m	Strategic Transformation Programme[1] €m	Other €m	Total €m
The Group				
At 1 April 2004	158	–	63	221
Exchange adjustments	(1)	–	(2)	(3)
Provisions made	69	117	47	233
Provisions utilised	(80)	–	(23)	(103)
Provisions released	(4)	–	(23)	(27)
At 31 March 2005	142	117	62	321
The Bank				
At 1 April 2004	149	–	7	156
Exchange adjustments	(2)	–	–	(2)
Provisions made	52	117	18	187
Provisions utilised	(63)	–	(6)	(69)
Provisions released	(4)	–	–	(4)
At 31 March 2005	132	117	19	268

(1) See note 7.

32 Subordinated Liabilities

	THE GROUP 2005 €m	THE GROUP 2004 €m	THE BANK 2005 €m	THE BANK 2004 €m
Undated Loan Capital				
Bank of Ireland				
US$150m Undated Floating Rate Primary Capital Notes	114	121	114	121
Bank of Ireland UK Holdings plc				
€600m 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	595	595	–	–
Stg£350m 6.25% Guaranteed Callable Perpetual Preferred Securities	504	521	–	–
BOI Capital Funding (No 1) LP				
€600m Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities	587	–	–	–
Bristol & West				
Stg£75m 13³⁄₈% Perpetual Subordinated Bonds	180	186	–	–
	1,980	1,423	114	121
Dated loan capital				
Bank of Ireland				
Stg£100m 9.75% Subordinated Bonds 2005	–	150	–	150
€750m 6.45% Subordinated Bonds 2010	748	748	748	748
€600m Subordinated Floating Rate Notes 2013	599	599	599	599
€650m Fixed/Floating Rate Subordinated Notes 2019	650	650	650	650
Bristol & West				
Stg£75m 10³⁄₄% Subordinated Bonds 2018	109	112	–	–
	2,106	2,259	1,997	2,147
	4,086	3,682	2,111	2,268
Repayable				
In 1 year or less	–	150	–	150
Between 2 and not more than 5 years	748	–	–	–
5 years or more	1,358	2,109	1,997	1,997
	2,106	2,259	1,997	2,147

32 Subordinated Liabilities (continued)

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

On 7 March 2001 Bank of Ireland UK Holdings plc (the Issuer) issued €600m 7.4% Guaranteed Step-up Callable Perpetual Preferred Securities (the Preferred Securities) which have the benefit of a subordinated guarantee by the Bank.

The Preferred Securities are perpetual securities and have no maturity date. However, they are redeemable in whole or in part at the option of the Issuer subject to the prior consent of IFSRA and of the Bank, at their principal amount together with any outstanding payments on 7 March 2011 or any coupon payment date thereafter. The Preferred Securities bear interest at a rate of 7.40% per annum to 7 March 2011 and thereafter at a rate of three month EURIBOR plus 3.26% per annum, reset quarterly.

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

On 17 March 2003 Bank of Ireland UK Holdings plc (the Issuer) issued Stg£350m 6.25% Guaranteed Callable Perpetual Preferred Securities (the Preferred Securities) which have the benefit of a subordinated guarantee by the Bank.

The Preferred Securities are perpetual securities and have no maturity date. However they are redeemable in whole but not in part at the option of the Issuer subject to the prior consent of IFSRA and of the Bank, at their principal amount together with any outstanding payments on 7 March 2023 or any coupon date thereafter.

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

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

Upon winding up of the Issuer or the Bank (in respect of claims under the guarantee), the holder of the preferred securities will rank pari passu with holders of the most senior class or classes of preference shares or stock or other preferred securities (if any) of the Issuer or the Bank then in issue and in priority to all other shareholders of the Issuer and the Bank.

On 2 March 2005 BOI Capital Funding (No.1) LP (the Issuer) issued €600m Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities (the Preferred Securities) having the benefit of a subordinated guarantee by the Bank.

The Preferred Securities, comprising limited partnership interests in BOI Capital Funding (No. 1) LP, are perpetual securities with no maturity date. However they are redeemable, subject to the prior approval of IFSRA, on 3 March 2010 or any distribution payment date thereafter, in whole but not in part, at the option of BOI G.P. No. 1 Limited, which is the General Partner of the Issuer, at their principal amount plus any outstanding payments due.

The Preferred Securities bear interest at a rate of 6.25% per annum to 3 March 2007 and thereafter at a variable rate of interest per annum which is the lesser of (i) the aggregate of 0.10% per annum and the annual spot 10 year EUR fixed versus 6 month EUR EURIBOR swap rate and (ii) 8% per annum.

The Issuer will not pay any Distributions and the Guarantor will not make any payment in respect of Distributions under the Subordinated Guarantee to the extent that such payment would exceed Adjusted Distributable Reserves or even if Adjusted Distributable Reserves are sufficient to the extent that such payment would breach or cause a breach of Capital Adequacy Regulations then applicable to the Group as determined by the Guarantor’s Court of Directors; or to the extent that the Guarantor is not meeting its minimum capital requirements or is not meeting its solvency ratios; or provided a Deemed Declaration Notice has not been delivered, if the Guarantor’s Court of Directors has resolved no Distributions should be made; or if the Regulator has instructed the General Partner or the Guarantor not to make such payment.

32 Subordinated Liabilities (continued)

The Preferred Securities, together with the Subordinated Guarantee, are intended to provide Holders with rights on liquidation equivalent to non-cumulative preference shares of the Guarantor. Claims under the Preferred Securities in respect of any liquidation distributions will rank senior to the rights of the General Partner in respect of other partnership interests issued by the Issuer and pari passu with claims of the holders of all other preferred securities issued by the Issuer which rank pari passu with the Preferred Securities.

The rights and claims of the holders of the Preferred Securities rank (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which constitutes Tier 1 Capital or which is referred to in (b) or (c) below and any other liability expressed to rank pari passu with or junior to the Subordinated Guarantee), (b) pari passu with parity securities issued by the Guarantor and any guarantee of the Guarantor ranking pari passu with the Subordinated Guarantee and (c) senior to Junior Share Capital.

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

The Stg£100m 9.75% Subordinated Bonds issued by the bank on 21 March 1995 matured on 21 March 2005.

The Bank set up a Stg£500m Euro Note Programme (“the Programme”) in July 1995 and issued Stg£200m Subordinated Floating Rate Notes due 2009 on 11 February 1997. These notes were redeemed on 19 February 2004. The Programme was increased to Stg£1bn in July 1997. On 9 November 1999 the Programme was redenominated from sterling to euro and increased to €4bn. On 10 February 2000 the Bank issued €600m 6.45% Subordinated Bonds due 2010. On 22 January 2001 the Bank issued an additional €150m 6.45% Subordinated Bonds due 2010 which are fungible and form a single series with the €600m issued in February 2000.

The Bonds and Notes constitute unsecured obligations of the Bank subordinated in right of payments to the claims of depositors and other unsubordinated creditors of the Bank and rank pari passu without any preference among themselves. In April 2001 the Programme was increased from €4bn to €8bn. In February 2003 the Programme was again increased from €8bn to €10bn and on 18 December 2003 €600m Subordinated floating rate notes were issued. In February 2004 the Programme was increased from €10bn to €15bn and on 25 February 2004 the bank issued €650m, Fixed/Floating Rate Subordinated Notes due 2019.

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

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

33 Minority Interest – Non Equity

	2005 €m	2004 €m
Bristol & West		
Stg£50.4m 8⅛% Non-Cumulative Preference Shares of Stg£1 each	73	76

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

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

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

34 Capital Stock

	THE BANK 2005 €m	2004 €m
Authorised		
1,500m units of €0.64 of Ordinary Stock	960	960
8m units of Non-Cumulative Preference Stock of US$25 each	154	164
100m units of Non-Cumulative Preference Stock of Stg£1 each	145	150
100m units of Non-Cumulative Preference Stock of €1.27 each	127	127
	1,386	1,401

	2005 €m	2004 €m
Allotted and fully paid		
Equity		
943.0m units of €0.64 of Ordinary Stock	604	604
82.1m units of €0.64 of Treasury Stock	52	68
Non equity		
1.9m units of Non-Cumulative Preference Stock of Stg£1 each	3	3
3.0m units of Non-Cumulative Preference Stock of €1.27 each	4	4
	663	679

The weighted average Ordinary Stock in issue at 31 March 2005, used in the earnings per unit of Ordinary Stock calculation, excludes the Treasury Stock which does not represent Ordinary Stock in issue. All Treasury Stock, excluding Bank of Ireland stock purchased by the Life Assurance company, does not rank for dividend.

	Ordinary	Treasury
Movements in issued Ordinary Stock		
At 1 April 2004	943,334,507	106,780,982
Stock Option Schemes	853,500	(853,500)
Sharesave Scheme	143,889	(143,889)
Long Term Performance Stock Plan	143,573	(143,573)
Cancellation of stock	–	(25,000,000)
Stock purchased and held for the benefit of life assurance policyholders	(1,519,426)	1,519,426
Stock sold by subsidiary	82,097	(82,097)
At 31 March 2005	943,038,140	82,077,349

34 Capital Stock (continued)

During the year the total Ordinary Stock in issue decreased from 943,334,507 units of nominal value of €0.64 each to 943,038,140 units of nominal value of €0.64 each as a result of:

853,500 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 €2.111 and €12.50, by the re-issue of units of Treasury Stock.

143,889 units of Ordinary Stock were issued to Sharesave option holders on the exercise of their options under the terms of the SAYE Scheme at prices of €5.40, €7.84 and €8.37 by the re-issue of units of Treasury Stock.

143,573 units of Ordinary Stock were issued to holders of conditional awards of stock under the terms of the Long Term Performance Stock Plan ('LTPSP') at prices of €11.04 and €8.725 per unit, by the re-issue of units of Treasury Stock.

22,316,668 units of Ordinary Stock held by the Group's life assurance company as at 31 March 2004 are categorised as "own shares" and a further 1,519,426 units of Ordinary Stock were purchased by the life assurance company and held for the benefit of policyholders during the year to 31 March 2005.

82,097 units of Ordinary Stock were sold by a subsidiary.

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

Preference Stock

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

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

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

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

As at 31 March 2005 1,876,090 units of Sterling Preference Stock and 3,026,598 units of euro Preference Stock were in issue.

Use of Ordinary Stock in employee stock schemes

(a) Employee Stock Issue Scheme

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

Real Growth in alternative EPS (%)	Employee Stock Issue Scheme Award
0 – 1.99%	0 – 1%
2.00 – 3.99%	1 – 2%
4.00 – 5.99%	2 – 3%
6.00 – 7.99%	3 – 4%
8.00% and above	4%

34 Capital Stock (continued)

Real growth in alternative EPS is the growth in alternative EPS over the financial year adjusted to take account of inflation.

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. As permitted by UK taxation rules, UK 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 further stock, provided this does not exceed Inland Revenue limits. This is known as Partnership Stock.

The maximum distribution under the schemes is 5% of a participant's salary, with up to 4% determined by reference to the table above, and an additional 1%, payable at the discretion of the Group Remuneration Committee. To date, annual distributions under the schemes have ranged between nil and 3.5% of each participant's salary.

(b) Sharesave Scheme ("SAYE Scheme")

At the 1999 Annual General Court the stockholders approved the establishment of a SAYE Scheme. Under this scheme, which has an Irish and UK version in order to conform with the relevant revenue legislation in both jurisdictions, all employees of the Bank and of certain subsidiaries are eligible to participate provided they are employed by the Bank on the day that the invitation to participate issues and on the day that the grant of options is made. The first offer under the scheme was made in February 2000 and options to purchase units of Ordinary Stock were granted to participating employees at an option price of €5.40, which represented a 20% discount of the then market price. A further offer under the scheme was made in December 2003 and options to purchase Ordinary Stock were granted to participating employees in the Republic of Ireland at an option price of €7.84 which represented a 25% discount to the then market price and to participating employees in the UK at an option price of €8.37 which represented a 20% discount to the then market price. As at 31 March 2005, there are outstanding options under the scheme over 15,435,223 units of Ordinary Stock (1.60 % of the issued ordinary capital). These options are ordinarily exercisable, provided the participant's savings contracts are completed between May 2005 and September 2009.

(c) Stock Option Scheme

Options to subscribe for units of Ordinary Stock are granted under the terms of the Stock Option Scheme. The original scheme was approved by the stockholders at the Annual General Court in July 1986. This was succeeded in 1996 by the "Bank of Ireland Group Stock Option Scheme – 1996", and its successor scheme, the "Bank of Ireland Group Executive Stock Option Scheme – 2004" which was approved by the stockholders at the Annual General Court held in July 2004. Key executives may participate in the current scheme at the discretion of the Remuneration Committee. Under the current scheme, the total value of options granted may not exceed 100% of an executive's salary. 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 2004 are conditional upon alternative EPS achieving a cumulative growth of at least 5% per annum compound above the increase in the Consumer Price Index over the three year performance period, commencing with the period in which the options are granted. The performance conditions for options granted in 1996 up to and including 2001 have been satisfied. Options may not be transferred or assigned and may be exercised only between the third and tenth anniversaries of their grant. During the year 781,100 options lapsed. The market price of the Bank's Ordinary Stock at 31 March 2005 was €12.15 (2004: €10.15) and the range during the year to 31 March 2005 was €9.70 to €13.24. Outstanding options under the Stock Option Scheme are exercisable at prices ranging between €2.111 to €12.50 between now and July 2014. At 31 March 2005, options were outstanding in respect of 6,611,900 units, 0.68% of the stock in issue (2004: 6,585,000 units).

(d) Long Term Incentive Plan

The original plan ("Long Term Performance Stock Plan – 1999") was approved by the stockholders at the Annual General Court in July 1999 and its successor plan, "Bank of Ireland Group Long Term Incentive Plan – 2004" was approved by the stockholders at the Annual General Court in July 2004. This plan, links the number of units of stock receivable by participants, to the Group's Total Shareholder Return ("TSR"). TSR represents stock price growth plus dividends.

Each year selected key senior executives participating in the plan receive a conditional award of a number of units of Ordinary Stock. (The maximum award, for executive Directors and Group Executive Committee members, cannot exceed 100% of their annual salary at the time of the award).

34 Capital Stock (continued)

Provided the Group's Return on Equity ("ROE") over the three-year performance period is, on average, at least 20%, then the proportion of these units which actually vest in the executive on the 3rd anniversary of the date of the original awards is based on the Group's TSR growth relative to a comparator group of 17 financial services companies, as follows:

TSR ranking relative to a Peer Group of 17 Financial Services Companies	Level of Vesting
1st or 2nd	100%
3rd to 8th	Scaled level of vesting between 91% and 44%
9th (Median)	35%
Below Median	Nil

If the Group's ROE over the three-year performance period is, on average, below 20%, then the award lapses.

As at 31 March 2005 conditional awards totalling 1,229,805 units of stock were outstanding to the current participants of this plan and its predecessor the LTPSP.

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

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

35 Reserves

	THE GROUP €m	THE BANK €m
Stock premium account		
Opening balance	767	767
Exchange adjustments	(2)	(2)
Closing balance	765	765
Capital reserve		
Opening balance	498	32
Exchange adjustments	(1)	(1)
Transfer from revenue reserves	48	–
Reserve on cancellation of stock	16	16
Closing balance	561	47
Profit and loss account		
Opening balance	2,281	498
Profit retained	583	215
Exchange adjustments	(104)	(63)
Reissue of Treasury Stock under employee stock schemes	7	7
Reissue of Treasury Stock previously held by subsidiaries	1	–
Transfer from revaluation reserve	4	–
Transfer from Group subsidiary	–	2
Closing balance	2,772	659
Revaluation reserve		
Opening balance	239	217
Exchange adjustments	(1)	(1)
Revaluation of property	11	10
Transfer to revenue reserve on sale of property	(4)	–
Closing balance	234	216

The profit attributable to the Ordinary Stockholders of the Bank dealt with in the accounts of the Bank amounted to €657m (2004: €734m). The Bank has taken advantage of Regulation 5, paragraph 2 of the European Communities (Credit Institutions: Accounts) Regulations, 1992, and accordingly the profit and loss account of the Bank has not been presented separately.

36 Pension Costs

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

The Group has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by this standard. Accounting for Pensions under FRS 17 will not be mandatory for the Group until year ended 31 March 2006 and prior to this, phased transitional disclosures are required by this standard and these additional disclosures are set out in (b).

(a) SSAP 24 pension disclosures

An independent formal actuarial valuation of the Bank of Ireland Staff Pensions Fund (the main scheme) was carried out by Watson Wyatt, consulting actuaries as at 31 March 2004 using the projected unit credit method of funding. The principal assumption in the review was that the annual rate of return on investments would be 3.5% higher than the annual rate of increase in pensionable remuneration and in pensions in course of payment. The market value of the assets of the main scheme at 31 March 2004 was €2,499.8m and the value of the net assets after allowing for the expected future increases in earnings and pensions represented 105% of the benefits that had accrued to members. The surplus is being corrected by the Bank abating its full contributions to the scheme by 1.9% of salary until the next actuarial valuation which will be carried out as at 31 March 2007.

36 Pension Costs (continued)

Using assumptions that are identical to those adopted for funding purposes, with the exception that the rate of return for calculating the regular charge would be 4.0% higher than the annual rate of increase in pensionable remuneration and in pensions in course of payment, the accounting treatment 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 €130m (2004: €141m) in regard to the main scheme is included in the accounts being the excess of the accumulated pension charge over the amount funded;
- the amortisation of the surplus gives rise to a net cost of €48m in relation to the main scheme, compared to a net cost of €36m in 2004.

The total charge for the Group in respect of the year ended 31 March 2005 was €67m (2004: €60m).

Watson Wyatt have made an approximate valuation of the Bank of Ireland Staff Pensions Fund as at 31 March 2005. The actuary considers that the methodology used for the formal valuation as at 31 March 2004 continues to be appropriate. The approximate valuation discloses that the value of assets after allowing for expected future increase in earnings and pensions represented 104% of the benefits that have accrued to members. The actuary has recommended that the existing funding programme be maintained until the results of the next formal valuation of the Fund, which will be made as at 31 March 2007, are available.

(b) FRS 17 Pension disclosures

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

	2005 Weighted average %	2004 Weighted average %	2003 Weighted average %
Major assumptions			
Rate of general increase in salaries	3.09	3.08	3.29
Rate of increase in pensions in payment	2.64	2.66	2.91
Rate of increase to deferred pensions	2.25	2.25	2.50
Discount rate for scheme liabilities	4.85	5.50	5.50
Inflation rate	2.25	2.25	2.50

The expected long term rates of return and market value of the assets of the material defined benefit plans at 31 March 2005, 31 March 2004 and 31 March 2003 were as follows:

	31 March 2005		31 March 2004		31 March 2003	
	Market value €m	**Expected long term rate of return**	Market value €m	Expected long term rate of return	Market value €m	Expected long term rate of return
Equities	2,181	7.8%	2,048	7.5%	1,734	9.0%
Bonds	753	4.1%	668	4.8%	464	4.2%
Property	402	6.8%	363	6.5%	337	8.0%
Other	88	3.5%	38	4.0%	73	4.0%
Total market value of schemes' assets	3,424		3,117		2,608	
Present value of schemes' liabilities	4,293		3,508		3,407	
	€m		€m		€m	
Aggregate deficit in schemes	(869)		(391)		(800)	
Aggregate surplus in schemes	–		–		1	
Overall deficit in schemes	(869)		(391)		(799)	
Related deferred tax asset	130		59		118	
Net pension (liability)	(739)		(332)		(681)	

36 Pension Costs (continued)

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

	31 March 2005 €m	31 March 2004 €m
Net assets of the Group	4,789	4,281
Pension provision (net of deferred tax)	120	138
	4,909	4,419
Net pension liability	(739)	(332)
Net assets of the Group including pension liability	4,170	4,087
Profit and loss account reserve	2,772	2,281
Pension provision (net of deferred tax)	120	138
	2,892	2,419
Pension reserve	(739)	(332)
Profit and loss account reserve including pension reserve	2,153	2,087

The following table sets out the components of the defined benefit cost:	31 March 2005 €m	31 March 2004 €m
Other finance income		
Expected return on pension scheme assets	209	203
Interest on pension scheme liabilities	(189)	(186)
Other	7	–
Net return	27	17
Included within administrative expenses		
Current service cost	(119)	(117)
Past service cost	(1)	(5)
	(120)	(122)
Cost of providing defined retirement benefits	(93)	(105)

Analysis of the amount recognised in Statement of Total Recognised Gains and Losses (STRGL)	31 March 2005 €m	31 March 2004 €m
Gain on assets	115	327
Experience loss on liabilities	(18)	(29)
(Loss)/gain on change of assumptions (financial and demographic)	(577)	170
Currency gain/(loss)	3	(2)
Total (loss)/gain recognised in STRGL before adjustment for tax	(477)	466

36 Pension Costs (continued)

	31 March 2005 €m	31 March 2004 €m
Movement in (deficit)/surplus during the year		
(Deficit) in scheme at beginning of period	(391)	(799)
Contributions paid	92	47
Current service cost	(119)	(117)
Past service cost	(1)	(5)
Other finance income	20	17
Actuarial (loss)/gain	(480)	468
Currency gain/(loss)	3	(2)
Settlement gain	4	–
Curtailment gain	3	–
(Deficit) in the scheme at end of period	(869)	(391)
Related deferred tax asset	130	59
	(739)	(332)

	31 March 2005 €m	31 March 2004 €m	31 March 2003 €m
History of experience gains and losses			
Gain/(Loss) on scheme assets:			
Amount	115	327	(989)
Percentage of scheme assets	3.4%	10.6%	(37.9%)
Experience (loss) on scheme liabilities:			
Amount	(18)	(29)	(24)
Percentage of scheme liabilities	(0.5%)	(0.8%)	(0.7%)
Total actuarial (loss)/gain recognised in STRGL:			
Amount	(477)	466	(1,362)
Percentage of scheme liabilities at end of period	(11.1%)	13.3%	(40.0%)

37 Derivatives and Other Financial Instruments

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

Details of the objectives, policies and strategies arising from the Group's use of financial instruments, including derivative financial instruments are presented on page 15 of the Operating and Financial Review. Details of the market risk exposures are presented on page 14 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.

37 Derivatives and Other Financial Instruments (continued)

	31 March 2005				
	Within one year €m	One to five years €m	Over five years €m	Total €m	31 March 2004 €m
Underlying principal amount:					
Exchange Rate Contracts	16,254	1,912	624	18,790	20,263
Interest Rate Contracts	69,618	42,425	18,319	130,362	111,934
Equity & Commodity Contracts	397	3,073	858	4,328	3,793
Credit Contract	–	55	60	115	–
Replacement cost:					
Exchange Rate Contracts	258	78	42	378	359
Interest Rate Contracts	144	499	346	989	1,023
Equity & Commodity Contracts	3	173	78	254	136
Credit Contracts	–	1	–	1	–

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 2005			31 March 2004
	Financial €m	Non - Financial €m	Total €m	Total €m
Exchange Rate Contracts	309	69	378	359
Interest Rate Contracts	905	84	989	1,023
Equity & Commodity Contracts	254	–	254	136
Credit Contracts	1	–	1	–
	1,469	153	1,622	1,518

37 Derivatives and Other Financial Instruments (continued)

Trading Instruments

Bank of Ireland Group maintains trading positions in a variety of financial instruments including derivatives. Most of these positions are a result of activity generated by corporate customers while others represent trading decisions of the Group's derivative and foreign exchange traders with a view to generating incremental income. The following table represents the underlying principal amounts, fair values and average fair values by class of derivative trading instrument for the Group at 31 March 2005 and 2004:

	31 March 2005		
	Underlying Principal Amount[1] €m	Fair Value €m	Average Fair Value €m
Interest rate contracts:			
Interest rate swaps	70,180		
in a favourable position		785	782
in an unfavourable position		(394)	(402)
Interest rate caps, floors & options held	10,728		
in a favourable position		2	3
in an unfavourable position		–	–
Interest rate caps, floors & options written	967		
in a favourable position		1	1
in an unfavourable position		(1)	(2)
Forward rate agreements	12,361		
in a favourable position		5	5
in an unfavourable position		(5)	(4)
Financial futures	3,012		
in a favourable position		–	–
in an unfavourable position		–	–
	97,248	393	
Foreign exchange contracts:			
Forward foreign exchange	11,571		
in a favourable position		125	127
in an unfavourable position		(91)	(158)
Currency Swaps	1,062		
in a favourable position		54	33
in an unfavourable position		(32)	(24)
	12,633	56	
Credit Contracts:			
Credit Default Swaps	60		
in a favourable position		–	–
in an unfavourable position		–	(1)
	109,941	–	

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

37 Derivatives and Other Financial Instruments (continued)

	31 March 2004		
	Underlying Principal Amount[1] €m	Fair Value €m	Average Fair Value €m
Interest rate contracts:			
Interest rate swaps	85,170		
in a favourable position		948	932
in an unfavourable position		(683)	(734)
Interest rate caps, floors & options held	13,543		
in a favourable position		3	2
in an unfavourable position		–	–
Interest rate caps, floors & options written	10,590		
in a favourable position		1	–
in an unfavourable position		(4)	(4)
Forward rate agreements	6,870		
in a favourable position		5	4
in an unfavourable position		(4)	(3)
Financial futures	1,861		
in a favourable position		–	–
in an unfavourable position		–	–
	118,034	266	
Foreign exchange contracts:			
Forward foreign exchange	14,605		
in a favourable position		171	143
in an unfavourable position		(189)	(169)
Currency Swaps	646		
in a favourable position		25	28
in an unfavourable position		(24)	(24)
	15,251	(17)	
	133,285		

(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.

	2005 €m	2004 €m
Dealing profits:		
Securities and interest rate contracts	40	41
Foreign exchange contracts	26	33
Equity contracts	–	(1)
Total	66	73

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

37 Derivatives and Other Financial Instruments (continued)

Non Trading Derivatives

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

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

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

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

The following tables represent the underlying principal amounts, average maturities and fair values by class of instrument utilised for non trading activities for the Group at 31 March 2005 and 2004.

	31 March 2005				
	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	13,235	0.36	3.29	3.31	65
1-5 years	3,342	2.76	2.23	3.98	15
5 -10 years	1,837	6.39	4.05	4.46	(9)
Over 10 years	115	22.05	5.45	4.92	7
Interest Rate Swaps					
- pay fixed					
1 year or less	13,855	0.26	4.13	4.18	(48)
1-5 years	10,783	2.47	4.70	4.98	(41)
5-10 years	1,614	7.65	3.53	4.93	(73)
Over 10 years	731	15.09	3.29	5.46	(81)
Interest Rate Swaps					
- pay and receive floating					
1 year or less	20	0.57	2.44	2.22	–
1-5 years	390	3.32	3.19	2.83	10
5-10 years	122	7.32	3.79	2.23	5
Over 10 years	254	26.57	2.20	2.20	2
Interest Rate Caps					
1 year or less	3	0.68	7.5	0.0	–
1-5 years	89	1.17	6.14	0.0	–
Interest Rate Floors					
1-5 years	73	1.01	5.0	0.0	–
	46,463				(148)

37 Derivatives and Other Financial Instruments (continued)

	31 March 2005		
	Underlying Principal Amount €m	Weighted Average Maturity in Years	Fair Value €m
Exchange rate contracts:			
Forward Foreign Exchange			
1 year or less	2,502	0.15	(6)
1-5 years	63	1.41	–
Currency Swaps			
1 year or less	1,070	0.56	50
1-5 years	1,896	1.55	(52)
5-10 years	96	6.78	(1)
Currency Options			
1 year or less	530	0.42	–
	6,157		(9)
Credit Contracts:			
Credit Default Swaps			
1-5 years	55	2.7	1
Equity and commodity contracts:			
Equity Index Linked Contracts held			
1 year or less	397	0.59	(8)
1-5 years	3,073	2.95	40
5-10 years	858	5.91	47
	4,328		79
	57,003		(77)

37 Derivatives and Other Financial Instruments (continued)

	31 March 2004				
	Underlying Principal Amount €m	Weighted Average Maturity in Years	Weighted Average Receive Rate %	Weighted Average Pay Rate %	Fair Value €m
Interest rate contracts:					
Interest Rate Swaps					
- receive fixed					
1 year or less	8,822	0.28	2.57	2.64	30
1-5 years	2,598	2.90	0.89	3.26	14
5 -10 years	438	6.30	0.92	2.48	8
Over 10 years	81	23.10	5.68	0.00	7
Interest Rate Swaps					
- pay fixed					
1 year or less	3,291	0.50	2.47	2.65	(14)
1-5 years	1,135	3.25	2.34	5.94	(102)
5-10 years	710	7.70	2.21	4.97	(60)
Over 10 years	610	15.61	2.24	5.73	(82)
Interest Rate Swaps					
- pay and receive floating					
1 year or less	147	0.61	2.15	2.12	–
1-5 years	224	3.16	2.55	2.41	1
5-10 years	136	7.11	3.24	3.10	2
Over 10 years	304	27.77	1.95	2.11	2
Forward Rate Agreements					
- loans					
1 year or less	33	0.54	0.00	4.53	–
1-5 years	8	1.05	0.00	4.88	–
Forward Rate Agreements					
- deposits					
1 year or less	235	0.88	0.00	2.82	–
Interest Rate Caps					
1 year or less	158	2.00	6.09	0.00	–
	18,930				(194)

37 Derivatives and Other Financial Instruments (continued)

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

Unrecognised gains and losses on derivative hedges

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

The unrecognised net gains on instruments used for hedging as at 31 March 2005 were €73m (2004: losses: €16m).
The net gains expected to be recognised in 2005/06 is €55m (2003/04: gain: €25m) and thereafter the net gains expected to be recognised is €18m (2004/05: losses €41m).

The net gains recognised in 2004/05 in respect of previous years were €25m (2003/04: loss: €17m) and the net gains arising in 2004/05 which were not recognised in 2004/05 were €64m (2003/04 gain: €243m).

37 Derivatives and Other Financial Instruments (continued)

Non Trading Derivative Deferred Balances

The table below summarises the deferred gains and losses at 31 March 2005:

	Deferred		
	Gains €m	Losses €m	Total net deferred gains/(losses) €m
As at 1 April 2004	2.5	(3.8)	(1.3)
Gains and losses arising in previous years that were recognised in the year ended 31 March 2005	1.4	(1.4)	–
Gains and losses arising before 1 April 2004 that were not recognised in the year ended 31 March 2005	1.1	(2.4)	(1.3)
Gains and losses arising in the year ended 31 March 2005 that were not recognised in that year	5.2	2.3	7.5
As at 31 March 2005	6.3	(0.1)	6.2
Of which:			
Gains and losses expected to be recognised in the year ended 31 March 2006	2.2	(0.1)	2.1

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

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

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

38 Interest Rate Repricing – Non Trading Book

The table below provides an indication of the repricing mismatch in the Non Trading Books at 31 March 2005. For the major categories of assets and liabilities, this 'gap' table show the volumes maturing in selected maturity bands, taking account of any amortisation of principal. Items are allocated to time bands by reference to the earlier of the next interest rate repricing date and the maturity date.

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

	31 March 2005						
	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	92	–	–	–	–	–	92
Loans and advances to banks	4,667	2,140	271	19	–	243	7,340
Loans and advances to customers	52,359	3,817	6,108	14,235	2,611	526	79,656
Debt securities and equity shares	11,378	1,539	306	1,657	1,026	31	15,937
Other assets	1,909	–	–	–	–	3,792	5,701
Total assets	70,405	7,496	6,685	15,911	3,637	4,592	108,726
Liabilities							
Deposits by banks	17,869	1,129	1,174	7	22	–	20,201
Customer accounts	42,012	1,787	2,633	2,092	1,107	10,379	60,010
Debt securities in issue	15,156	1,514	1,461	2,387	21	–	20,539
Other liabilities	633	34	6	54	70	2,916	3,713
Subordinated liabilities	714	–	–	1,397	1,975	–	4,086
Minority interests and shareholders' funds	–	–	–	–	–	4,924	4,924
Total liabilities	76,384	4,464	5,274	5,937	3,195	18,219	113,473
Net amounts due from / to Group units	63	(1,306)	(225)	2,681	3,101	650	4,964
Off-balance sheet items	1,038	3,025	1,658	(6,797)	791	–	(285)
Interest rate repricing gap	(4,878)	4,751	2,844	5,858	4,334	(12,979)	(68)
Cumulative interest rate repricing gap	(4,878)	(127)	2,717	8,575	12,909	(68)	–
Euro							
Cumulative interest rate repricing gap 31 March 2005	772	2,624	4,517	8,615	11,202	863	–
Sterling							
Cumulative interest rate repricing gap 31 March 2005	(3,545)	(2,783)	(1,741)	(30)	1,685	848	–

38 Interest Rate Repricing – Non Trading Book (continued)

	31 March 2004 Not more than three months €m	Over three months but not more than six months €m	Over six months but not more than one year €m	Over one year but not more than five years €m	Over five years €m	Non interest bearing €m	Total €m
Non Trading Interest Rate Repricing – Total							
Assets							
Central Government bills and other eligible bills	211	–	–	–	–	–	211
Loans and advances to banks	4,625	1,824	961	–	1	180	7,591
Loans and advances to customers	42,845	2,748	5,211	14,273	2,063	233	67,373
Debt securities and equity shares	6,858	1,736	595	1,595	732	54	11,570
Other assets	1,620	–	–	–	–	3,790	5,410
Total assets	56,159	6,308	6,767	15,868	2,796	4,257	92,155
Liabilities							
Deposits by banks	15,473	1,352	122	23	15	–	16,985
Customer accounts	38,758	1,329	1,849	2,870	970	9,271	55,047
Debt securities in issue	10,689	883	965	380	–	–	12,917
Other liabilities	540	33	19	64	87	2,748	3,491
Subordinated liabilities	2,268	–	–	–	1,414	–	3,682
Minority interests and shareholders' funds	–	–	–	–	–	4,534	4,534
Total liabilities	67,728	3,597	2,955	3,337	2,486	16,553	96,656
Net amounts due from / to Group units	6,172	221	(669)	(1,874)	110	(283)	3,677
Off-balance sheet items	4,872	(1,031)	(1,455)	(6,139)	3,793	–	40
Interest rate repricing gap	(525)	1,901	1,688	4,518	4,213	(12,579)	(784)
Cumulative interest rate repricing gap	(525)	1,376	3,064	7,582	11,795	(784)	–
Euro							
Cumulative interest rate repricing gap 31 March 2004	1,172	2,689	3,794	6,231	9,008	1,203	–
Sterling							
Cumulative interest rate repricing gap 31 March 2004	2,052	330	553	2,429	3,855	(738)	–

39 Fair Values of Financial Instruments

The Group has estimated fair value wherever possible using market prices or data available for instruments with characteristics either identical or similar to those of the instruments held by Group. In certain cases, however, including some advances to customers, there are no ready markets. Accordingly, various techniques have been developed to estimate what the approximate fair value of such instruments might be. These estimation techniques are necessarily extremely subjective in nature and involve assumptions which are based upon management's view of market conditions at 31 March 2005 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 2005.

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 2005 and 2004.

	2005		2004	
	Carrying Amount €m	Fair Values €m	Carrying Amount €m	Fair Values €m
Financial instruments held for trading				
Debt securities [1]	6,264	6,264	4,542	4,542
Equity shares [1]	23	23	35	35
Derivative financial instruments				
Interest rate contracts	393	393	266	266
Foreign exchange contracts	56	56	(17)	(17)
Non trading financial instruments				
Assets				
Cash and balances at central banks [1]	1,600	1,600	1,397	1,397
Items in course of collection [1]	560	560	584	584
Central government bills and other eligible bills [1]	92	92	211	211
Loans and advances to banks	7,783	8,013	7,753	7,751
Loans and advances to customers	79,917	79,950	67,629	67,483
Securitisation and loan transfers [1]	16	16	89	89
Debt securities	15,057	15,139	11,134	11,214
Securitisation	19	19	19	19
Equity shares	29	29	29	29
Liabilities				
Deposits by banks	20,254	20,262	17,060	16,997
Customer accounts	60,265	60,259	54,395	54,268
Debt securities in issue	20,539	20,577	12,917	12,918
Items in course of transmission [1]	230	230	230	230
Subordinated liabilities	4,086	4,434	3,682	3,975
Minority interests: non equity	73	103	76	138
Derivative financial instruments				
Interest rate contracts		(148)		(194)
Exchange rate contracts		(9)		(43)
Equity and commodity contracts		79		(90)
Credit contracts		1		–

(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 repriced frequently.

39 Fair Values of Financial Instruments (continued)

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

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

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

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

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

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

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

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

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

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

8. Financial Instruments with Off-Balance Sheet Risk
   Financial instruments with off-balance sheet risk are detailed in Note 37 of the Notes on the Financial Statements and include the fair value of these instruments.

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

40 Contingent Liabilities and Commitments

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

	31 March 2005		31 March 2004	
	Contract Amount €m	Risk Weighted Amount €m	Contract Amount €m	Risk Weighted Amount €m
The Group – Contingent Liabilities				
Acceptances and endorsements	34	17	33	18
Guarantees and assets pledged as collateral security				
- Assets pledged	–	–	–	–
- Guarantees and irrevocable letters of credit	1,268	1,222	1,291	1,236
Other contingent liabilities	643	302	494	223
	1,945	1,541	1,818	1,477
The Group – Commitments				
Sale and option to resell transactions	–	–	–	–
Other commitments				
- Documentary credits and short-term trade-related transactions	62	18	75	18
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	–	–	–	–
- Undrawn note issuance and revolving underwriting facilities	498	–	622	10
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- irrevocable with original maturity of over 1 year	7,367	3,425	5,416	2,489
- revocable or irrevocable with original maturity of 1 year or less [ii]	21,369	–	19,122	–
	29,296	3,443	25,235	2,517

40 Contingent Liabilities and Commitments (continued)

	31 March 2005 Contract Amount €m	31 March 2005 Risk Weighted Amount €m	31 March 2004 Contract Amount €m	31 March 2004 Risk Weighted Amount €m
The Bank – Contingent Liabilities				
Acceptances and endorsements	34	17	33	18
Guarantees and assets pledged as collateral security				
- Assets pledged	–	–	–	–
- Guarantees and irrevocable letters of credit	3,211	1,186	3,391	1,211
Other contingent liabilities	643	302	494	223
	3,888	1,505	3,918	1,452
The Bank – Commitments				
Sale and option to resell transactions	–	–	–	–
Other commitments				
- Documentary credits and short-term trade-related transactions	62	18	75	18
- Forward asset purchases, forward deposits placed and forward sale and repurchase agreements	–	–	–	–
- Undrawn note issuance and revolving underwriting facilities	498	–	622	10
- Undrawn formal standby facilities, credit lines and other commitments to lend:				
- irrevocable with original maturity of over 1 year	4,114	1,799	2,591	1,077
- revocable or irrevocable with original maturity of 1 year or less (ii)	16,680	–	16,852	–
	21,354	1,817	20,140	1,105

Notes

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

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

41 General

(a) The Bank has given letters of credit in respect of certain of its subsidiaries to the relevant regulatory authorities for the protection of the depositors of certain of its banking subsidiaries in the various jurisdictions in which such subsidiaries operate.

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

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

42 Notes to the Cash Flow Statement

(i) Gross Cashflows

	THE GROUP	
	2005 €m	2004 €m
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Operating Profit	1,270	1,238
Net operating exceptional item	17	–
Increase in accrued income and prepayments	(188)	(144)
Increase in accruals and deferred income	160	39
Provisions for bad and doubtful debts	79	86
Loans and advances written off net of recoveries	(123)	(101)
Depreciation and amortisation	186	183
Interest charged on subordinated liabilities	225	177
Other non-cash movements	17	21
Profit on disposal of fixed assets	(8)	(20)
Net cash flow from trading activities	1,635	1,479
Net decrease in collections / transmissions	19	23
Net decrease/(increase) in loans and advances to banks	824	(492)
Net increase in loans and advances to customers	(13,411)	(9,425)
Net increase in deposits by banks	3,231	4,405
Net increase in customers accounts	6,713	5,102
Net increase in debt securities in issue	7,749	3,127
Net increase in non-investment debt and equity securities	(1,594)	(890)
Net (increase)/decrease in other assets	(39)	94
Net increase in other liabilities	248	177
Exchange movements	306	64
Net cash flow from operating activities	5,681	3,664
Returns on investment and servicing of finance		
Interest paid on subordinated liabilities	(223)	(161)
Preference dividends paid	(8)	(8)
Dividends paid to minority shareholders in subsidiary undertakings	(14)	(20)
Issue expenses on subordinated liabilities	(13)	(1)
	(258)	(190)

42 Notes to the Cash Flow Statement (continued)

	THE GROUP 2005 €m	THE GROUP 2004 €m
Capital expenditure and financial investment		
Net purchases of investment debt and equity securities	(4,155)	(2,734)
Purchase of tangible fixed assets	(187)	(215)
Sale of tangible fixed assets	55	74
	(4,287)	(2,875)
Acquisitions and disposals		
Disposal of State Street	–	36
Acquisition of Foreign Currency Exchange Corp (FCEC)	–	(11)
Acquisition of Post Office Financial Services net of cash balances acquired	–	(156)
Payment for use of Post Office brand	–	(44)
Acquisition of Focus Investments	–	(5)
Increase in investments in associated undertakings	(3)	(3)
Increase in investment in Iridian	(33)	–
Net cash balances of Group undertakings acquired	142	4
Sale of EuroConex Technologies Limited	35	–
Sale of UK IFA Balances	28	–
Cash balances of UK IFA businesses disposed	(24)	–
Acquisition of Burdale	(72)	–
	73	(179)
Financing		
Reissue of Treasury Stock	7	25
Repayment of subordinated liabilities	(145)	(289)
Issue of subordinated liabilities	600	1,250
Ordinary Stock buyback	–	(377)
	462	609

(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
2005			
At 1 April 2004	1,397	482	1,879
Cash flow	206	907	1,113
Foreign exchange movement	(3)	(7)	(10)
At 31 March 2005	1,600	1,382	2,982
2004			
At 1 April 2003	679	745	1,424
Cash flow	716	(262)	454
Foreign exchange movement	2	(1)	1
At 31 March 2004	1,397	482	1,879

42 Notes to the Cash Flow Statement (continued)

(iii) Analysis of changes in financing

	Capital Stock (including stock premium) €m	Subordinated Liabilities €m	Minority Interest – Non Equity €m
2005			
At 1 April 2004	1,446	3,681	76
Effect of foreign exchange differences	(2)	(39)	(3)
Cash flow	–	442	–
Other non cash movements	(16)	1	–
At 31 March 2005	1,428	4,086	73
2004			
At 1 April 2003	1,449	2,703	73
Effect of foreign exchange differences	2	16	3
Cash flow	–	961	–
Other non cash movements	(5)	1	–
At 31 March 2004	1,446	3,681	76

(iv) Burdale Financial Holdings Limited

	€m
Net assets acquired	27
Goodwill	52
At 31 March 2005	79
Satisfied by:	
Cash	72
Deferred consideration	7
	79

Net assets acquired included cash balances of €7m as set out in note 3.

(v) Post Office Financial Services

During the year, the investment in Post Office Financial Services, which was previously treated as a joint venture for the purposes of the Group accounts was fully consolidated as a subsidiary as detailed in note 20. As a result the net cash balance that was held in Post Office Financial Services of €135m has now been included in the Group cash balances.

43 Related Party Transactions

(a) Subsidiary, Associated Undertakings and Joint Ventures

Details of the principal subsidiary undertakings are shown in Note 21 on page 73. In accordance with FRS 8, transactions or balances between Group entities that have been eliminated on consolidation are not reported.

One of the Group's subsidiaries Cashback Limited is 49% owned by Fexco which has a balance outstanding at 31 March 2005 of €nil (2004: €0.1m) for processing transactions on behalf of Cashback Limited.

One of Bank of Ireland Group's subsidiaries, Post Office Financial Services is 49.99% owned by the Post Office Limited and has a balance outstanding at 31 March 2005 of €4.3m. This relates to commissions payable in respect of products sourced and developed by Bank of Ireland on behalf of Post Office Financial Services.

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 2005 was €nil (2004: €24m).

(b) Pension Funds

The Group provides a number of normal banking and financial services for various pension funds operated by the Group for the benefits of its employees (principally for the Bank Staff Pension Fund), which are conducted on similar terms to third party transactions and are not material to the Group.
Further details on pensions are set out in Note 36.

(c) Directors

Directors' emoluments and details of transactions between Directors and the Group are set out in the Remuneration Report on pages 35 to 40. In the year to 31 March 2005, Donal Geaney, Director, was a partner in The Common Street Partnership, the owner of New Century House, Mayor Street, IFSC, Dublin 1, which is leased ultimately to Bank of Ireland, for 10 years at an annual rent of €1.97m. This lease was entered into prior to Mr Geaney's appointment to the Court.

Terry Neill, a Director of the Bank, was Senior Partner in Accenture until 2001. Accenture provides services to the Bank and were paid fees in the region of €10.3m in the year ended 31 March 2005. Since leaving Accenture he has had no executive role with the company but continues to hold shares in it.

The Bank agreed to make a payment to a former Director, Michael Soden, of €2.3m and a contribution to his pension fund amounting to €0.4m in settlement of potential litigation by Mr Soden against the Group. The payment was determined by reference to the twelve months notice provision contained in the contract of employment which Mr Soden had with the Group. (See Remuneration Report on page 35 to 40.)

Mike Hodgkinson, a Director, is Chairman of Post Office Limited. See also (a) above.

(d) Securitisation

RPS4, RPS5, SS1, Liberator and Partholon are considered to be related parties of the Group. The Group has entered into both an interest exchange agreement and a subordinated loan agreement with RPS4 and RPS5. As at 31 March 2005 the net amount due to RPS4 was €nil (2004: due to RPS4 €0.6m) and from SS1 was €13.3m (2004: €13.5m). The net amount due to RPS5 was €nil (2004: €0.1m). The net amount due from Liberator was €0.5m (2004: €1.4m). The net amount due from Partholon was €18.8m (2004: €18.8m).

44 Assets and Liabilities Denominated in Foreign Currency

	THE GROUP		THE BANK	
	2005 €m	2004 €m	2005 €m	2004 €m
Denominated in euro	64,645	52,391	56,208	47,158
Denominated in currencies other than euro	61,819	54,040	49,464	36,459
Total Assets	126,464	106,431	105,672	83,617
Denominated in euro	67,093	45,399	55,925	32,811
Denominated in currencies other than euro	59,371	61,032	49,747	50,806
Total Liabilities	126,464	106,431	105,672	83,617

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

45 Group Financial Information for US Investors

Summary of Significant Differences between Irish and US Accounting Principles

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

Irish GAAP	US GAAP
Property depreciation	
Freehold and long leasehold property is maintained in a state of good repair and it is considered that residual values are such that depreciation is not significant, accordingly this property is not depreciated.	Freehold and long leasehold property is depreciated over 50 years.
Revaluation of property	
Property is carried either at original cost or at subsequent valuation less depreciation calculated on the revalued amount where applicable. Revaluation surpluses and deficits are taken directly to stockholders' equity.	Revaluation of property is not permitted under US GAAP.
Software development costs	
The Group capitalises costs incurred internally in developing computer software for internal use. Expenditure is amortised over its estimated useful life ranging between 5 and 10 years.	AICPA SOP 98-1 requires certain costs incurred in respect of software for internal use to be capitalised and subsequently amortised over its useful life.
Goodwill	
Goodwill arising on acquisition of shares in group and associated undertakings, being the excess of cost over fair value of the Group's share of the identifiable assets and liabilities acquired is capitalised and amortised over its estimated useful economic life. Goodwill arising on the acquisition of subsidiary undertakings prior to 31 March 1998 was written off directly to reserves in the year of acquisition. Goodwill arising on acquisitions of subsidiary undertakings occurring after 31 March 1998 is capitalised as an asset on the balance sheet and amortised over its estimated useful economic life. Goodwill carried in the Group Balance Sheet is subject to impairment review when the carrying amount may not be recoverable and is written down by the amount of any impairment loss identified in the year.	Prior to 31 March 2002 goodwill arising on acquisitions of subsidiary undertakings was capitalised and amortised to income over the period estimated to benefit. In the Group's case a period of 20 years was used. Goodwill is written off when judged to be irrecoverable. Post 1 April 2002 goodwill is capitalised on the Balance Sheet and is subject to an annual review for impairment. It is not subject to annual amortisation.

45 Group Financial Information for US Investors (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Stock Based Compensation	
Where shares are awarded, or options granted, the charge made to the profit and loss account is the difference between the intrinsic value at the time the award is made and any contribution made by the employee. Where conditional awards are dependent on performance criteria, the cost is spread over the performance period. Under the terms of the Group's Revenue approved Save As You Earn (SAYE) schemes, employees have the option to purchase shares at a discount to the market price. Under UITF 17, such schemes are exempted from the requirements to charge this difference to the profit and loss account over the period of their savings contract.	As permitted by FAS 123, stock based compensation is accounted for in accordance with APB 25. Any differences between intrinsic value of the shares issued or options granted at the time the award is made and any contribution made by the employee is charged to the profit and loss account over the period to vesting.
Investments	
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) available for sale, which are carried at fair value with unrealised gains and losses reported in a separate component of shareholders' equity or (iii) held to maturity, which are carried at amortised cost. Trading securities are those securities held in the short term to earn a profit by trading or selling such securities. Securities available for sale are those securities which are neither classified as held to maturity or trading. They are intended for use as part of an asset / liability strategy, or that may be sold in response to changes in interest rates, changes in prepayment risks, the need to increase regulatory capital or other similar factors. Securities held to maturity are only those securities for which management has both the intent and ability to hold until maturity.
Pensions	
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 under FAS 87 certain assumptions differ, assets are assessed at fair value and liabilities are assessed at current settlement rates. Certain variations from regular cost are allocated in equal amounts over the average remaining service lives of current employees. Recognition of a liability when the accumulated benefit obligation exceeds the fair value of assets is also required. The pension related elements of voluntary leaving and voluntary early retirement programmes are generally expensed in the year in which they are awarded. The impact of this statement has been included in the GAAP reconciliation in respect of the main Bank of Ireland and Bristol & West pension plans.

45 Group Financial Information for US Investors (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Long-term assurance policies	
Income from long term assurance business consists of surpluses attributable to stockholders from the long term fund which arise in the year plus increases in the present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis.	The present value of anticipated surplus transfers which are projected to arise from the long term fund in future years, and which are attributable to the business in force at the year end on a going concern basis are not recognised by the Group under US GAAP. Unearned revenues and acquisition costs related to unit linked products are deferred and amortised in proportion to total estimated gross profits over the expected life of policyholders' contracts. Unearned revenues are amounts assessed from policyholders' that represent compensation for services to be provided in future periods. Acquisition costs consist of commissions and other costs which vary with and are primarily related to the production of revenues. In 2005 unrealised gains and losses on properties held to meet unit linked policy holder liabilities are not recognised under US GAAP in line with SOP 03/01. Such properties are held at depreciated historical cost.
Acceptances	
Acceptances are not recorded on the balance sheet.	Acceptances and related customer liabilities are recorded on the balance sheet.
Dividends payable	
Dividends declared after the period end are recorded in the period to which they relate.	Dividends are recorded in the period in which they are declared.
Securitisation Transactions	
Depending on specified qualifying criteria there are three methods of accounting for securitised and loan transfer transactions: continued recognition, linked presentation and derecognition. The linked presentation method is adopted where there is no significant change in the Group's rights to benefits and the Group's exposure is limited to a fixed monetary ceiling. Under this method, only the net amount is consolidated, however on the face of the Group balance sheet, the related gross amounts are disclosed.	Under SFAS No.140, transfers and servicing of financial assets are required to be recognised using a financial components approach that focuses on control. Under that approach after a transfer of financial assets, an entity recognises the financial and servicing assets it controls and the liabilities it has incurred and derecognises financial assets when control has been surrendered. Under FIN 46-R, a controlling financial interest in a variable interest entity is present where an enterprise has a variable interest, or a combination of variable interests, that will absorb the majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both. The enterprise with a controlling financial interest is the primary beneficiary and is required to consolidate the variable interest entity.
Finance lease receivables	
Leasing income is recognised in proportion to the funds invested in the lease so as to give a constant rate of return over each period after taking account of taxation cashflows.	Gross earnings are allocated to give rise to a level of return on the investment without taking account of tax payments and receipts.

45 Group Financial Information for US Investors (continued)

Summary of Significant Differences between Irish and US Accounting Principles

Irish GAAP	US GAAP
Derivatives	
Where a derivative is documented and evidenced as reasonably expected to match or eliminate risk from a transaction, accrual accounting is applied. Profits or losses on the derivative are included in the relevant income or expense category in the profit and loss account. Derivatives which are not accrual accounted are recorded at fair value, with the change recorded in the profit and loss account.	FAS 133 requires all derivatives to be recorded at fair value. If certain conditions are met, then the derivative may be designated as a hedge. In many cases, Bank of Ireland match internal hedges with third party derivatives on an aggregate rather than an individual basis which largely offset the overall risk to the group. These hedges do not meet the criteria under FAS 133 to qualify as fair value, cash flow or foreign exchange hedges. For this reason, such contracts are restated at fair value with changes in the fair value recorded in the income statement for the purposes of the US GAAP reconciliation.
Loan origination fees	
Certain loan fees are recognised when received.	Loan origination fees net of incremental direct loan origination costs are deferred and recognised as an adjustment to the yield on the related loan or facility.
Restructuring	
A provision for restructuring costs is recognised in accordance with FRS 12 when a constructive obligation to transfer economic benefit as a result of a past event exists at the balance sheet date.	Costs of restructuring are recognised when incurred. Costs of involuntary severance are recognised as incurred, save where the individuals in question are required to remain with the Group for periods in excess of their statutory notice period, in which case the costs are spread over this period.

45 Group Financial Information for US Investors (continued)

Summary of Significant Differences between Irish and US Accounting Principles

	2005 €m	2004 €m
Consolidated Net Income		
Net income under Irish GAAP	1,073	935
Depreciation	(2)	(1)
Software development costs	–	4
Goodwill	13	12
Pension costs	(32)	(48)
Long-term assurance policies	(302)	(86)
Group Transformation Programme	–	(11)
Strategic Transformation Programme	117	–
Leasing	10	(27)
Stock based compensation (1)	(6)	(3)
Derivatives	(24)	97
Special purpose entities	(55)	–
Other	(15)	12
Deferred tax effect on these adjustments	37	8
Net income under US GAAP	814	892
Earnings per unit of €0.64 Ordinary Stock under US GAAP		
- basic	86.4c	92.8c
- diluted	85.7c	92.2c

	2005 €m	2004 €m
Consolidated Total Stockholders' Funds		
Total stockholders' funds including non equity interest under Irish GAAP	4,789	4,281
Property less related depreciation	(383)	(382)
Goodwill	448	445
Debt securities – available for sale	85	104
Pension costs	(88)	(20)
Long-term assurance policies	(716)	(415)
Dividends	282	257
Leasing	(62)	(72)
Strategic Transformation Programme	117	–
Derivatives	75	99
Special purpose entities	(55)	–
Other	(28)	(7)
Deferred taxation on these adjustments	67	28
Consolidated stockholders' funds including non equity interests under US GAAP	4,531	4,318

45 Group Financial Information for US Investors (continued)

Summary of Significant Differences between Irish and US Accounting Principles

	2005 €m	2004 €m
Consolidated Total Assets		
Total assets under Irish GAAP	126,464	106,431
Property less related depreciation	(383)	(382)
Goodwill	467	473
Debt securities – available for sale	85	104
Pension costs	(83)	(15)
Acceptances	34	33
Long-term assurance policies	(716)	(415)
Special purpose entities	1,129	1,389
Leasing	(62)	(72)
Derivatives	680	883
Other	(68)	(80)
Total assets under US GAAP	127,547	108,349

	2005 €m	2004 €m
Consolidated Total Liabilities and Stockholders' Funds		
Total liabilities and stockholders' funds including non equity interests under Irish GAAP	126,464	106,431
Stockholders' funds (US GAAP adjustment)	(258)	37
Dividends	(282)	(257)
Special purpose entities	1,184	1,389
Acceptances	34	33
Strategic Transformation Programme	(117)	–
Derivatives	605	784
Other	5	(19)
Deferred taxation on these adjustments	(88)	(49)
Total liabilities and stockholders' funds including non equity interests under US GAAP	127,547	108,349

(1) The Group accounts for stock based compensation in accordance with APB 25 "Accounting for stock issued to Employees" and the charge as noted above is €6m. The Group, in its 20-F filing, adopts the disclosure provisions of SFAS 123 "Accounting for Stock Based Compensation" and on this basis had a fair value basis of accounting for these schemes been applied based on the fair values at the grant date the additional expense in the period to 31 March 2005 would have been €12m and the pro forma net income under US GAAP would have been €802m. The total cost of these schemes therefore for the twelve months to 31 March 2005, not included in the Irish GAAP Profit and Loss Account, amounted to €18m of which €9m approximately relates to the Group Employee Sharesave Scheme.

46 The Court of Directors Approved the Financial Statements on 11 May 2005.

Average Balance Sheets & 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, 2005 and 2004. The calculations of average balances are based on daily, weekly or monthly averages, depending on the reporting unit. The average balances used are considered to be representative of the operations of the Group.

	Year Ended 31-3-2005			Year Ended 31-3-2004		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
Assets						
Loans to banks						
Domestic offices	6,834	168	2.5	7,385	171	2.3
Foreign offices	987	36	3.6	755	26	3.4
Loans to customers (1)						
Domestic offices	35,812	1,629	4.5	28,987	1,394	4.8
Foreign offices	34,336	1,676	4.9	29,533	1,494	5.0
Central government and other eligible bills						
Domestic offices	7	–	–	9	–	–
Foreign offices	–	–	–	–	–	–
Debt Securities						
Domestic offices	11,968	361	3.0	8,942	268	3.0
Foreign offices	1,125	57	5.1	1,453	63	4.3
Instalment credit						
Domestic offices	570	36	6.3	502	35	7.0
Foreign offices	1,131	87	7.7	869	61	7.0
Finance lease receivables						
Domestic offices	2,289	124	5.4	2,043	114	5.6
Foreign offices	167	5	3.0	194	5	2.4
Total interest-earning assets						
Domestic offices	57,480	2,318	4.0	47,868	1,982	4.1
Foreign offices	37,746	1,861	4.9	32,804	1,649	5.0
	95,226	4,179	4.4	80,672	3,631	4.5
Allowance for loan losses	(443)			(496)		
Non interest earning assets (2)	21,181			17,447		
Total Assets	115,964	4,179	3.6	97,623	3,631	3.7
Percentage of assets applicable to foreign activities	34.2%			35.4%		

	Year Ended 31-3-2005			Year Ended 31-3-2004		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
Liabilities and stockholders' equity						
Deposits by banks						
Domestic offices	18,271	386	2.1	13,946	388	2.8
Foreign offices	1,245	38	3.1	1,028	34	3.3
Customer accounts						
Demand deposits						
Domestic offices	11,488	79	0.7	10,936	124	1.1
Foreign offices	7,975	316	4.0	8,449	240	2.8
Term deposits						
Domestic offices	11,035	85	0.8	9,640	73	0.8
Foreign offices	11,397	512	4.5	9,893	504	5.1
Other deposits						
Domestic offices	642	44	6.8	550	39	7.1
Foreign offices	4	–	–	14	1	5.0
Interest bearing current accounts						
Domestic offices	971	11	1.1	850	8	1.0
Foreign offices	2,553	90	3.5	2,312	61	2.6
Debt securities in issue						
Domestic offices	13,249	327	2.5	8,049	131	1.6
Foreign offices	3,769	168	4.5	3,037	107	3.5
Subordinated liabilities						
Domestic offices	2,248	119	5.3	1,566	75	4.8
Foreign offices	1,442	106	7.3	1,382	102	7.4
Total interest bearing liabilities						
Domestic offices	57,904	1,051	1.8	45,537	838	1.8
Foreign offices	28,385	1,230	4.3	26,115	1,049	4.0
	86,289	2,281	2.6	71,652	1,887	2.6
Non interest bearing liabilities						
Current accounts	8,886			7,426		
Other non interest bearing liabilities (2)	15,951			14,153		
Stockholders' equity including non equity interests	4,838			4,392		
Total liabilities and stockholders' equity	115,964	2,281	2.0	97,623	1,887	1.9
Percentage of liabilities applicable to foreign activities	34.2%			35.4%		

(1) Loans to customers include non-accrual loans and loans classified as problem loans.
(2) In accordance with Financial Reporting Standard 2, the balance sheets of the life assurance companies have been consolidated and are reflected under "Non interest earning assets" and "Other non interest bearing liabilities".

Group Profit and Loss Account

for the year ended 31 March 2005

(EURO, US$ & STG£)

	€m	US$m[1]	Stg£m[1]
Interest receivable			
Interest receivable and similar income arising from debt securities	418	542	288
Other interest receivable and similar income	3,761	4,876	2,589
Interest payable	2,281	2,957	1,570
Net interest income	1,898	2,461	1,307
Fees and commissions receivable	1,200	1,555	826
Fees and commissions payable	(199)	(258)	(137)
Dealing profits	66	85	46
Contribution from life assurance companies	161	209	111
Other operating income	47	61	32
Total operating income	3,173	4,113	2,185
Administrative expenses	1,738	2,253	1,197
Depreciation and amortisation	186	241	128
Operating profit before provisions	1,249	1,619	860
Provision for bad and doubtful debts	(21)	(27)	(14)
Operating profit	1,270	1,646	874
Income from associated undertakings and joint ventures	46	60	32
Profit on ordinary activities before exceptional items	1,316	1,706	906
Exceptional Items	5	6	4
Profit before taxation	1,321	1,712	910
Taxation	(241)	(312)	(166)
Profit after taxation	1,080	1,400	744
Minority interests : equity	(7)	(9)	(5)
: non equity	6	8	4
Non-cumulative preference stock dividends	8	10	6
Profit attributable to the ordinary stockholders	1,073	1,391	739
Transfer to capital reserve	48	62	33
Ordinary dividends	442	573	304
Profit retained for the year	583	756	402
Earnings per unit of €0.64 Ordinary Stock	113.9c	147.6c	78.4p
Alternative earnings per unit of €0.64 Ordinary Stock	114.2c	148.0c	78.6p

(1) Converted at closing exchange rates.

Group Balance Sheet

at 31 March 2005

(EURO, US$ & STG£)

	€m	US$m[1]	Stg£m[1]
Assets			
Cash and balances at central banks	1,600	2,074	1,102
Items in the course of collection from other banks	560	726	385
Central government and other eligible bills	92	119	63
Loans and advances to banks	7,783	10,090	5,358
Loans and advances to customers	79,933	103,625	55,034
Debt securities	21,340	27,665	14,692
Equity shares	52	67	36
Interests in associated undertakings	17	22	12
Interests in joint ventures	61	79	42
Intangible fixed assets	316	410	218
Tangible fixed assets	1,236	1,602	851
Other assets	4,075	5,284	2,806
Prepayments and accrued income	870	1,128	599
	117,935	152,891	81,198
Life assurance assets attributable to policyholders	8,529	11,057	5,872
	126,464	163,948	87,070
Liabilities			
Deposits by banks	20,254	26,257	13,946
Customer accounts	60,265	78,128	41,492
Debt securities in issue	20,539	26,627	14,142
Items in the course of transmission to other banks	230	298	158
Other liabilities	6,269	8,127	4,316
Accruals and deferred income	770	998	530
Provisions for liabilities and charges			
- deferred taxation	72	93	50
- other	321	416	221
Subordinated liabilities	4,086	5,297	2,813
Minority interests			
- equity	62	80	43
- non equity	73	95	50
Called up capital stock	663	860	456
Stock premium account	765	992	527
Capital reserve	561	727	386
Profit and loss account	2,772	3,594	1,908
Revaluation reserve	234	303	161
	4,995	6,476	3,438
Own shares held for the benefit of life assurance policyholder	(206)	(267)	(142)
Stockholders' funds including non equity interests	4,789	6,209	3,296
Life assurance liabilities attributable to policyholders	8,734	11,323	6,013
	126,464	163,948	87,070

(1) Converted at closing exchange rates.

Stockholder Information

Holders of Ordinary Stock

Stockholder profile•	31 March 2005 % by value	31 March 2004 % by value
Ireland	18	18
Great Britain	14	16
USA	21	20
Europe/Other	20	19
Retail	27	27
	100	100

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

Analysis of Stockholdings

Stockholding range - units of stock	Number of stockholdings	% of total holders	Stock held units(m)	% of total stock
Up to 500	23,193	36.9	4.5	0.5
501 to 1,000	10,272	16.3	8.0	0.8
1,001 to 5,000	19,599	31.1	46.9	4.9
5,001 to 10,000	4,805	7.6	34.5	3.6
10,001 to 50,000	4,182	6.7	84.6	8.7
50,001 to 100,000	404	0.6	28.1	2.9
100,001 to 500,000	319	0.5	67.0	6.9
over 500,000	156	0.3	693.3	71.7
	62,930	100.0	966.9	100.0

Financial calendar

Results	Year to 31 March 2005 - announced 12 May 2005
	Half year to 30 September 2005 - to be announced 24 November 2005
Annual General Court of Proprietors	Wednesday, 6 July 2005
Dividends - Ordinary Stock	2004/2005 Final Dividend - to be declared 6 July 2005 - payable 15 July 2005
	2005/2006 Interim Dividend - to be announced 24 November 2005 - payable 11 January 2006
Dividends - Preference Stocks	Payable in equal semi-annual instalments - 20 August 2005 - 20 February 2006

Listings

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

Registrar

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

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

Dividend Withholding Tax ('DWT')

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

However, certain other classes of Stockholders are not liable to DWT provided they:

- Fall into any of the exempt categories• and
- Complete and return the Irish Revenue's Universal Declaration Form.

• Examples of exempt categories include Irish Resident Companies, Pension Schemes, PRSA administrators, unit trusts, Charities, Non-Resident individuals and Companies – a full list of exempt entities and full details of exemptions are contained in the Universal Declaration Form which is available from the Irish Revenue or Computershare, the Bank's Registrar, at the addresses above.

If you believe that you are entitled to an exemption from DWT you must:

- Complete the relevant part of the Universal Declaration Form, obtaining any relevant additional certification required, and
- Return the completed Universal Declaration Form to the Bank's Registrar (or to your qualifying intermediary or authorised withholding agent) no later than one week prior to the next ensuing Dividend Payment Record Date.

Failure to take action will mean that DWT at the standard rate of income tax will be applied to dividends payable by the Bank to you.

Dividend Payments 2004/2005

An Interim Dividend of 16.6 cent was paid in respect of each unit of Ordinary Stock on 5 January 2005.

A Final Dividend of 29.0 cent is proposed in respect of each unit of Ordinary Stock payable on or after 15 July 2005.

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

Payments of Dividends Directly to Your Account

Stockholders who wish to have their dividends paid direct to a bank or building society account by electronic funds transfer, should contact the Bank's Registrar (see page 121) to obtain the appropriate mandate form. Confirmation that such payment has been made will be sent to the stockholder's registered address under this arrangement.

Payments of Dividends in Sterling

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

Holders of American Depositary Shares

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

The Bank of New York,
Investor Relations,
P.O. Box 11258,
Church Street Station,
New York,
NY 10286 - 1258,
USA.
Telephone: Toll Free Number (U.S. Residents): 1-888-269-2377
International: +1-610-382-7836
E-mail inquiries: shareowners@bankofny.com
Website: www.stockbny.com

Taxation Implications of Dividend Withholding Tax for Holders of American Depositary Receipts

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

Form 20-F

The Form 20-F for year ended 31 March 2005 will be filed with the Securities and Exchange Commission, Washington DC and when filed, copies will be available to download from the Bank's website (see below) or on application to the Group Secretary.

CREST

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

Stockholder Enquiries

All enquiries concerning stockholdings should be addressed to the Bank's Registrar (see page 121).

Amalgamating Your Stockholdings

If you have received more than one copy of this Report & Accounts, it may be because the Bank has more than one record of stockholdings in your name. To ensure that you do not receive duplicate mailing in future, you can have all your stockholdings amalgamated into one account by contacting the Bank's Registrar (see page 121).

Internet Address

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

Principal business units & addresses

REPUBLIC OF IRELAND

Group Head Office

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

Group Executive

Group Chief Executive:
Brian J Goggin
Chief Executive, Retail Financial Services Ireland:
Des Crowley
Chief Executive, Wholesale Financial Services:
Denis Donovan
Chief Executive, Asset Management Services:
Kevin Dolan
Chief Executive, UK Financial Services:
Roy Keenan
Group Chief Development Officer:
John Collins
Group Transformation Director:
Cyril Dunne
Head of Group Human Resources
Michael Grealy
Group Chief Financial Officer:
John O'Donovan
Group Chief Risk Officer:
Ronan Murphy

Group Secretary:
John Clifford
Head of Group Investor Relations
Geraldine Deighan
Head of Group Corporate Communications:
Dan Loughrey
Group Legal Advisor:
Finbarr Murphy

RETAIL FINANCIAL SERVICES IRELAND

Branch Network

Network Offices

32 South Mall, Cork
Tel: + 353 21 494 4209, Fax: + 353 21 427 8352
St John's House, Tallaght, Dublin 24
Tel: + 353 21 494 4209, Fax: + 353 21 427 8352
Director, Branch Network: Tim O'Neill

Business Banking

40 Mespil Road, Dublin 4
Tel: + 353 1 665 3400, Fax: + 353 1 665 3480
Director: Cathal Muckian

Direct Banking

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

Bank of Ireland Mortgages

ICS Building Society

New Century House, IFSC, Mayor Street Lower, Dublin 1
Tel: + 353 1 611 3000, Fax: + 353 1 611 3100
Email: ics@mortgagelink.ie
Website: www.themortgagestore.ie
Managing Director: Joe Larkin

Life Assurance

Bank of Ireland Life Holdings PLC

(including New Ireland Assurance)
Grattan House, Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: + 353 1 703 9500, Fax: + 353 1 662 0811
Email: info@bankofirelandlife.ie
Website: www.bankofirelandlife.ie
Managing Director: Brian Forrester

New Ireland Assurance Company plc

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

General Insurance

Bank of Ireland Insurance Services Ltd
Grattan House, Bank of Ireland Head Office
Lower Baggot Street, Dublin 2
Tel: + 353 1 703 9800, Fax: + 353 1 703 9840
Email: info@boiinsurance.ie
Head of Business: Alan Daly

Bank of Ireland Finance
Colm House, 91 Pembroke Road, Ballsbridge, Dublin 4
Tel: + 353 1 668 7222, Fax: + 353 1 614 0301
Email: info@bif.ie
Website: www.bif.ie
Managing Director: Pat Creed

Personal Lending & Cards Business
33/35 Nassau Street, Dublin 2
Tel: 1850 251 251
Fax: + 353 1 679 5351
Email: boics@boimail.com
Website: www.boi.ie/cards
Director: Joe Larkin

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

WHOLESALE FINANCIAL SERVICES

Corporate Banking

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

Global Markets

Bank of Ireland Global Markets
Colvill House, Talbot Street, Dublin 1
Tel: + 353 1 799 3000, Fax: + 353 1 799 3030
Email: info@boigm.com
Website: www.boi.ie/globalmarkets
Chief Executive: Mick Sweeney

Corporate Finance

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

Stockbroking

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

Retail Foreign Exchange

First Rate Enterprises Ltd
4 Customs House Plaza,
Harbourmaster Place, IFSC, Dublin 1
Tel: + 353 1 829 0333, Fax: + 353 1 829 0368
Email: info@firstrate-boi.ie
Managing Director: Tom Comerford

ASSET MANAGEMENT SERVICES

Bank of Ireland Asset Management Ltd
40 Mespil Road, Dublin 4
Tel: + 353 1 637 8000; Fax: + 353 1 637 8100
Email: biaminfo@biam.boi.ie
Website: www.biam.ie
Chief Executive: Kevin Dolan

Bank of Ireland Securities Services Ltd
New Century House, Mayor Street Lower, IFSC, Dublin 1
Tel: + 353 1 670 0300; Fax: + 353 1 829 0144
Email: info@boiss.boi.ie
Website: www.boiss.ie
Managing Director: Liam Manahan

BRITAIN

Bank of Ireland Asset Management (UK) Ltd
36 Queen Street, London EC4R 1HJ
Tel: + 44 207 489 8673, Fax: + 44 207 489 9676
Email: uk@biam.boi.ie
Website: www.biam.ie
Head of BIAM UK : Olivier Santamaria

Bank of Ireland Global Markets
One Temple Quay, Bristol BS 99 7AX
Tel: + 44 117 929 1504; Fax: + 44 117 921 1607
Website: www.boi.ie/globalmarkets
Treasurer: Ian Montgomery

Burdale Financial Limited
53 Queen Anne Street
London WIG 9HP, England
Tel: + 44 207 935 1115
Fax: + 44 207 486 3513
Email: www.burdale.co.uk
Website: dlevine@burdale.co.uk.
Managing Director: Dennis Levine

Wholesale Banknote Services

Bank of Ireland First Currency Services
Guildhall House, 81-87 Gresham Street,
London EC2V 7NQ
Tel: + 44 20 7796 2907 Fax: + 44 20 7796 2870
E-mail: info@boifcs.com
Managing Director: Keith Watts

UK FINANCIAL SERVICES

Bank of Ireland UK Financial Services
P O Box 27, One Temple Quay, Bristol BS 99 7AX
Tel: + 44 117 979 2222, Fax: + 44 117 929 3787
Website: www.boiukfs.co.uk
Chief Executive: Roy Keenan

Business Units

Bristol & West Financial Services
P O Box 27, One Temple Quay, Bristol BS 99 7AX
Tel: + 44 117 979 2222, Fax: + 44 117 929 3787
Website: www.bristol-west.co.uk
Managing Director: Gabriel Bannigan

Bank of Ireland (IOM) Ltd
P O Box 246, Christian Road, Douglas, Isle of Man IM99 1XF
Tel: + 44 1624 644200, Fax: + 44 1624 644298
Website: www.boiiom.com
Managing Director: Roly Alden

Bank of Ireland Personal Lending (UK)
P O Box 27, One Temple Quay, Bristol BS99 7AX
Tel: + 44 117 979 2222, Fax: + 44 117 929 3787
Website: www.bristol-west.co.uk, www.bim-online.com &
bristolandwest4brokers.co.uk
Managing Director: Richard Brown

Business Banking UK
36 Queen Street, London, EC4R 1HJ
Tel: + 44 20 7236 2000, Fax: + 44 20 7634 3110
Website: www.bank-of-ireland.co.uk

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

Management Services Company

Post Office Financial Services
PO Box 27, One Temple Quay, Bristol, BS99 7AX
Tel: + 44 117 979 222, Fax: +44 117 929 3787
Chief Operating Officer: Donal Heylin

UNITED STATES

Connecticut

Bank of Ireland Asset Management (US) Ltd
75 Holly Hill Lane, Greenwich, CT 06830
Tel: + 1 203 869 0111, Fax: + 1 203 869 0268
Email: us@biam.boi.ie
Website: www.biam.ie
Head of North America Business: Brendan Donohue

California

Bank of Ireland Asset Management (US) Ltd
233 Wilshire Blvd., Suite 830, Santa Monica, CA 90401
Tel: + 1 310 656 4440, Fax: + 1 310 395 0845
Email: us@biam.boi.ie
Website: www.biam.ie
Vice President & Head of Client Services: Daniel Anderson

Illinois

Bank of Ireland Asset Management (US) Ltd
Presidents Plaza 1, 8600 West Bryn Mawr Avenue
Suite 530 North, Chicago, IL 60631
Tel: + 1 773 693 7194, Fax: + 1 773 693 7203
Email: us@biam.boi.ie
Website: www.biam.ie
Vice President & Head of Client Services Mid West:
Mary Fedorak

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

CANADA

Bank of Ireland Asset Management (US) Ltd
1800 McGill College Avenue,
Suite 2460, Montreal, Quebec, Canada H3A 3J6
Canadian Representative Office
Tel: + 1 514 849 6868, Fax: + 1 514 849 8118
Email: canada@biam.boi.ie
Website: www.biam.ie
Vice President & Head of Client Services: Brian O'Brien

Bank of Ireland Asset Management (US) Ltd
One Dundas Street, West Suite 2500
Toronto, Ontario, Canada M5G 1Z3
Canadian Representative Office
Tel: + 1 416 777 0004, Fax: + 1 416 777 0034
Email: Canada@biam.boi.ie
Website: www.biam.ie
Vice President Client Services: Padraig Connolly

JERSEY

Bank of Ireland Trust Company (Jersey) Ltd
Tel: + 44 1534 638660, Fax: + 44 1534 733442
Managing Director: Don Cosgrave

FRANCE

Bank of Ireland Paris
20 Avenue Franklin Roosevelt, 75008 Paris, France
Telephone: 33-1 56 88 05 90

GERMANY

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

Bank of Ireland Asset Management Ltd
Hochstrasse 29, 60313 Frankfurt am Main, Frankfurt
Tel: + 49 69 913 02310, Fax: + 49 69 913 02320
Email: europe@biam.boi.ie
Website: www.biam.ie
Head of Continental Europe: Robert Hau

AUSTRALIA

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

JAPAN

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

Index

www.bankofireland.ie

Bank of Ireland Group
Lower Baggot Street, Dublin 2
Tel: +353 1 661 5933
Fax: +353 1 661 5671