



Preliminary Statement
Year ended 31 March 2009

Forward Looking Statement

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934 and Section 27A of the US Securities Act of 1933 with respect to certain of the Bank of Ireland Group's (the Group) plans and its current goals and expectations relating to its future financial condition and performance and the markets in which it operates. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward looking statements include among others, statements regarding the Group's future financial position, income growth, business strategy, projected costs, projected impairment losses, estimates of capital expenditures, and plans and objectives for future operations. 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 depth and duration of the recession in the Irish and UK economies, the performance and volatility of international capital markets, the low levels of activity and valuations in residential and commercial property markets, the expected level of credit defaults, 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. Any forward looking statements speak only as at the date they are made. The 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 filed or submitted or may make in documents it has filed or submitted or may file or submit to the US Securities and Exchange Commission.

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Bank of Ireland will host a results presentation at 9am today, 19 May 2009 at the following venues:

Bank of Ireland Head Office, Lower Baggot Street, Dublin 2
UBS Investment Bank, 100 Liverpool Street, London EC2M RH

This presentation will be simultaneously webcast on our website: www.bankofireland.com/investor

Performance Summary

	Year ended 31 March 2009	Year ended 31 March 2008	Change %
Group profitability (€ million)			
Operating income	3,909	4,120	(5%)
Operating expenses	(2,022)	(2,140)	(6%)
Operating profit before impairment charge	1,887	1,980	(5%)
Impairment charge - loans and advances to customers	(1,435)	(227)	
Impairment charge - available for sale (AFS) financial assets	(76)	(5)	
Impairment charge - loans and advances to banks	(2)	-	
Share of associates and joint ventures (after tax)	(42)	46	
Underlying profit before tax (PBT)*	332	1,794	(81%)
Non-core items	(339)	139	-
(Loss) / profit before tax	(7)	1,933	-
Per unit of €0.64 ordinary stock (€ cent)			
Basic earnings per share	5.9	174.6	
Underlying earnings per share	30.2	150.3	
Dividend on ordinary stock	-	63.6	
Divisional PBT performance (underlying)* (€ million)			
Retail Republic of Ireland	20	716	(97%)
Bank of Ireland Life	(31)	108	(129%)
Capital Markets	474	651	(27%)
UK Financial Services (Stg£)	10	330	(97%)
UK Financial Services (euro equivalent)	35	463	(92%)
Group Centre	(166)	(144)	15%
Underlying profit before tax	332	1,794	(81%)
Group performance (underlying)*			
Net interest margin	1.74%	1.66%	
Cost / income ratio	52%	51%	
Cost / income jaws	0%	5%	
Return on equity	5%	21%	
Asset quality			
Impairment charge – loans and advances to customers (€ million / bps)	1,435 (102bps)	227 (17bps)	
Impairment charge – available for sale financial assets (€ million)	76	5	
Balance sheet			
Stockholders' equity (€ billion)	6.9	6.5	6%
Total assets (€ billion)	194	197	(2%)
Total loans and advances to customers (€ billion)	134	136	(1%)
Total customer accounts (€ billion)	83	86	(4%)
Wholesale funding (€ billion)	74	75	(1%)
Wholesale funding / total assets (excluding Bol Life policyholder assets)	40%	41%	
Loans and advances to customers / customer accounts	161%	157%	
Term funding > 1 year and customer accounts / loans and advances to customers	77%	82%	
Term funding > 1 year, subordinated debt and customer accounts / loans and advances to customers	83%	87%	
Capital			
Equity Tier 1 (€ billion / % of RWA)	6.5 (6.2%)	6.6 (5.6%)	
Core Tier 1 (€ billion / % of RWA)	10.0 (9.5%)	6.6 (5.7%)	
Tier 1 (€ billion / % of RWA)	12.6 (12.0%)	9.4 (8.1%)	
Total capital (€ billion / % of RWA)	16.0 (15.2%)	13.0 (11.1%)	
Risk weighted assets (RWA) (€ billion)	105	117	

* Underlying performance excludes the impact of non-core items (see page 17)

Governor's Statement

This has been one of the most difficult years in the history of Bank of Ireland. The difficulties in financial markets, particularly since last September, have caused a significant reduction in profitability and led to our decision to cancel dividends to ordinary stockholders. I record the deep appreciation of the Court to the Irish Government for its intervention in providing support to the Irish financial sector and, specifically, to Bank of Ireland.

Bank of Ireland has fundamentally sound businesses with strong market positions and enduring franchises. We are working towards restoring the trust of our customers, the general public, and our stockholders. On my own behalf, and on behalf of my fellow directors, I apologise to our stockholders for the loss in value of their stock and for the cancellation of dividends.

Accountability for these losses must be taken at the top and, accordingly, I have informed my fellow directors of my personal decision to stand down from the Court at the end of the Annual General Court in July 2009. The Court has set in motion a process to select my successor as Governor.

The Group's financial performance deteriorated dramatically during the year, in particular in the second half of our year following the collapse of Lehmans in September 2008 and the resulting financial crisis. Rising impairment charges, as the economic situation at home and abroad deteriorated rapidly, and difficulties in securing term funding posed particular problems. We responded by focusing on our core franchises, prioritising customer deposits, strengthening our contingent liquidity position and managing our costs effectively. We expect the very difficult market conditions to continue throughout this financial year. In this context our immediate priority is to stabilise the business while being confident that we can emerge from this period of difficulty in a position to grow again in the future.

Our confidence is based in large measure on the support of the Irish Government, which in a series of actions has recognised the systemic importance of Bank of Ireland to the Irish economy. At all times the Government has stressed the importance of having a strong and independent banking sector. The Guarantee Scheme announced in September of 2008 was vital in underpinning the stability of the Irish financial services sector. I welcome the stated intention of the Government to extend key elements of this scheme beyond 2010.

On 11 February 2009 the Government proposed the recapitalisation of Bank of Ireland through the provision of €3.5 billion in core Tier 1 capital in the form of preference stock. This stock conveyed certain rights on the Minister for Finance including a fixed dividend of 8%, the appointment of 25% of directors and the right to subscribe for 25% of the ordinary stock of the enlarged equity of the Bank.

The recapitalisation was approved by the overwhelming majority of our stockholders at an Extraordinary General Court on 27 March, following a rigorous due diligence process carried out by the Government's advisers. The effect of this recapitalisation is to increase our core Tier 1 capital ratio at 31 March 2009 to 9.5% and our total capital ratio to 15.2%.

As part of this overall significant investment by the Irish taxpayer, the Government also announced a customer package aimed at supporting economic activity. Bank of Ireland is very happy to have announced a series of funding programmes in support of this initiative as the customer relationships we protect and grow in these difficult times will endure long into the future. The Government has also announced its intention to set up a National Asset Management Agency (NAMA) to address the issue of asset quality in the banking system. NAMA is to be established on a statutory basis, under the aegis of the National Treasury Management Agency and assets will be transferred from the banks to the new agency to support the strengthening of the balance sheets of the banks and to ensure that uncertainty over loan impairment is reduced. This will provide greater certainty to investors and help to provide greater access to liquidity so that Banks can support recovery in the wider economy.

Bank of Ireland has worked actively and positively with the Government during this extended period of difficulty for the financial sector and the economy. I thank all of those with whom we have engaged in this process and in particular the Minister for Finance and his officials.

Based on the continuing financial crisis and the economic outlook your directors decided not to propose the payment of a dividend on ordinary stock given the importance of preserving capital in the current climate. This was a difficult decision to make in light of its impact on stockholders but it is one that we believe is in the better long term interests of all stockholders.

In the changed economic circumstances facing Bank of Ireland, the Court has reviewed, and substantially reduced, remuneration for all senior executives and directors. These reductions are in compliance with the subscription agreement for the Government recapitalisation of Bank of Ireland. Total remuneration for senior executives has been reduced by at least 33% and no performance bonuses or salary increases will be granted in 2009 or 2010 for these executives. Non-executive directors' remuneration has been reduced by 25%.

There was a change in the leadership of the Bank during the year when, by mutual agreement, Brian Goggin stepped down as Group Chief Executive. The directors conducted a comprehensive external and internal search for a successor and came to the unanimous decision that Richie Boucher, CEO of the Bank's Irish retail division, was an outstanding candidate with the necessary qualities to lead the Bank through these very challenging times. Richie was appointed to the role of Group Chief Executive in February 2009 and I wish him well in his new role.

David Dilger, Senior Independent Director and George Magan, Deputy Governor, retire from the Court at the Annual General Court this year, each having completed two 3 year terms since joining the Court in 2003. I thank David and George for their valuable contributions over the years.

In January of this year, Tom Considine and Joe Walsh were appointed as non-executive directors under the terms of the Government Guarantee Scheme. I welcome them to the Court.

Over the past year the fundamentals of our business have been severely tested. In responding we have adjusted our strategies to focus on the business priorities to meet the challenges and to rebuild a sound business for the future. Critical to this task is the quality of our people. I am pleased to say that our employees are responding to the challenge with great commitment by supporting our customers through these very difficult times.



Richard Burrows

18 May 2009

Group Chief Executive's Review

Overview

Trading conditions for Bank of Ireland in our financial year ended 31 March 2009 were extremely difficult. The unprecedented turbulence in financial markets, in particular since September 2008, together with the impact of the economic recession across our main markets resulted in the deterioration of our financial performance and in our reporting a significant reduction in our overall profitability.

Performance overview

In the year ended 31 March 2009 we recorded a loss before tax of €7 million and earnings per share (EPS) of 5.9c. Excluding non-core items, underlying profit before tax is €332 million and underlying EPS is 30.2c representing a decline of 81% and 80% respectively over the prior year.

Irish Government Support

The Irish Government has played a significant role in stabilising the financial sector during this extended period of financial and economic disruption by providing support to systemically important institutions through a series of key initiatives. This has had the effect of reinforcing the stability of the Irish financial system, increasing confidence in the banking system, and facilitating the banks involved in lending to the economy.

- In September 2008, the Minister for Finance announced the Government Guarantee Scheme where the Government agreed to provide a guarantee until 29 September 2010 for deposits and certain liabilities of institutions covered by the Scheme. Bank of Ireland confirmed its participation in this Scheme on 27 October 2008. On 7 April 2009, the Government subsequently indicated its intention to extend this guarantee for certain issuance of debt securities with a maturity of up to 5 years.
- On 21 December 2008 the Minister for Finance announced decisions in relation to the recapitalisation of three major financial institutions including Bank of Ireland. On 11 February 2009 the Minister announced the detailed terms of the recapitalisation: an investment of €3.5 billion in Bank of Ireland in new 8% preference stock which qualify as core Tier 1 capital and warrants to subscribe for up to 25% of the ordinary stock. This investment was completed on 31 March 2009.
- On 7 April 2009, the Government announced its intention to establish a National Asset Management Agency (NAMA) to address the issue of asset quality in the banking system. As the principal uncertainties in relation to asset quality lie in banks' land and development loans, their proposal is to transfer these assets from the banks to the new NAMA. The objective being to strengthen the banks' capital position, reduce uncertainty over banks' balance sheets and improve liquidity.

Stabilisation - immediate management priority

Bank of Ireland has fundamentally sound businesses. Our objective during this period of disruption is to stabilise the Bank thus ensuring our recovery and securing our future. Our immediate priorities remain:

- to support our customers
- to strengthen our capital
- to continue to fund our balance sheet effectively
- to actively manage our credit risks, and
- to rigorously manage our costs.

Supporting our customers and rebuilding trust

Looking to the future Bank of Ireland is committed to supporting and rebuilding the trust of our customers and stockholders.

In Ireland, through the strength of our enduring core franchises – our leading distribution capability, the broadest product offering, and capable staff committed to delivering sales and service excellence - we will continue to support our customers. We recognise that our customers' needs are changing and we are responding to these changes. We have launched a number of specific initiatives: a mortgage fund for first time buyers and an investment and support fund to assist viable businesses at this time of greater economic and financial challenge. In addition, we have launched a series of environmental initiatives aimed at supporting green projects in Ireland. And finally, we have established a Financial Advice Centre to support both business and personal customers through this economic downturn. Through these initiatives and others we have experienced an increased level of customer activity in recent months.

Building on the strong position that Corporate Banking has established in Ireland we will remain committed to a number of specific niches in the UK and our selected international markets in the areas of project finance, mid market leveraged acquisition finance and comprehensive asset based lending (Burdale) where Bank of Ireland has developed clear capabilities and competitive strengths in originating and structuring deals.

In the UK, the scale of our distribution and strength of the Post Office brand provide clear competitive strength for continued growth in Post Office Financial Services where today we have over 2 million customers. In Business Banking UK we remain focused on a number of specific niches in leisure, healthcare and professional services. Our relationship banking approach enables us to meet a broad spectrum of customer requirements including deposit, treasury and lending requirements.

Going forward therefore, our strategic bias will remain in Ireland and in those businesses overseas where Bank of Ireland has clear competitive strengths and capabilities.

Strengthen our capital position

We have been and will continue to pursue options to strengthen our balance sheet. Of most significance has been the Government supported recapitalisation of the Group.

On 31 March 2009, the National Pensions Reserve Fund Commission completed the recapitalisation of Bank of Ireland through their investment of €3.5 billion in new preference stock and warrants to subscribe for up to 25% of the enlarged ordinary stock in the Group. This investment followed comprehensive due diligence, including stress testing across all lending portfolios by PricewaterhouseCoopers on their behalf. Our capital position has been significantly strengthened as a result. At 31 March 2009 our core Tier 1, Tier 1 and total capital ratios were 9.5% (€10 billion), 12.0% (€12.6 billion) and 15.2% (€16 billion) respectively.

Balance sheet deleveraging has been a further initiative employed to both strengthen our capital position and prioritise the allocation of more scarce funding resource. In January 2009 we announced our intention to withdraw from intermediary sourced mortgage business in the UK which will result, over time, in a significant reduction in the size of our UK mortgage book. In addition we commenced the process of winding down a number of our non-core international niche lending businesses - including film finance, shipping and European property.

Market conditions during the year have not been conducive to asset disposals given reduced asset values and pressure on funding. We will however remain open to disposal opportunities.

Fund our balance sheet effectively

We continue to fund our balance sheet effectively. We have prioritised the gathering of customer deposits, maintaining access to the wholesale funding markets and the strengthening of our contingent liquidity throughout the year. This is against a background of stressed conditions in global money markets, which were exacerbated by negative sentiment towards Ireland in January and February 2009 as a result of rating agency actions and the nationalisation of Anglo Irish Bank.

Notwithstanding this difficult backdrop we have maintained our level of customer deposits at 31 March 2009 in line with 31 March 2008 (constant currency). Our extensive distribution capability in both Ireland and the UK has resulted in good customer deposit growth with market share gains in both Retail Ireland and UK Post Office Financial Services. This performance has been offset somewhat by lower levels of credit balances in business accounts in Ireland as a result of reduced levels of economic activity. In addition, we experienced some withdrawal of institutional deposits due to a variety of factors.

In the year ended 31 March 2009 we raised €8.4 billion in term funding (wholesale funding with a maturity of greater than one year at time of issue), through both public and private placements. At 31 March 2009, 27% of our wholesale funding had a maturity of greater than one year.

Reflecting the nature of our lending book and technical skills we continued to generate eligible collateral from our balance sheet. Currently, Bank of Ireland has a contingent liquidity asset pool of €49 billion, which can be pledged to the European Central Bank (ECB), the Bank of England and the US Federal Reserve to borrow wholesale funding during periods of pressure in markets.

Actively manage our credit risks

We continue to actively manage our credit risk. We have redirected significant senior resources to the intensive management of our more challenged portfolios. Whilst remaining supportive of our customer base in these difficult times, we are also fully committed to maximising debt recovery.

In our Interim Management Statement we indicated an expected loan impairment charge in the region of €4.5 billion in the 3 year period to March 2011, indicating that if key economic indicators deteriorated there was downside risk to this estimate of up to an additional €1.5 billion. Given the change to consensus economic forecasts particularly in Ireland where circa 50% of the credit risk on our lending portfolio is based, we believe the more likely outcome of loan impairment for the overall Group is now circa €6 billion in the 3 year period to March 2011. Downside risk to this estimate arises in the event of even further deterioration in economic conditions or further prolonged low levels of activity in residential and commercial property markets.

We welcome the Irish Government's initiative to establish NAMA and are actively engaging with the National Treasury Management Agency (the agency charged with the management of NAMA) to explore how this initiative can be successfully implemented.

Rigorously manage our costs

Faced with a significant reduction in our income in the current year we have significantly reduced the levels of our overall costs. We have enforced rigorous control over all discretionary expenditure. Staff numbers are down as a result of a recruitment freeze, a policy of non-replacement of departing staff, and some redundancies resulting from the closure of our UK intermediary mortgage business, downsizing of our Business Banking UK activities and the winding down of some of our non-core international capital markets businesses. As at 31 March 2009, staff numbers are down 5% to 15,500. Staff variable compensation costs have been reduced significantly through the non-payment of bonuses.

Outlook

We face another difficult financial year in the 12 months to 31 March 2010. The pace of economic activity across our main markets has reduced and we expect lower levels of new business activity, higher impairment charges and further pressure on liability spreads. We will continue to focus on the factors that are most critical to ensuring the stability and recovery of the Group: engaging with our customers, strengthening our capital, effectively managing our funding, actively managing our asset quality and rigorously managing our costs.

Bank of Ireland has fundamentally sound businesses. Following the support of the Irish Government, we are confident that Bank of Ireland will emerge from this recession as a vibrant financial services company. Our goal is to be more efficient, to have more customers and to strengthen our position in the markets in which we operate. We will play our full role in the recovery and renewal of the economies in which we operate. And through this, over time, we will rebuild the value in the Bank of Ireland Group for our stockholders.



Richie Boucher
18 May 2009

Operating and Financial Review

Review of Group Performance

Bank of Ireland adopts an active approach to asset and liability management. Growth in assets is subject to the Group's ability to increase customer accounts, the availability of wholesale funding and the maintenance of prudent liquidity buffers.

Despite the unprecedented deterioration in global financial markets, the Group's focus on asset and liability management as well as its diversified funding structures and strategies have ensured that it has been able to manage its Balance Sheet effectively during the year ended 31 March 2009.

Deteriorating market environment

The collapse of Lehmans on 15 September 2008 was the watershed event that negatively impacted global market conditions during the year ended 31 March 2009. Post Lehmans, global funding and liquidity markets endured extreme dislocation as a result of heightened concerns regarding counterparty risk.

However, the introduction of the Irish Government Guarantee Scheme (guaranteeing deposits and certain liabilities of covered institutions) on 30 September 2008 and various initiatives launched by the European Central Bank (ECB), the Bank of England and the US Federal Reserve have eased some of these pressures. The Group welcomes these initiatives.

The nationalisation of Anglo Irish Bank on 15 January 2009 and rating agency actions negatively impacted sentiment towards Ireland early in 2009. These actions increased the challenges associated with maintaining an appropriate deposit and funding mix.

Against a recessionary backdrop in the Group's main markets and the continued dislocation in financial markets, the strengthening of the Group's capital position and underpinning its funding remain key priorities.

Group Balance Sheet	31 March 2009 €bn	31 March 2008 €bn	Change %
Loans and advances to customers	134	136	(1%)
Available for sale financial assets	27	29	(8%)
Other assets	33	32	2%
Total assets	194	197	(2%)
Customer accounts	83	86	(4%)
Wholesale funding	74	75	(1%)
Subordinated debt	8	8	2%
Other liabilities	22	21	5%
Stockholder's equity	7	7	6%
Total liabilities	194	197	(2%)

Risk Weighted Assets	31 March 2009 €bn	31 March 2008 €bn
Retail Republic of Ireland	33	35
Capital Markets	45	45
UK Financial Services (Stg£)	25	29
UK Financial Services (euro equivalent)	27	37
Group	105	117

Key Balance Sheet metrics

Wholesale funding / total assets (excluding Bol Life policyholder assets)	40%	41%
Loans and advances to customers / customer accounts	161%	157%
Term funding > 1 year and customer accounts / loans and advances to customers	77%	82%
Term funding > 1 year, subordinated debt and customer accounts / loans and advances to customers	83%	87%

The Group balance sheet decreased by 2% (4% increase on a constant currency basis) from €197 billion at 31 March 2008 to €194 billion at 31 March 2009. Risk weighted assets (RWA) as measured under Basel II reduced by 10% (6% on a constant currency basis) to €105 billion at 31 March 2009 compared to €117 billion at 31 March 2008.

Loans and advances to customers reduced by 1% (5% increase on a constant currency basis) to €134 billion at 31 March 2009. Growth was more significant in the first half of the financial year reflecting the momentum resulting from a strong pipeline developed in the second half of the prior financial year ended 31 March 2008. Balance sheet deleveraging, together with the impact of the significant slowdown in the level of economic activity, resulted in a marginal reduction in loans and advances to customers during the second half of the financial year to 31 March 2009. In January 2009, the Group announced its intention to cease mortgage lending through the intermediary channel in the UK and also to exit from some non-core Corporate Banking international lending niches. Loan demand in Ireland continued to slow throughout the year, in particular in consumer lending.

In spite of the significant market challenges outlined above, 83% of the Group's loan book at 31 March 2009 was funded through wholesale term funding with a maturity greater than one year, subordinated debt and customer accounts.

Loans and advances to customers (net of provisions)	31 March 2009 €bn	31 March 2008 €bn	Change %
Retail Republic of Ireland	54	54	-
Capital Markets	28	26	10%
UK Financial Services (Stg£)	48	45	7%
UK Financial Services (euro equivalent)	52	56	(8%)
Total loans and advances to customers	134	136	(1%)
Total loans and advances to customers (constant currency)	143	136	5%

Capital

In the year ended 31 March 2009 a range of initiatives were implemented which have increased the Group's capital and reduced risk weighted assets resulting in an improvement in each of the key capital ratios.

Of most significance has been the Government supported recapitalisation of the Group. On 31 March 2009, the National Pensions Reserve Fund Commission (NPRFC) completed the investment of €3.5 billion in new preference stock. This stock with a coupon of 8% is redeemable at par until the fifth anniversary of its issue and thereafter at 125% of par. The NPRFC also received warrants to subscribe for up to 25% of the enlarged ordinary stock of the Group.

The preference stock qualifies as core Tier 1 capital. The investment followed comprehensive due diligence by the NPRFC, including stress testing of the Group's lending portfolios.

In January 2009, the Group announced its intention to cease mortgage lending through the intermediary channel in the UK and also to exit from some non-core Corporate Banking international lending niches.

In August 2008 the Group issued Stg£450 million of lower Tier 2 capital and in December 2008 redeemed €600 million of lower Tier 2 capital.

On 13 November 2008 the Group announced its decision to cancel dividend payments on ordinary stock for 2008/09 and that it did not expect to resume paying dividends on ordinary stock until more favourable economic and financial conditions return. While the Group regrets the impact of this decision on its stockholders, the Group believes that it is the correct course of action and will benefit stockholders in the long term.

Throughout the year the Group continued to transition more portfolios from Standardised to Foundation Internal Ratings Based (FIRB) approach under the Basel II framework.

The core Tier 1 ratio has improved to 9.5% at 31 March 2009 from 5.7% at 31 March 2008. In addition the total capital ratio has improved to 15.2% at 31 March 2009 from 11.1% at 31 March 2008.

	31 March 2009 €bn	31 March 2008 €bn
Risk Weighted Assets and Capital Ratios		
Risk weighted assets	105	117
Equity Tier 1	6.5	6.6
Core Tier 1	10.0	6.6
Total Tier 1	12.6	9.4
Total capital	16.0	13.0
	% of RWA	% of RWA
Equity Tier 1	6.2%	5.6%
Core Tier 1	9.5%	5.7%
Total Tier 1	12.0%	8.1%
Total capital	15.2%	11.1%

Funding – Customer Accounts and Wholesale Funding

The Group funds its operations through a combination of customer accounts and wholesale funding sourced from the debt markets.

- Customer accounts comprise demand deposits, current accounts and term deposits. At 31 March 2009 customer accounts were €83 billion or 45% of the Group balance sheet (excluding Bol Life policyholder assets).
- Debt capital markets provide short term and longer term facilities in the form of either secured or unsecured funding. Total wholesale funding decreased 1% from €75 billion at 31 March 2008 to €74 billion at 31 March 2009 and represented 40% of the Group's balance sheet (excluding Bol Life policyholder assets) at that date.

As outlined above the funding environment has been subject to a number of significant shocks and volatility during the Group's financial year from 1 April 2008 through 31 March 2009.

Customer Accounts (deposits)

Against this backdrop the Group has prioritised deposit gathering. The Group continues to leverage the potential of its extensive retail distribution platform both in the Republic of Ireland through its 275 branches, and internationally through its joint venture with the UK Post Office, its Business and Corporate Banking relationship management teams and its network of treasury offices in Dublin, the UK and the US.

Customer accounts	31 March 2009 €bn	31 March 2008 €bn	Change %
Retail Republic of Ireland			
- deposits	23	21	
- current accounts	10	12	
Capital Markets	29	32	(10%)
UK Financial Services (Stg£)	19	17	15%
UK Financial Services (euro equivalent)	21	21	(2%)
Total customer accounts	83	86	(4%)
Total customer accounts (constant currency)	86	86	-

Wholesale Funding

The Group's wholesale funding programmes are diversified across geographies, investor types and maturities. In addition, Bank of Ireland has invested in recent years to build a strong technical capability to support contingent liquidity strategies which has allowed it to maximise funding from its balance sheet.

Wholesale funding as a percentage of Group total assets (excluding Bol Life policyholder assets) reduced to 40% (€74 billion) at 31 March 2009, compared to 41% (€75 billion) at 31 March 2008. At 31 March 2009, 27% of this wholesale funding had a term to maturity of greater than one year.

Wholesale funding	31 March 2009		31 March 2008	
	€bn	%	€bn	%
Deposits from banks	29	39%	14	19%
Senior Debt / Asset Covered Securities	25	34%	26	34%
Commercial Paper / Certificates of Deposit	14	18%	27	36%
Securitisations	6	9%	8	11%
Total wholesale funding	74	100%	75	100%

In the significantly challenged global financial markets the Group's diversified funding strategy has continued to provide support and strength to its balance sheet. Bank of Ireland raised €8.4 billion of term funding with a maturity greater than one year during the year ended 31 March 2009. The weighted average maturity of this term funding was 1.7 years and the weighted average cost was 3 month Euribor + 66 basis points.

The Group issued 2 public benchmark sized issues during the year ended 31 March 2009. In June 2008 a €1.25 billion senior unsecured 2 year FRN at a cost of 3 month Euribor + 105 basis points was issued and in November 2008 a €2 billion senior unsecured 21 month fixed rate transaction was issued under the Irish Government Guarantee scheme at a cost of mid-swaps + 65 basis points. The remaining transactions amounting to €5.15 billion were reverse enquiry private placement transactions across various funding programmes with a weighted average cost of 3 month Euribor + 42 basis points.

Bank of Ireland welcomes the Irish Government's announcement on 7 April 2009 that it intends to extend the date of the Government guarantee for certain issuance of debt securities with a maturity of up to 5 years.

The Group has developed significant pools of eligible collateral from its balance sheet which are capable of being pledged in the secondary market and through the normal market operations of the Monetary Authorities to provide access to secured funding. At 31 March 2009, the net drawings, primarily from Monetary Authorities, were €17 billion.

In summary, despite the unprecedented deterioration in the global funding and liquidity environment, the Group's diversified funding structures and strategies have ensured that it has been able to continue to fund effectively during the year ended 31 March 2009.

Loans and Advances to Customers

Group loans and advances to customers at 31 March 2009 were €133.7 billion (net of impairment provisions of €1.8 billion) compared to €135.7 billion (net of impairment provisions €0.6 billion) at 31 March 2008, a 1% decrease (5% increase on a constant currency basis).

Loans and Advances to Customers – book composition (pre impairment provisions)

	31 March 2009 €bn	31 March 2008 €bn
Residential mortgages	59	60
Non-property Small & Medium Enterprises (SME) and Corporate	37	33
Property and Construction:	34	36
- Investment	22	23
- Landbank & Development	12	13
Consumer – unsecured	6	7
Total loans and advances to customers	136	136

44% of the Group loan book comprises residential mortgages (31 March 2008: 44%).

27% of the Group loan book is non-property related lending to SMEs and larger corporates and is well diversified across industries and geographies (31 March 2008: 24%).

25% of the Group loan book comprises exposure to 'non-residential mortgage' property lending (31 March 2008: 27%). Of this, 65% or €21.8 billion is investment property lending with the remaining 35% or €12.2 billion being exposures to landbank and development lending (31 March 2008: 37%).

4% of the Group loan book relates to unsecured consumer lending including credit cards, overdrafts and motor loans (31 March 2008: 5%).

Loans and Advances to Customers – asset quality

The Group classifies loans as 'financial assets neither past due nor impaired', 'financial assets past due but not impaired' and 'impaired financial assets' in line with the requirements of IFRS 7. Loans and advances to customers within 'financial assets neither past due nor impaired' are assigned an internal credit grade by the Group based on an assessment of the credit quality of the borrower and these ratings are summarised below:

- High quality - loans and advances to highly rated obligors, strong corporate counterparties and consumer banking borrowers (including residential mortgages) with whom the Group has an excellent repayment experience;
- Satisfactory quality - good quality loans that are performing as expected, including loans and advances to small and medium sized enterprises, leveraged entities and more recently established businesses;
- Acceptable quality - customers with increased risk profiles that are subject to closer monitoring and scrutiny by lenders with the objective of managing risk and moving accounts to an improved rating category;
- Lower quality but not past due nor impaired - those loans that are neither in arrears nor expected to result in loss but where the Group requires a work down / work out of the relationship unless an early reduction in risk is achievable.

'Past due but not impaired loans' and 'impaired loans' are defined as follows:

- Past due but not impaired loans - loans where repayment of interest and / or principal are overdue by at least one day but for which the Group does not expect to incur a loss;
- Impaired loans - loans with a specific impairment provision attaching to them together with loans (excluding residential mortgages) which are more than 90 days in arrears.

Asset quality – loans and advances to customers (pre impairment provisions)	31 March 2009		31 March 2008	
	€m	%	€m	%
High quality	72,465	53.5%	77,952	57.2%
Satisfactory quality	37,087	27.3%	47,091	34.5%
Acceptable quality	12,556	9.3%	6,527	4.8%
Lower quality but not past due nor impaired	2,330	1.7%	683	0.5%
Neither past due nor impaired	124,438	91.8%	132,253	97.0%
Past due but not impaired	5,761	4.3%	3,019	2.2%
Impaired	5,322	3.9%	1,062	0.8%
Total loans and advances to customers	135,521	100.0%	136,334	100.0%

91.8% of loans and advances to customers at 31 March 2009 were classified as 'neither past due nor impaired' compared to 97.0% at 31 March 2008 – the movement is due primarily to the deterioration in the international and local economic environment, together with a lack of liquidity and a repricing of property assets.

The Group's 'challenged' risk loans were €15.7 billion at 31 March 2009 compared to €4.1 billion at 31 March 2008. These 'challenged' loans include 'impaired loans', together with elements of 'past due but not impaired loans', 'lower quality but not past due nor impaired', and loans at the lower end of 'acceptable quality' which are subject to increased credit scrutiny. The year on year change of €11.6 billion is due to an increase of €4.3 billion in 'impaired loans' with the balance attributable to the impact of general economic conditions on arrears and downward grade migration across the portfolio.

Impaired loans increased from €1,062 million at 31 March 2008 to €5,322 million at 31 March 2009, or from 78bps to 393bps of total loans. The increase in impaired loans reflects the rapid slowdown in the property and construction sectors both in Ireland and the UK together with a deterioration in general economic conditions and weaker consumer sentiment.

Impaired loans	31 March 2009		31 March 2008	
	€m	bps	€m	bps
Residential mortgages	229	39	15	2
Non-property SME and Corporate	1,187	320	506	151
Property and Construction	3,538	1,042	310	87
Consumer – unsecured	368	652	231	321
Total impaired loans	5,322	393	1,062	78

Total balance sheet provisions against loans and advances to customers were €1,781 million at 31 March 2009 compared to €596 million at 31 March 2008. Impairment provisions as a percentage of total loans were 131bps, the ratio being 24bps for the Group mortgage book and 214bps for non-mortgage lending.

Impairment provisions as a percentage of impaired loans (the coverage ratio) is 33% at 31 March 2009, which compares to 56% at 31 March 2008. This year on year reduction reflects a higher proportion of impaired collateralised loans at 31 March 2009 compared to 31 March 2008. These loans, due to their collateralised nature, require lower provisioning and impact the coverage ratio accordingly.

Balance sheet impairment provisions	31 March 2009	31 March 2008
Impairment provisions (€ millions)	1,781	596
Impaired loans as a % of total loans and advances to customers	393bps	78bps
Impairment provisions as a % of total loans and advances to customers	131bps	44bps
• <i>Impairment provisions (mortgages) as a % of mortgage loans</i>	24bps	3bps
• <i>Impairment provisions (non-mortgages) as a % of non-mortgage loans</i>	214bps	76bps
Impairment provisions as a % of impaired loans	33%	56%

The Group loan impairment charge for the year ended 31 March 2009 amounted to €1,435 million or 102bps when expressed as a percentage of average loans and advances to customers. The charge was 85bps higher than the charge for the year ended 31 March 2008. This higher charge reflects the impact of the rapid deterioration in general economic conditions, consequent downward loan grade migration and falling property values in both Ireland and the UK.

Group loan impairment charge	Year ended 31 March 2009		Year ended 31 March 2008	
	€m	bps	€m	bps
Specific impairment (net of provision write backs)	1,058	76	210	16
Incurred but not reported (IBNR)	385	27	30	2
Recoveries	(8)	(1)	(13)	(1)
Total loan impairment charge	1,435	102	227	17

The split of the Group impairment charge by portfolio is as follows:

Group loan impairment charge	Year ended 31 March 2009		Year ended 31 March 2008	
	€m	bps	€m	bps
Residential mortgages	127	20	5	1
Non-property SME and Corporate	344	94	83	25
Property and Construction	766	211	60	17
Consumer – unsecured	198	308	79	110
Total loan impairment charge	1,435	102	227	17

Divisional loan impairment charge	Year ended 31 March 2009		Year ended 31 March 2008	
	€m	bps	€m	bps
Retail Republic of Ireland	708	129	146	28
Capital Markets	305	108	48	19
UK Financial Services (Stg£)	372	78	23	6
UK Financial Services (euro equivalent)	422	73	33	6
Total loan impairment charge	1,435	102	227	17

In Retail Republic of Ireland, the impairment charge for the year ended 31 March 2009 was 129bps compared to 28bps for the year ended 31 March 2008. Of the year on year increase of €562 million in the impairment charge, 10% relates to residential mortgages, 12% relates to consumer lending with the balance of 78% relating primarily to the property and construction component of the business lending portfolio.

In Capital Markets, asset quality deteriorated with an impairment charge for the year ended 31 March 2009 of 108bps, up from 19bps for the year ended 31 March 2008. The key driver of the higher year on year charge is the deterioration in the property lending book which was not a feature of the prior year.

The impairment charge in UK Financial Services for the year ended 31 March 2009 has increased to 78bps from 6bps for the year ended 31 March 2008. The impairment charge relating to the mortgage portfolio for the year ended 31 March 2009 was 20bps compared to 1bp for the year ended 31 March 2008. The balance of the increased impairment charge arises primarily in the property development lending portfolio.

The Group's approach to management of balances in arrears and impaired loans is rigorous, with a focus on early intervention and active management of accounts. The Group has redeployed significant resources from loan origination into active management of existing loans which has further strengthened its management of past due and impaired loans and is a key risk mitigant for the Group. This heightened focus on credit risk management has also provided the Group with a detailed and up to date basis for assessing the adequacy of loan impairment provisions at 31 March 2009. The deterioration in general economic conditions, weaker consumer sentiment, reduced liquidity and declines in asset values in the property and construction sectors both in Ireland and the UK over the past year have impacted the increasing trend in impairment charges.

Available for Sale Financial Assets

At 31 March 2009, the Group's portfolio of available for sale (AFS) financial assets amounted to €26.9 billion (31 March 2008: €29.3 billion). The AFS portfolio is made up of a liquid asset portfolio of €25.2 billion and other assets of €1.7 billion (31 March 2008: €26.4 billion and €2.9 billion respectively).

The Group expects to retain its AFS assets until maturity and, under IFRS, they are marked to market through reserves. The International Accounting Standards Board (IASB) made certain amendments to IAS 39 and IFRS 7 in October 2008 allowing the reclassification of financial assets from AFS to 'loans and advances to customers', where they meet the definition of 'loans and advances to customers' at the date of reclassification. In particular, bonds which were originally AFS assets but are no longer considered to be traded in an active market would now meet the definition of 'loans and advances to customers' and could be reclassified. The Group has reclassified €419 million of AFS assets to 'loans and advances to customers' during the year ended 31 March 2009 as they are no longer considered to be traded in an active market.

The receivership of Washington Mutual and the nationalisation and subsequent receivership of a number of Icelandic banks resulted in impairment charges of €36 million and €25 million respectively and are reflected in the income statement for the year ended 31 March 2009.

The Group has no direct exposure to US subprime asset backed securities (ABS) and a €7 million (31 March 2008: €8 million) indirect exposure to this asset class through ABS CDOs.

Trading Securities

The Group holds a portfolio of bonds for trading purposes typically taking positions in sovereign, financial and corporate risk with ratings between investment grade AAA and BBB (average rating A). The value of the portfolio at 31 March 2009 was €125 million (31 March 2008: €119 million). In the year ended 31 March 2009 this portfolio recorded a profit of €1 million and this is included in the income statement.

Stockholders' Equity

	31 March 2009 €m	31 March 2008 €m
Stockholders' equity at beginning of period	6,484	6,724
Movements:		
Preference share capital and warrants (a)	3,462	-
(Loss) / profit retained for the period (after dividends)	(328)	1,074
Reissue of stock / treasury stock	(83)	194
Foreign exchange adjustments (b)	(528)	(712)
Available for sale (AFS) reserve movements (c)	(1,113)	(386)
Cash flow hedge reserve movement (d)	(540)	(247)
Pension fund obligations (e)	(544)	(209)
Other movements	42	46
Stockholders' equity at end of period	6,852	6,484

- (a) on 31 March 2009, the National Pensions Reserve Fund Commission (NPRFC) invested €3.5 billion in new preference stock (€3.462 billion net of costs) and warrants (to subscribe for up to 25% of the enlarged ordinary stock in the Bank of Ireland). This stock with a coupon of 8% is redeemable at par until the fifth anniversary of its issue and thereafter at 125% of par. The preference stock qualifies as core Tier 1 capital.
- (b) foreign exchange adjustments reflect the impact of any euro related movements on the translation of Sterling and US dollar denominated net investment in foreign subsidiaries.
- (c) the AFS reserve movement is driven by the net impact of interest rate changes and the widening of credit spreads on the value of the AFS book of €26.9 billion at 31 March 2009 (€29.3 billion at 31 March 2008). This reserve is expected to reverse as the underlying financial assets mature.
- (d) the cash flow hedge reserve movement reflects the impact of changes in interest rates on the mark to market of cash flow hedge accounted derivatives. Over time this balance will flow through the income statement in line with the underlying hedged instruments with no net income statement impact.
- (e) the movement in pension fund obligations is primarily as a result of changes in key assumptions including discount rate together with the impact of the weakness in global financial markets on the valuation of pension fund assets at the balance sheet reporting dates.

Group Income Statement

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
Net interest income	3,670	3,263	12%
Net other income	239	857	(72%)
Operating income (net of insurance claims)	3,909	4,120	(5%)
Operating expenses	(2,022)	(2,140)	(6%)
Operating profit before impairment charge	1,887	1,980	(5%)
Impairment charge on loans and advances to customers	(1,435)	(227)	
Impairment charge on available for sale financial assets	(76)	(5)	
Impairment charge on loans and advances to banks	(2)	-	
Share of (loss) / profit from associated undertakings and joint ventures (after tax)	(42)	46	
Underlying profit before tax *	332	1,794	(81%)
Non-core items	(339)	139	
Add:			
Investment return on treasury stock held for policyholders ¹	131	189	
Profit on disposal of business assets	-	33	
Deduct:			
Impairment of goodwill and other intangible assets	(304)	-	
Cost of restructuring programme	(83)	(17)	
Gross-up for policyholder tax in the Life business ²	(76)	(60)	
Hedge ineffectiveness on transition to IFRS	(7)	(6)	
(Loss) / profit before tax	(7)	1,933	-
Taxation	41	(229)	
Minority interest	35	(5)	
Dividends to other equity interests	(10)	(14)	
Profit attributable to ordinary stockholders	59	1,685	(97%)

¹ Under accounting rules, the Group income statement impact of Bank of Ireland stock held by BoI Life policyholders is excluded. The amount above reflects the impact of the stock price movement between 31 March 2008 and 31 March 2009. Units of stock held at 31 March 2009 were 10 million (31 March 2008: 19 million).

² IFRS requires that the income statement be grossed up based on total tax payable by BoI Life, comprising both policyholder and stockholder tax. The tax gross-up relating to policyholder tax is included in non-core items.

Cost / income ratio	52%	51%
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* Underlying profit before tax

Underlying profit before tax excludes non-core items which are those items that the Group believes are non-operating in nature and which, therefore, obscure the underlying trends inherent in the business.

The Group has treated the following items as non-core:

- Profit or loss on disposal of business assets
- Investment return on treasury stock held for policyholders
- Gross-up for policyholder tax in the Life business
- Hedge ineffectiveness on transition to IFRS
- Cost of restructuring programme
- Impairment of goodwill and other intangible assets arising from a systemic market event or where the Group is committed to exiting the relevant business

Operating income

Operating income is down 5% to €3,909 million for the year ended 31 March 2009 compared to €4,120 million for the year ended 31 March 2008.

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
Operating income			
Operating income	3,909	4,120	(5%)

Net interest income and 'other income' are affected by a number of IFRS income classifications. Under IFRS, certain assets and liabilities can be designated at fair value through profit or loss. Where assets or liabilities have been designated at fair value through profit or loss, the total fair value movements on these items, including net interest income, are reported in 'net other income'. However, the costs of funding the assets and the interest income on investment of the liabilities are reported in 'net interest income'. In addition, debt is raised in a variety of currencies and the resulting foreign exchange and interest rate risk is managed using derivative instruments - the cost of which is reported in 'other income'.

To enable a better understanding of underlying business trends, the impact of these IFRS income classifications is shown in the tables below.

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
Net interest income / Net interest margin			
Net interest income	3,670	3,263	12%
IFRS income classifications	(578)	(346)	
Net interest income after IFRS income classifications	3,092	2,917	6%
Average interest earning assets (€ billion)	177	175	1%
Net interest margin	1.74%	1.66%	8bps

The Group net interest margin increased by 8bps to 1.74% for the year ended 31 March 2009. The key drivers of margin growth were:

- Improved product pricing contributed 8bps, particularly in Corporate Banking and the UK mortgage business which are repricing for risk and cost of funds
- balance sheet structure where average deposit growth exceeded average lending growth, and improved asset mix which increased margins by 6bps
- improved treasury margin due to the sharp decline in interest rates contributed 5bps

Offset by

- increased competition for deposits together with the impact of narrowing margins due to falling interest rates reduced the net interest margin by 7bps
- higher funding costs arising from market dislocation which was only a feature of the second half of the prior year, decreased margins by 4bps.

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
Net other income			
Net other income	239	857	(72%)
IFRS income classifications	578	346	
Net other income after IFRS income classifications	817	1,203	(32%)

'Net other income' decreased by 32% in the year ended 31 March 2009 compared to the year ended 31 March 2008.

The drivers of this reduction include lower fees in the Business and Corporate Banking businesses, impairment of investment properties and related activities (€46 million), lower management and performance fees in the asset management businesses, a significant negative investment valuation variance of €117 million in Bank of Ireland Life due to weaker global equity markets (31 March 2008: €50 million) and the cost to unwind customer risk positions following the Lehmans collapse in mid September 2008 (€39 million). The cost of the Government Guarantee in the year ended 31 March 2009 was €66 million and is charged to 'net other income'. These charges are partly offset by a gain of €64 million on the widening of credit spreads relating to the Group's issued notes designated at fair value through profit or loss.

Operating Expenses

Cost reduction is another key priority of the Group in the light of slowing levels of economic activity in our core markets.

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
Operating expenses			
Staff costs	1,140	1,234	(8%)
Other administrative expenses	704	769	(8%)
Depreciation	178	137	30%
Total operating expenses	2,022	2,140	(6%)

Group operating expenses decreased by 6% in the year ended 31 March 2009 as a result of strong cost management across all cost categories.

The Group has tightly managed its headcount during the year. Staff numbers (full time equivalents) were 5% lower at 31 March 2009 at 15,487 compared with 31 March 2008. Variable compensation across the Group has been reduced significantly such that, notwithstanding higher pension costs, staff costs overall are down by 8% when compared with the prior year.

Other administrative expenses were reduced by 8%. This reflects the continuing tight control of discretionary spend. Depreciation includes a one off charge of €38 million in relation to accelerated depreciation on software assets as a result of technology consolidation.

The Group has made progress in aligning its structure and cost base to an environment of lower levels of new business and activity. A number of downsizing initiatives have commenced and the associated costs, which amount to €83 million, have been recognised as a non-core item in the year ended 31 March 2009. These initiatives include the cessation of mortgage lending through the intermediary channel in the UK and downsizing of some activities within Capital Markets and in the UK business banking operations.

Impairment charge - loans and advances to customers (see page 12)

Impairment charge - available for sale assets (see page 15)

Share of (loss) / profit from associated undertakings and joint ventures (after tax)

The Group's share of profit after tax from associated undertakings and joint ventures reduced from a profit of €46 million for the year ended 31 March 2008 to a loss of €42 million for the year ended 31 March 2009.

The Group's share of First Rate Exchange Services (FRES), a joint venture with the UK Post Office, generated profit after tax of £31 million (€39 million) in the year ended 31 March 2009 down from £34 million (€47 million) in the year ended 31 March 2008, as a result of the poor economic environment and weaker Sterling impacting travel abroad from within the UK.

The Group has recorded a charge of €11 million in the year ended 31 March 2009 arising from a review of the goodwill and other intangible assets in Paul Capital Investments, LLC, a US private equity specialist in which the Group has an investment.

The Group has some venture capital investments. These investments reduced in value by €7 million in the year ended 31 March 2009, which is reflected in the income statement.

The Group has a stake in a property unit trust that holds an investment in a UK retail property. This interest, initially acquired by the Group to sell on to private investors, remains on the Group's balance sheet. The decline in the property market has led to a fall in the value of this interest, which is reflected in the income statement for the year ended 31 March 2009. The net impact on the profit attributable to stockholders from this transaction is a loss of €20 million which is reflected in the following lines in the income statement:

	Year ended 31 March 2009 €m
Share of loss from associated undertakings and joint ventures	(63)
Taxation	4
Attributable to minority interests	39
Net impact on profit attributable to ordinary stockholders	(20)

Non-core items

A €304 million goodwill impairment charge and Group restructuring costs of €83 million have been reflected in the income statement for the year ended 31 March 2009 and are treated as non-core. These are in addition to the usual non-core items of investment return on treasury stock held for policyholders, gross-up for policyholder tax in the life business and hedge ineffectiveness on transition to IFRS.

Impairment of goodwill and other intangible assets – €304 million

The Group has carried out an impairment review of all goodwill and other intangible assets on the Group balance sheet at 31 March 2009. The carrying value of the US based asset management businesses, Guggenheim and Iridian, have been severely impacted by the downturn in the global asset management sector, falling assets under management and client redemptions. Consequently a decision was made to write down the carrying value of the businesses to their recoverable amounts, which is fair value less costs to sell. As a result the Group has recorded an impairment charge of €304 million in the year ended 31 March 2009. This impairment has no cash impact nor does it impact the Group's capital ratios. The Group is currently reviewing its strategic options relating to these businesses.

Cost of restructuring initiatives – €83 million

The Group is in the process of aligning its structure and cost base to an environment of lower levels of new business and activity. The Group has commenced a number of downsizing initiatives, with an associated cost of €83 million. These initiatives include the cessation of mortgage lending through the intermediary channel in the UK and downsizing of some activities within Capital Markets and in the UK business banking operations.

Taxation

The taxation credit for the Group was €41 million for year ended 31 March 2009 compared to a taxation charge of €229 million in the year ended 31 March 2008. The tax credit arises primarily due to a reduction in earnings across the Group and the life policyholder tax gross-up. Excluding the impact of non-core items, the effective tax rate for the year ended 31 March 2009 was 17% (16% for the year ended 31 March 2008).

Minority interests

The Group and other external investors have a joint venture investment in a UK retail property which has fallen in value in line with the decline in the property market. This investment is fully consolidated into the Group's financial statements at 31 March 2009 and the loss attributable to minority interests relates primarily to the external investors' share of the fall in value of this investment – see Share of (loss) / profit from associated undertakings and joint ventures on page 19.

Dividend

On 13 November 2008, the Group announced its decision to cancel dividend payments on ordinary stock for 2008/09 and that it did not expect to resume paying dividends on ordinary stock until more favourable economic and financial conditions return. While the Group regrets the impact of this decision on its stockholders, the Group believes that it is the correct course of action and will benefit stockholders in the long term.

Return on Equity

Return on equity, excluding the impact of non-core items (set out on page 17) was 5% for the year ended 31 March 2009 compared to 21% for the year ended 31 March 2008.

Review of Divisional Performance

Divisional Profit before tax	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
Retail Republic of Ireland	20	716	(97%)
Bank of Ireland Life	(31)	108	(129%)
Capital Markets	474	651	(27%)
UK Financial Services (Stg£)	10	330	(97%)
UK Financial Services (euro equivalent)	35	463	(92%)
Group Centre	(166)	(144)	15%
Underlying profit before tax*	332	1,794	(81%)
Non-core items	(339)	139	
(Loss) / profit before tax	(7)	1,933	-

* Underlying performance excludes the impact of non-core items (see page 17)

The following divisional commentaries relate to performance on an underlying basis.

Retail Republic of Ireland

Retail Republic of Ireland incorporates the Branch Network, Mortgage, Consumer Banking, Business Banking and Private Banking activities in the Republic of Ireland. Together with Bank of Ireland Life, it is the leading bancassurance franchise in Ireland built on a broad distribution platform, a comprehensive suite of retail and business products and services, a commitment to service excellence and strong operating efficiency.

The year ended 31 March 2009 was particularly challenging for the Retail businesses which were adversely impacted by the rapid and severe contraction in the Irish economy, the downturn in residential and commercial property markets, the effect of stock market weakness on the sale of investment products and the continued dislocation in financial markets.

Retail Republic of Ireland delivered profit before tax of €20 million in the year ended 31 March 2009, compared with €716 million in the year ended 31 March 2008. Operating profit before impairment charge of €798 million in the year ended 31 March 2009 is 8% lower than the year ended 31 March 2008. Operating income was 6% lower and operating expenses were down by 5%.

Retail Republic of Ireland: Income Statement	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %	After impact of IFRS classifications %
Net interest income	1,452	1,429		(1%)
Net other income	277	417		(24%)
Operating income	1,729	1,846	(6%)	(6%)
Operating expenses	(931)	(983)	(5%)	(5%)
Operating profit before impairment charge	798	863	(8%)	(8%)
Impairment charge on loans and advances	(708)	(146)	-	-
Share of associated undertakings and joint ventures	(70)	(1)	-	-
Profit before tax	20	716	(97%)	(97%)
Cost / income ratio	56%	53%		

	31 March 2009 €bn	31 March 2008 €bn	Change %
Loans and advances to customers (net of provisions)	54	54	-
Customer accounts (deposits and current account balances)	33	33	1%

The year on year change in net interest income and 'net other income' is impacted by IFRS income classifications between the two income categories. After the impact of both of these IFRS income classifications, net interest income decreased by 1% and 'net other income' decreased by 24%.

Net interest income decreased by 1% primarily reflecting a reduction in net interest margin. Higher funding costs associated with market dislocation, tighter liability spreads due to competition and balance sheet mix contributed to net interest margin attrition in the year ended 31 March 2009 compared to the prior year.

In line with overall market trends, book growth of 5% in mortgages, 1% in business lending and a reduction of 7% in consumer lending resulted in the loan book at 31 March 2009 remaining unchanged compared to 31 March 2008. Deposit growth of 1% was achieved through competitive products, brand strength and distribution capability.

Net other income was lower by 24% in the year ended 31 March 2009 compared to the prior year. This reduction primarily results from lower general insurance sales and higher claims costs, together with the impairment of investment properties and lower sales and commissions.

A strong cost performance was achieved with operating expenses reduced by 5% in the year ended 31 March 2009 compared to the prior year. Staff numbers were reduced significantly (down 6%) and all cost categories were managed very tightly through the year.

Reflecting the sharply disimproved economic environment, rising unemployment and severe weakness in the property and construction sector, the impairment charge for the year ended 31 March 2009 was €708 million or 129bps compared with €146 million or 28bps in the year ended 31 March 2008. Of the year on year increase of €562 million in the impairment charge, 10% relates to residential mortgages, 12% relates to consumer lending with the balance of 78% largely relating to the property and construction component of the business lending portfolio. The impairment charge on the mortgage portfolio was 23bps for the year ended 31 March 2009 compared with 1bp in the year ended 31 March 2008 and this increase largely reflects the impact of higher levels of unemployment and lower property prices. At 31 March 2009, 3 month arrears in the mortgage portfolio were 192bps at 31 March 2009 compared to 70bps at 31 March 2008. The impairment charge on consumer lending was 416bps for the year ended 31 March 2009 compared to 195bps in the prior year. Loan impairment on other lending, primarily property and construction was 210bps for the year ended 31 March 2009 compared to 33bps for the year ended 31 March 2008.

Share of associated undertakings and joint ventures substantially represents the Group's stake in a property unit trust which holds an investment in a UK retail property. This is dealt with in more detail in the section "Share of associated undertakings and joint ventures" (see page 19).

Bank of Ireland Life

Operating profit of €102 million for the year ended 31 March 2009 is 38% lower than the prior year. Annual Premium Equivalent (APE) sales were 44% lower compared to the prior year. Lower volumes of new business, notably of lump sum investments, lower funds under management due to weakness in investment markets, and higher policy lapses as investors are increasingly diverting their portfolios from equities to cash, have led to a 23% fall in operating income. Bank of Ireland Life has maintained a tight focus on cost management with operating expenses down 1% year on year.

Loss before tax was further impacted by a negative investment valuation variance of €117 million arising from the weakness in global equity markets, compared to a €50 million charge for the year ended 31 March 2008.

Consistent with long term bond yields, the discount rate applied to future cashflows was increased from 8.0% to 9.0% resulting in a cost of €16 million in the year ended 31 March 2009 (the prior year reflects the impact of an increase in the discount rate to 8.0% from 7.5% - the impact of which was partially offset by an increase of 0.75% to 6.25% in the future growth rate assumption on unit linked assets, resulting in a net cost of €6 million).

Bank of Ireland Life: Income Statement (IFRS performance)	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
Operating income	210	274	(23%)
Operating expenses	(108)	(110)	(1%)
Operating profit	102	164	(38%)
Investment valuation variance	(117)	(50)	-
Discount and other rate changes	(16)	(6)	-
(Loss) / profit before tax	(31)	108	(129%)
Cost / income ratio	51%	40%	

Embedded Value Performance

The alternative method of presenting the performance of the Life business is on an Embedded Value basis. This method is widely used in the life assurance industry.

Under this approach, Bank of Ireland Life shows operating profit of €48 million for the year ended 31 March 2009 (31 March 2008: €193 million). New business profits were €36 million for the year ended 31 March 2009 compared to €113 million in the prior year reflecting lower sales on the back of the significant weakness and volatility of global equity markets. Existing business profits were €26 million for the year ended 31 March 2009 compared to €112 million in the prior year, primarily due to deteriorating product persistency experience and an expectation of higher future lapse rates.

Loss before tax for the year ended 31 March 2009 of €179 million compares to a profit before tax of €55 million in the year ended 31 March 2008, driven by a higher negative investment variance. Under the Embedded Value methodology, the discount rate applied to future cashflows was increased from 8% to 9%, while the future growth rate assumption on unit linked assets increased by 1% to 7.25%, resulting in a net cost of €17 million in the year ended 31 March 2009.

Bank of Ireland Life: Income Statement (Embedded Value performance)	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
New business profits	36	113	(68%)
Existing business profits	26	112	(77%)
- Expected return - Experience variance - Assumption changes	82 (41) (15)	98 11 3	
Inter company payments	(14)	(32)	
Operating profit	48	193	(75%)
Investment valuation variance	(210)	(137)	53%
Discount and other rate changes	(17)	(1)	-
(Loss) / profit before tax	(179)	55	-

The key assumptions used in the Embedded Value methodology are a discount rate of 9% (31 March 2008: 8%), future growth rate on unit linked assets of 7.25% (31 March 2008: 6.25%) and the rate of the tax to be levied on shareholder profits of 12.5% (31 March 2008: 12.5%). Actuarial assumptions are also required in relation to mortality, morbidity and persistence rates and these have been derived from the company's experience.

Capital Markets

Capital Markets Division comprises Corporate Banking, Global Markets, Asset Management Services and IBI Corporate Finance.

Capital Markets: Income statement	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %	After impact of IFRS classifications %
Net interest income	1,482	1,030		34%
Net other income	(237)	90		(29%)
Operating income	1,245	1,120	11%	11%
Operating expenses	(377)	(416)	(10%)	(10%)
Operating profit before impairment charge	868	704	23%	23%
Impairment charge on loans and advances to customers	(305)	(48)	-	-
Impairment charge on AFS financial assets	(76)	(5)	-	-
Impairment charge on loans and advances to banks	(2)	-	-	-
Share of associated undertakings and joint ventures	(11)	-	-	-
Profit before tax	474	651	(27%)	(27%)
Cost / income ratio	31%	37%		

	31 March 2009 €bn	31 March 2008 €bn	Change %
Loans and advances to customers (net of provisions)	28	26	10%
Customer accounts	29	32	(10%)

Capital Markets' profit before tax of €474 million for the year ended 31 March 2009 is 27% lower than the comparable prior period while operating profit before impairment charge was 23% higher at €868 million.

The year on year change in net interest income and 'net other income' is impacted by IFRS income classifications between the two income categories. After the impact of both of these IFRS income classifications, net interest income increased by 34% and 'net other income' reduced by 29%.

Operating income at €1,245 million for the year ended 31 March 2009 is 11% higher than the prior year due to strong net interest income growth in Corporate Banking coupled with a strong performance in Global Markets. This growth is partly offset by lower other income particularly in the Asset Management Services business. The focus on cost management resulted in costs of €377 million in the year ended 31 March 2009 which were 10% lower than the comparable prior period, mainly driven by a scale back in operations in asset management activities, tighter discretionary spend and lower variable compensation. The divisional cost / income ratio is 31% compared to 37% for the prior period.

Lending growth of 10% for the year ended 31 March 2009 reflects strong volume growth in the 6 months to 30 September 2008 whilst volumes at 31 March 2009 are broadly in line with the 30 September 2008 level. The first 6 months volume growth resulted from the very strong pipeline developed in the second half of the prior financial year. Slowdown in new lending activity in the 6 months to 31 March 2009 reflects a selective approach to new business lending together with the impact of slower economic growth.

Through the Group's treasury offices in Dublin, London, Belfast and Bristol together with branches in Paris, Frankfurt and the US a significant pool of high quality corporate and institutional deposits is accessed, many arising from the Group's broader lending and treasury management relationships. Notwithstanding this distribution capability, deposits were down 10% year on year. Following the introduction of the Irish Government Guarantee, higher than usual deposit flows were experienced in the quarter to 31 December 2008. These inflows were unwound in January and February 2009 as a result of negative sentiment towards Ireland following rating agency actions and the nationalisation of Anglo Irish Bank.

Asset quality deteriorated with an impairment charge on loans and advances to customers for the year ended 31 March 2009 of €305 million (108bps) up from €48 million (19bps) for the year ended 31 March 2008. Of the increased impairment charge over the prior period, over 60% relates to some specific provisions together with downward loan grade migration in the property lending portfolio.

In addition, within the AFS financial assets portfolio, an impairment charge of €76 million was incurred in the year ended 31 March 2009 including €36 million on the receivership of Washington Mutual and €25 million on the nationalisation and subsequent receivership of some Icelandic banks.

Capital Markets: Business Unit Profit Before Tax	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m	Change %
Corporate Banking	247	375	(34%)
Global Markets	246	221	11%
Asset Management Services	(14)	66	(121%)
Division Centre	(5)	(11)	(55%)
Profit before tax	474	651	(27%)

Corporate Banking delivered €567 million in operating profit before impairment charge in the year ended 31 March 2009, compared to €428 million in the prior year. This is driven by strong interest income growth of 30% reflecting volume growth and higher margins. Costs have been tightly controlled and are 7% lower year on year, due to lower variable compensation and lower discretionary spend.

Corporate Banking's profit before tax is €247 million for the year ended 31 March 2009 compared to €375 million in the prior year. The impairment charge on loans and advances to customers, year on year, has increased from €48 million to €305 million in the year ended 31 March 2009 reflecting the current challenging economic conditions relative to the benign credit experience of the prior year. Over 60% of the increase relates to property, with the balance spread across the remaining portfolios.

Global Markets, which delivers a comprehensive range of risk management products to the Group and its customer base, delivered operating profits before impairment charges of €309 million in the year ended 31 March 2009, which represents a 40% increase on the prior year. This increase in profit was driven by growth in third party customer business, together with good positioning in a falling interest rate environment. Profit before tax after impairments of €246 million in the year ended 31 March 2009 compares to €221 million in the prior year. The impairment charge of €63 million primarily relates to Washington Mutual (€36 million) and Icelandic banks (€25 million).

Asset Management Services reported a loss before tax of €14 million in the year ended 31 March 2009 compared to a profit of €66 million in the comparable prior period. Lower income was due to reduced assets under management caused by weakness in global investment markets and some client redemptions, losses of €32 million associated with the collapse of Lehmans in September 2008, together with an €11 million charge arising from a review of the goodwill and other intangible assets in Paul Capital Investments, LLC.

Division Centre includes central management costs and IBI Corporate Finance.

UK Financial Services (Sterling)

UK Financial Services (UKFS) Division incorporates Business Banking in Great Britain and Northern Ireland, a branch network in Northern Ireland, a UK residential mortgage business and joint ventures with the UK Post Office.

Operating profit before impairment charge grew by 10% to £351 million in the year ended 31 March 2009 due primarily to strong net interest income growth as a result of higher volumes and improved margins partly offset by higher funding costs and tighter liability spreads.

The impairment charge in the year ended 31 March 2009 was £372 million compared to £23 million in the prior year. As a result of these higher loan losses, profit before tax is 97% lower in the year ended 31 March 2009 compared to the prior period.

	Year ended 31 March 2009	Year ended 31 March 2008 Restated *	Change %
UK Financial Services: Income Statement	£m	£m	
Net interest income	627	579	8%
Net other income	115	119	(3%)
Operating income	742	698	6%
Operating expenses	(391)	(379)	3%
Operating profit before impairment charge	351	319	10%
Impairment charge on loans and advances	(372)	(23)	-
Share of associated undertakings and joint ventures	31	34	(8%)
Profit before tax	10	330	(97%)
Profit before tax (euro equivalent)	35	463	(92%)

* Divisional PBT performance of UK Financial Services (UKFS) and Group Centre are restated to reflect the corporate restructuring of Bristol & West plc undertaken to obtain the optimum capital and funding treatment for the Group under Basel II. For the year ended 31 March 2008, this restatement reduces the UKFS PBT to £330 million from £353 million and it reduces Group Centre's loss by an equivalent amount.

Cost / income ratio	51%	52%
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	31 March 2009 £bn	31 March 2008 £bn	Change %
Loans and advances to customers (net of provisions)	48	45	7%
Customer accounts	19	17	15%

Total operating income grew by 6% to £742 million in the year ended 31 March 2009. Net interest income grew by 8% due to improved pricing and volume growth in the lending businesses partly offset by the higher funding costs caused by the continuing market dislocation and the margin attrition suffered on deposits due to falling interest rates and severe competition.

Loans and advances to customers (net of impairment provisions) increased by 7% from £45 billion at 31 March 2008 to £48 billion at 31 March 2009. Residential mortgages and business loans grew by 7% and 8% respectively and this largely reflects the momentum resulting from the very strong pipeline developed in the second half of the prior financial year ended 31 March 2008 and carried into the first half of the current financial year ended 31 March 2009. Lending balances were held flat in the 6 months to 31 March 2009 and are expected to reduce going forward following the decision to close the intermediary mortgage channel in the UK, as announced in January 2009.

Customer accounts grew by 15% from £17 billion to £19 billion driven by strong growth in deposits from the UK Post Office network. Business Banking deposits declined over the final few months of the financial year ended 31 March 2009, as depositor sentiment towards Irish financials was negatively impacted by credit rating agency actions and the nationalisation of Anglo Irish Bank.

Operating expenses increased by 3% to £391 million for the year ended 31 March 2009 driven by costs associated with deposit gathering initiatives.

The impairment charge increased to £372 million (78bps) in the year ended 31 March 2009 from £23 million (6bps) in the year ended 31 March 2008. The increased impairment charge arises primarily in the landbank and property development component of the business banking portfolio.

	Year ended 31 March 2009	Year ended 31 March 2008 Restated *	Change %
UKFS: Business Unit Profit Before Tax	£m	£m	
Business Banking	(81)	181	(145%)
Mortgage business	92	132	(30%)
Consumer Financial Services	48	46	4%
Division Centre	(49)	(29)	69%
Profit before tax	10	330	(97%)

Business Banking loss before tax of £81 million in the year ended 31 March 2009 compares to a profit before tax of £181 million in the prior period. Operating profit before impairment charges grew by 6% driven by strong cost management in the period. However higher loan impairment losses of £292 million in the year ended 31 March 2009, compare to £18 million in the prior year, reflecting falls in property values and limited availability of liquidity due to both the recession and deleveraging by many banks. These factors have been particularly severe in the landbank and residential development sectors of the portfolio which account for 84% of the total impairment charge.

The Mortgage business profit before tax of £92 million in the year ended 31 March 2009 compares to £132 million in the prior period. Operating profit before impairment charges of £157 million in the Mortgage business in the year ended 31 March 2009, compares to £137 million in the year ended 31 March 2008. This increase in operating profit is driven by higher loan volumes and improved product margins outweighing the impact of higher funding costs and lower redemption income.

Mortgage impairment charges increased from £2 million (1bp) in the year ended 31 March 2008 to £58 million (20bps) in the year ended 31 March 2009 driven by the economic downturn which has led to higher arrears and repossessions, and material house price deflation. While arrears have risen sharply during the year from a low base, the mortgage portfolio continues to significantly outperform industry averages. At 31 March 2009, total mortgage portfolio 3 month arrears were 148bps (31 March 2008: 63bps), which compare favourably to data released by the Council of Mortgage Lenders (CML) on 15 May 2009, which indicated total mortgage portfolio 3 month arrears of 239bps for the overall market. 3 month arrears across standard mortgages were 80bps (31 March 2008: 49bps). 3 month arrears in relation to buy to let (BTL) mortgages were 173bps (31 March 2008: 57bps), which compares to CML buy to let data of 309bps. 3 month arrears in relation to self certified mortgages were 366bps (March 2008: 139bps). The impairment charge on other consumer lending was £21 million in the year ended 31 March 2009.

Consumer Financial Services which is comprised of a number of business activities with the UK Post Office (largely Post Office Financial Services (POFS), First Rate Exchange Services (FRES) and ATMs) together with some smaller retail businesses, delivered a profit of £48 million for the year ended 31 March 2009, compared to a profit of £46 million for the year ended 31 March 2008. POFS now has in excess of 2 million customers and delivered deposit growth of 136% year on year. FRES, the foreign exchange joint venture, had a more challenging year with the travel market reflecting the effect of the recession and sterling weakness impacting foreign travel.

Division Centre's loss increased by £20 million to £49 million in the year ended 31 March 2009 due mainly to significant investment in deposit gathering together with increased property costs including a fair value loss on owned premises.

Group Centre

Group Centre, which comprises capital management activities, unallocated support costs and the cost of the Government guarantee, reported a loss before tax of €166 million in the year ended 31 March 2009, compared to €144 million* in the year ended 31 March 2008. The key drivers behind the higher loss before tax were costs related to the Government guarantee (€66 million), higher funding costs and accelerated software depreciation partly offset by the gain associated with the impact of the widening credit spread on the element of the Bank's own issued debt which is carried at fair value on the balance sheet.

** Divisional PBT performance of UK Financial Services (UKFS) and Group Centre are restated to reflect the corporate restructuring of Bristol & West plc undertaken to obtain the optimum capital and funding treatment for the Group under Basel II. For the year ended 31 March 2008, this restatement reduces the UKFS PBT to £330 million from £353 million and it reduces Group Centre's loss to €144 million from €176 million.*

Income Statement – Business Segments

	Net interest income	Insurance premium income	Other income	Total operating income	Insurance claims	Total income, net of insurance claims	Operating expenses	Impairment of goodwill and other intangible assets	Impairment charges	Share of (loss) / profit of associates and joint ventures (after tax)	Loss before taxation
Year ended 31 March 2009	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Retail Republic of Ireland	1,452	-	275	1,727	2	1,729	(931)	-	(708)	(70)	20
Bank of Ireland Life	(7)	1,049	(1,525)	(483)	560	77	(108)	-	-	-	(31)
Capital Markets	1,482	-	(237)	1,245	-	1,245	(377)	-	(383)	(11)	474
UK Financial Services	751	-	139	890	-	890	(472)	-	(422)	39	35
Group Centre	(8)	20	(19)	(7)	(25)	(32)	(134)	-	-	-	(166)
Group - underlying *	3,670	1,069	(1,367)	3,372	537	3,909	(2,022)	-	(1,513)	(42)	332
Gross-up for policyholder tax in the Life business	-	-	(76)	(76)	-	(76)	-	-	-	-	(76)
Investment return on treasury stock held for policyholders	-	-	131	131	-	131	-	-	-	-	131
Impairment of goodwill and other intangible assets	-	-	-	-	-	-	-	(304)	-	-	(304)
Hedge ineffectiveness on transition to IFRS	-	-	(7)	(7)	-	(7)	-	-	-	-	(7)
Cost of restructuring programme	-	-	-	-	-	-	(83)	-	-	-	(83)
Group total	3,670	1,069	(1,319)	3,420	537	3,957	(2,105)	(304)	(1,513)	(42)	(7)

The reconciliation shows the Group and Divisional underlying income statements with a reconciliation of the impact of the non-core items in arriving at the Group total income statement.

* Underlying performance excludes the impact of non-core items (see page 17)

Income Statement – Business Segments

Year ended 31 March 2008 (Restated **)	Net interest income €m	Insurance net premium income €m	Other income €m	Total operating income €m	Insurance claims €m	Total income, net of insurance claims €m	Operating expenses €m	Impairment losses €m	Share of income from associates and joint ventures (after tax) €m	Profit on disposal of property €m	Profit before taxation €m
Retail Republic of Ireland	1,429	-	417	1,846	-	1,846	(983)	(146)	(1)	-	716
Bank of Ireland Life	(7)	1,900	(899)	994	(776)	218	(110)	-	-	-	108
Capital Markets	1,030	-	89	1,119	-	1,119	(416)	(53)	-	1	651
UK Financial Services	846	-	131	977	-	977	(533)	(33)	47	5	463
Group Centre	(35)	40	(29)	(24)	(22)	(46)	(98)	-	-	-	(144)
Group - underlying *	3,263	1,940	(291)	4,912	(798)	4,114	(2,140)	(232)	46	6	1,794
Profit on disposal of business assets	-	-	-	-	-	-	-	-	-	33	33
Gross-up for policyholder tax in the Life business	-	-	(60)	(60)	-	(60)	-	-	-	-	(60)
Investment return on treasury stock held for policyholders	-	-	189	189	-	189	-	-	-	-	189
Hedge ineffectiveness on transition to IFRS	-	-	(6)	(6)	-	(6)	-	-	-	-	(6)
Cost of restructuring programme	-	-	-	-	-	-	(17)	-	-	-	(17)
Group total	3,263	1,940	(168)	5,035	(798)	4,237	(2,157)	(232)	46	39	1,933

The reconciliation shows the Group and Divisional underlying income statements with a reconciliation of the impact of the non-core items in arriving at the Group total income statement.

* Underlying performance excludes the impact of non-core items (see page 17)

** Divisional PBT performance of UK Financial Services (UKFS) and Group Centre are restated to reflect the corporate restructuring of Bristol & West plc undertaken to obtain the optimum capital and funding treatment for the Group under Basel II. For the year ended 31 March 2008, this restatement reduces the UKFS PBT to £330 million from £353 million and it reduces Group Centre's loss to €144 million from €176 million.

Capital adequacy data

The following table shows the components and basis of calculation of the Group's Tier 1 and Total Capital.

Capital base	31 March 2009 Basel II €m	31 March 2008 Basel II €m
Share capital and reserves	6,913	6,522
Proposed dividend	-	(386)
Regulatory retirement benefit obligation adjustments	1,478	807
Available for sale reserve and cash flow hedge reserve	2,124	471
Goodwill and other intangible assets	(511)	(827)
Preference stock	(58)	(62)
Other adjustments	(3,440)	49
Equity Tier 1 capital	6,506	6,574
Preference stock	58	62
2009 Preference stock and warrants	3,462	-
Core Tier 1 Capital	10,026	6,636
Innovative hybrid debt	1,197	-
Non-innovative hybrid debt	1,798	2,995
Supervisory deductions	(372)	(207)
Total Tier 1 capital	12,649	9,424
Tier 2		
Undated loan capital	229	229
Dated loan capital	3,827	4,115
IBNR provisions	307	114
Revaluation reserves	80	173
Supervisory deductions	(372)	(208)
Total Tier 2 capital	4,071	4,423
	16,720	13,847
Supervisory deductions		
Life and pension business	(749)	(816)
Total capital	15,971	13,031
Risk weighted assets		
Credit risk	94,565	106,389
Market risk	2,509	2,908
Operational risk	6,473	6,123
Other risk	1,830	1,541
Total risk weighted assets	105,377	116,961
Risk asset ratios		
Equity Tier 1	6.2%	5.6%
Core Tier 1	9.5%	5.7%
Tier 1	12.0%	8.1%
Total Capital	15.2%	11.1%

Consolidated income statement

for the year ended 31 March 2009

	Notes	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
Interest income	2	9,717	10,397
Interest expense	3	(6,047)	(7,134)
Net interest income		3,670	3,263
Net insurance premium income	4	1,069	1,940
Fee and commission income	5	717	816
Fee and commission expense	5	(232)	(150)
Net trading expense	6	(307)	(246)
Life assurance investment income and losses	7	(1,570)	(826)
Other operating income	8	73	238
Total operating income		3,420	5,035
Insurance contract liabilities and claims paid	9	537	(798)
Total operating income, net of insurance claims		3,957	4,237
Other operating expenses	10	(2,105)	(2,157)
Impairment of goodwill and other intangible assets		(304)	-
Operating profit before impairment charges on financial assets		1,548	2,080
Impairment charges on financial assets		(1,513)	(232)
Operating profit		35	1,848
Share of (loss) / profit of associated undertakings and joint ventures (after tax)	11	(42)	46
Profit on disposal of property		-	39
(Loss) / profit before taxation		(7)	1,933
Taxation	12	41	(229)
Profit for the year		34	1,704
Attributable to minority interests		(35)	5
Attributable to stockholders		69	1,699
Profit for the year		34	1,704
Earnings per unit of €0.64 ordinary stock (cent)	13	5.9c	174.6c
Diluted earnings per unit of €0.64 ordinary stock (cent)	13	5.9c	173.9c

Richard Burrows
Governor

George Magan
Deputy Governor

Richie Boucher
Group Chief Executive

John Clifford
Secretary

Consolidated balance sheet

as at 31 March 2009

	Notes	31 March 2009 €m	31 March 2008 €m
ASSETS			
Cash and balances at central banks		3,224	484
Items in the course of collection from other banks		515	683
Central government and other eligible bills		-	10
Trading securities	14	125	119
Derivative financial instruments		8,397	4,568
Other financial assets at fair value through profit or loss	15	7,604	10,909
Loans and advances to banks	16	7,886	9,409
Available for sale financial assets	17	26,858	29,307
Loans and advances to customers	18	133,740	135,738
Interest in associated undertakings	20	22	28
Interest in joint ventures	21	151	70
Intangible assets – goodwill	22	47	293
Intangible assets – other	22	485	570
Investment properties	23	1,413	1,511
Property, plant and equipment		492	593
Deferred tax assets	28	560	145
Other assets		2,566	2,754
Retirement benefit asset	29	7	11
Assets classified as held for sale	24	24	232
Total assets		194,116	197,434
EQUITY AND LIABILITIES			
Deposits from banks	25	28,814	14,130
Customer accounts	26	83,119	86,234
Items in the course of transmission to other banks		238	254
Derivative financial instruments		7,554	4,322
Liabilities to customers under investment contracts		4,084	5,662
Debt securities in issue		45,133	60,842
Insurance contract liabilities		5,634	7,140
Other liabilities		3,049	3,535
Provisions		87	47
Deferred tax liabilities	28	50	131
Retirement benefit obligations	29	1,485	807
Subordinated liabilities	27	7,942	7,808
Liabilities classified as held for sale	24	14	-
Total liabilities		187,203	190,912
Equity			
Capital stock	31	699	664
Stock premium account		4,092	775
Retained earnings	32	4,761	5,670
Other reserves	33	(2,610)	(400)
Own stock held for the benefit of life assurance policyholders		(90)	(225)
Stockholders' equity		6,852	6,484
Minority interests	34	61	38
Total equity		6,913	6,522
Total equity and liabilities		194,116	197,434

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Statement of recognised income and expense

for the year ended 31 March 2009

	Notes	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
Net change in property revaluation reserve	33	(96)	(29)
Net change in cash flow hedge reserve	33	(540)	(247)
Net change in available for sale reserve	33	(1,113)	(386)
Net actuarial loss on defined benefit pension funds	32	(544)	(209)
Foreign exchange translation losses	33	(528)	(712)
Amount recognised in equity		(2,821)	(1,583)
Profit for the year		34	1,704
Total recognised (expense) / income for the year		(2,787)	121
Attributable to:			
Equity holders of the parent		(2,752)	116
Minority interests	34	(35)	5
		(2,787)	121

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Cash flow statement

for the year ended 31 March 2009

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
Cash flows from operating activities		
(Loss) / profit before taxation	(7)	1,933
Share of loss / (profit) of associated undertakings and joint ventures	42	(46)
Profit on disposal of property	-	(39)
Depreciation and amortisation	178	137
Impairment of financial assets and impairment of other intangible assets	1,513	232
Other impairments	17	-
Impairment of goodwill	287	-
Net change in prepayments and interest receivable	270	(12)
Net change in accruals and interest payable	(120)	114
Loans and advances written off net of recoveries	(236)	(29)
Revaluation of investment property	512	149
Interest expense on subordinated liabilities and other capital instruments	435	450
Profit on disposal of available for sale financial assets	(5)	(34)
Charge for share based payments	3	13
Amortisation of premiums and discounts	(57)	(94)
Amortisation of debt issue expenses	14	18
Cash flows from operating activities before changes in operating assets and liabilities	2,846	2,792
Net change in deposits from banks	14,759	(6,024)
Net change in customer accounts	2,279	19,333
Net change in loans and advances to customers	(8,226)	(20,309)
Net change in loans and advances to banks	(1,754)	857
Net change in trading securities	(6)	400
Net change in derivative financial instruments	(954)	(558)
Net change in assets at fair value through profit or loss	3,248	1,830
Net change in items in the course of collection	146	114
Net change in debt securities in issue	(17,464)	3,061
Net change in insurance contract liabilities	(1,506)	(50)
Net change in other assets	31	64
Net change in liabilities to customers under investment contracts	(1,578)	(1,074)
Net change in other liabilities	(150)	(384)
Effect of exchange translation and other adjustments	4,715	2,979
Net cash flow from operating assets and liabilities	(6,460)	239
Net cash flow from operating activities before taxation	(3,614)	3,031
Taxation paid	(215)	(276)
Net cash flow from operating activities	(3,829)	2,755
Investing activities (section a)	870	1,279
Financing activities (section b)	2,525	(466)
Net change in cash and cash equivalents	(434)	3,568
Opening cash and cash equivalents	7,647	4,297
Effect of exchange translation adjustments	46	(218)
Closing cash and cash equivalents	7,259	7,647

Cash flow statement (continued)

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
(a) Investing activities		
Net change in available for sale financial assets	1,057	2,006
Additions to tangible fixed assets	(75)	(54)
Disposal of tangible fixed assets	4	10
Additions to intangible assets	(119)	(98)
Disposal of intangible assets	7	-
Purchase of investment property	(36)	(529)
Disposal of investment property	-	11
Purchase of assets held for sale	-	(211)
Disposal of assets held for sale	-	113
Dividends received from joint ventures	34	34
Net change in interest in associated undertakings	(2)	(3)
Cash flows from investing activities	870	1,279
(b) Financing activities		
Reissue of treasury stock	(83)	194
Issue of new subordinated liabilities	565	439
Reduction in subordinated liabilities	(600)	(22)
Interest paid on subordinated liabilities	(419)	(450)
Equity dividends paid	(387)	(611)
Dividends on other equity interests	(10)	(14)
Dividends paid to minority interests	(3)	(2)
Issue of 2009 preference stock and warrants	3,462	-
Cash flows from financing activities	2,525	(466)

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Accounting policies

Basis of preparation

The Group accounting policies have not changed in the preparation of these financial statements. The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU) and with those parts of the Companies Act, 1963 to 2006 applicable to companies reporting under IFRS with the European Communities (Credit Institutions: Accounts) Regulations, 1992 and with the Asset Covered Securities Act, 2001 to 2007. The EU adopted version of IAS 39 currently relaxes some of the hedge accounting rules in IAS 39 'Financial Instruments – Recognition and Measurement'. The Group has not availed of this, hence these financial statements comply with both IFRS as adopted by the EU and IFRS as issued by the IASB.

The financial statements have been prepared under the historical cost convention as modified to include the fair valuation of certain financial instruments and land and buildings.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Group has operated in a very challenging environment arising from the unprecedented deterioration in the global economy and the continued global financial crisis, characterised by a significant reduction in liquidity. As a result, central banks have initiated actions to improve liquidity to the interbank market in order to stabilise their banking systems. In Ireland, the Irish Government has introduced an enhanced customer deposit protection scheme, a guarantee scheme for certain bank liabilities, and a recapitalisation programme which invested €3.5 billion in Bank of Ireland preference stock. In addition, the Government also announced its intention to create a National Asset Management Agency (NAMA) to take certain land and development and related property loans off Irish banks' balance sheets, thereby improving liquidity in the system. As a systemically important bank to the Irish economy, as acknowledged by the Irish Government, Bank of Ireland has and will benefit from these initiatives.

The key dependencies on successfully funding the Group's balance sheet include the continued functioning of wholesale funding markets, the continued access of the Group to a range of Monetary Authority liquidity facilities, limited further deterioration in the Group's credit ratings, and no significant sudden withdrawal of customer deposits. The Group has built up a substantial pool of contingent liquidity to support its funding requirement. The Group's funding position has been strengthened by the Government Guarantee of its liabilities out to 29 September 2010 and the recently announced extension of this guarantee beyond September 2010 for the future issuance of debt securities with a maturity of up to five years. The Group's funding and capital position has also been strengthened by the €3.5 billion preference stock investment by the Irish Government on 31 March 2009.

Based on projections prepared by management which take into account the Group's current ability to fund in the market, the stability of its deposit base and continued access to Monetary Authority liquidity support schemes, the Directors are satisfied that the Group has adequate resources, both capital and funding to continue in business for the foreseeable future. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing the annual financial statements.

Foreign currency translation

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

	31 March 2009		31 March 2008	
	Average	Closing	Average	Closing
€ / US\$	1.4321	1.3308	1.4328	1.5812
€ / Stg£	0.8333	0.9308	0.7116	0.7958

Notes to the financial statements

The financial statements in this preliminary announcement are not the statutory financial statements of the Group, a copy of which is required to be annexed to the Bank's annual return to the Companies Registration Office in Ireland. A copy of the statutory financial statements required to be annexed to the Bank's annual return in respect of the year ended 31 March 2008 has in fact been so annexed. The auditors of the Group have made a report, without any qualification, on their audit of those statutory financial statements. A copy of the statutory financial statements in respect of the year ended 31 March 2009 will be annexed to the annual return for 2009. The directors approved the Group's statutory financial statements for the year ended 31 March 2009 on 18 May 2009 and the auditors have made a report without any qualification on their audit of those statutory financial statements.

Notes to the consolidated financial statements

1 Segmental reporting

The segmental analysis of the Group's results and financial position is set out below by business class and by geographic segment. For the geographic analysis, Ireland (excluding Northern Ireland) includes revenue and profits generated in the International Financial Services Centre.

Gross revenue comprises interest income, net insurance premium income, fee and commission income, net trading expense, life assurance investment income and losses, other operating income, insurance contract liabilities and claims paid and income from associated undertakings and joint ventures. The Group has five business classes detailed in the table below. These segments reflect the internal financial and management reporting structure.

The analysis of results by business segment is based on management accounts information. Transactions between the business segments are on normal commercial terms and conditions. Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Business segments

31 March 2009	Retail Republic of Ireland €m	Bol Life €m	Capital Markets €m	UK Financial Services €m	Group Centre €m	Eliminations €m	Group €m
Interest income	7,819	30	8,650	4,962	(2,521)	(9,223)	9,717
Interest expense	(6,367)	(37)	(7,168)	(4,211)	2,513	9,223	(6,047)
Net interest income	1,452	(7)	1,482	751	(8)	-	3,670
Net insurance premium income	-	1,049	-	-	20	-	1,069
Other income	275	(1,601)	(237)	139	105	-	(1,319)
Total operating income	1,727	(559)	1,245	890	117	-	3,420
Insurance contract liabilities and claims paid	2	560	-	-	(25)	-	537
Total operating income, net of insurance claims	1,729	1	1,245	890	92	-	3,957
Operating expenses	(867)	(102)	(375)	(496)	(87)	-	(1,927)
Depreciation and amortisation	(73)	(6)	(11)	(37)	(51)	-	(178)
Impairment of goodwill and other intangible assets	-	-	(304)	-	-	-	(304)
Impairment charges on financial assets	(708)	-	(383)	(422)	-	-	(1,513)
Share of (loss) / profit of associated undertakings and joint ventures	(70)	-	(11)	39	-	-	(42)
(Loss) / profit before taxation	11	(107)	161	(26)	(46)	-	(7)
Gross-up for policyholder tax in the Life business	-	76	-	-	-	-	76
Impairment of goodwill and other intangible assets	-	-	304	-	-	-	304
Investment return on treasury stock held for policyholders	-	-	-	-	(131)	-	(131)
Hedge ineffectiveness on transition to IFRS	-	-	-	-	7	-	7
Cost of restructuring programme	9	-	9	61	4	-	83
Group profit before tax excluding the impact of above items	20	(31)	474	35	(166)	-	332
Capital expenditure	60	7	14	59	54	-	194
External assets	55,501	9,697	71,774	52,574	4,570	-	194,116
Inter segment assets	58,879	1,671	122,534	12,784	25,223	(221,091)	-
Total assets	114,380	11,368	194,308	65,358	29,793	(221,091)	194,116
External liabilities	54,382	10,058	92,129	19,932	10,702	-	187,203
Inter segment liabilities	56,514	521	102,577	46,371	15,108	(221,091)	-
Total liabilities	110,896	10,579	194,706	66,303	25,810	(221,091)	187,203

Eliminations represent inter segment transactions which are eliminated upon consolidation.

1 Segmental reporting (continued)

Business segments

31 March 2008	Retail Republic of Ireland €m	Bol Life €m	Capital Markets €m	UK Financial Services €m	Group Centre €m	Eliminations €m	Group €m
Interest income	7,452	14	8,612	5,484	(2,792)	(8,373)	10,397
Interest expense	(6,023)	(21)	(7,582)	(4,638)	2,757	8,373	(7,134)
Net interest income	1,429	(7)	1,030	846	(35)	-	3,263
Net insurance premium income	-	1,900	-	-	40	-	1,940
Other income	417	(959)	89	163	122	-	(168)
Total operating income	1,846	934	1,119	1,009	127	-	5,035
Insurance contract liabilities and claims paid	-	(776)	-	-	(22)	-	(798)
Total operating income, net of insurance claims	1,846	158	1,119	1,009	105	-	4,237
Operating expenses	(909)	(106)	(405)	(497)	(103)	-	(2,020)
Depreciation and amortisation	(74)	(4)	(11)	(36)	(12)	-	(137)
Impairment charges on financial assets	(146)	-	(53)	(33)	-	-	(232)
Share of profit of associated undertakings and joint ventures	(1)	-	-	47	-	-	46
Profit on disposal of property	33	-	1	5	-	-	39
Profit before taxation	749	48	651	495	(10)	-	1,933
Profit on disposal of property	(33)	-	-	-	-	-	(33)
Gross-up for policyholder tax in the Life business	-	60	-	-	-	-	60
Investment return on treasury stock held for policyholders	-	-	-	-	(189)	-	(189)
Hedge ineffectiveness on transition to IFRS	-	-	-	-	6	-	6
Cost of restructuring programme	-	-	-	-	17	-	17
Group profit before tax excluding the impact of above items	716	108	651	495	(176)	-	1,794
Capital expenditure	56	15	14	57	10	-	152
External assets	59,555	13,678	66,888	56,690	623	-	197,434
Inter segment assets	58,295	907	114,889	13,973	40,747	(228,811)	-
Total assets	117,850	14,585	181,777	70,663	41,370	(228,811)	197,434
External liabilities	43,237	13,307	97,336	28,587	8,445	-	190,912
Inter segment liabilities	72,065	368	83,404	40,761	32,213	(228,811)	-
Total liabilities	115,302	13,675	180,740	69,348	40,658	(228,811)	190,912

1 Segmental reporting (continued)

Gross revenue by business segments

	Retail Republic of Ireland €m	Bol Life €m	Capital Markets €m	UK Financial Services €m	Group Centre €m	Eliminations €m	Group €m
31 March 2009							
External customers	2,766	7	4,014	3,575	(168)	-	10,194
Inter-segment revenue	4,981	(10)	5,270	1,629	(2,626)	(9,244)	-
Total gross revenue	7,747	(3)	9,284	5,204	(2,794)	(9,244)	10,194
31 March 2008							
External customers	3,232	300	3,889	3,982	164	-	11,567
Inter-segment revenue	4,690	(53)	4,846	1,727	(2,813)	(8,397)	-
Total gross revenue	7,922	247	8,735	5,709	(2,649)	(8,397)	11,567

31 March 2009

Geographical segments	Ireland €m	United Kingdom €m	Rest of World €m	Eliminations €m	Total €m
External revenues	6,733	3,304	157	-	10,194
Inter segment revenue	889	2,908	648	(4,445)	-
Gross revenue	7,622	6,212	805	(4,445)	10,194
Profit / (loss) before taxation	170	129	(306)	-	(7)
Capital expenditure	134	58	2	-	194
External assets	128,291	59,791	6,034	-	194,116
Inter segment assets	56,344	33,823	9,280	(99,447)	-
Total assets	184,635	93,614	15,314	(99,447)	194,116
External liabilities	148,094	29,211	9,898	-	187,203
Inter segment liabilities	30,715	63,911	4,821	(99,447)	-
Total liabilities	178,809	93,122	14,719	(99,447)	187,203
31 March 2008					
External revenues	7,306	4,119	142	-	11,567
Inter segment revenue	1,267	2,341	225	(3,833)	-
Gross revenue	8,573	6,460	367	(3,833)	11,567
Profit before taxation	1,412	491	30	-	1,933
Capital expenditure	93	57	2	-	152
External assets	133,925	61,471	2,038	-	197,434
Inter segment assets	38,440	33,023	13,296	(84,759)	-
Total assets	172,365	94,494	15,334	(84,759)	197,434
External liabilities	130,490	47,414	13,008	-	190,912
Inter segment liabilities	37,299	45,815	1,645	(84,759)	-
Total liabilities	167,789	93,229	14,653	(84,759)	190,912

2 Interest Income

	2009 €m	2008 €m
Loans and advances to customers	7,901	8,213
Available for sale financial assets	1,335	1,604
Loans and advances to banks	246	323
Finance leases	232	251
Other	3	6
Interest income	9,717	10,397

Included within interest income is €110 million (31 March 2008: €31 million) in respect of impaired loans and advances to customers. Net interest income also includes a credit of €93 million (31 March 2008: €185 million) transferred from the cash flow hedge reserve.

3 Interest expense

	2009 €m	2008 €m
Customer accounts	2,773	2,808
Debt securities in issue	2,297	3,041
Deposits from banks	554	840
Subordinated liabilities	423	445
Interest expense	6,047	7,134

4 Net insurance premium income

	2009 €m	2008 €m
Gross premiums written	1,190	2,101
Ceded reinsurance premiums	(116)	(173)
Net premiums written	1,074	1,928
Change in provision for unearned premiums	(5)	12
Net insurance premium income	1,069	1,940

Bank of Ireland Life completed a transaction to reinsure a significant part of the annuity book during the year ended 31 March 2008.

5 Fee and commission income / expense

	2009 €m	2008 €m
Retail banking customer fees	410	401
Asset management fees	132	189
Credit related fees	38	81
Insurance commissions	33	42
Brokerage fees	13	23
Trust and other fiduciary fees	4	6
Other	87	74
Fee and commission income	717	816

Included within fee and commission expense of €232 million for the year ended 31 March 2009 is an amount of €66 million paid to the Irish Government under the Government Guarantee Scheme which relates to the 6 months ended 31 March 2009. The fee and commission expense for the year ended 31 March 2008 was €150 million.

6 Net trading expense

	2009 €m	2008 €m
Financial assets designated at fair value	(29)	(6)
Related derivatives held for trading	43	12
	14	6
Financial liabilities designated at fair value	55	107
Related derivatives held for trading	(84)	(272)
	(29)	(165)
Other financial instruments held for trading	(258)	(79)
Net fair value hedge ineffectiveness	(27)	(6)
Cash flow hedge ineffectiveness	(7)	(2)
Net trading expense	(307)	(246)

Net trading expense of €307 million (31 March 2008: €246 million) includes the gains and losses on financial instruments held for trading and those designated at fair value through profit or loss (other than unit linked life assurance assets and investment contract liabilities). It includes the gains and losses arising on the purchase and sale of these instruments, the interest income receivable and expense payable and the fair value movement on these instruments, together with the funding cost of the trading instruments.

Net trading expense includes the fair value movement (including interest receivable and payable) on derivatives which act as economic hedges of the interest rate and foreign exchange risk inherent in some cash instruments (including financial assets and liabilities designated at fair value through profit or loss above). The offsetting net interest receivable of €578 million (31 March 2008: €346 million) on the cash instruments is reported in net interest income.

Net fair value hedge ineffectiveness comprises a net gain from hedging instruments of €213 million (31 March 2008: net gain of €168 million) offsetting a net loss from hedged items of €240 million (31 March 2008: net loss of €174 million).

Net trading expense includes a loss of €39 million arising from the Lehman collapse in September 2008.

The net gain from the change in credit spreads relating to the Group's issued notes designated at fair value through profit or loss was €64 million (31 March 2008: €32 million).

7 Life assurance investment income and losses

	2009 €m	2008 €m
Gross life assurance investment income and losses	(1,635)	(924)
Elimination of investment return on treasury stock held for the benefit of policyholders	65	98
Life assurance investment income and losses	(1,570)	(826)

8 Other operating income

	2009 €m	2008 €m
Elimination of investment return on treasury stock held for the benefit of policyholders	66	91
Other insurance income	23	91
Transfer from available for sale reserve on asset disposal	5	34
Other income	(21)	22
Other operating income	73	238

Included in other operating income in the year ended 31 March 2009 is a charge of €46 million for impairment of investment properties and related activities.

9 Insurance contract liabilities and claims paid

	2009 €m	2008 €m
Gross claims (see analysis below)	(963)	(1,013)
Reinsurance	40	27
	(923)	(986)
Change in liabilities:		
Gross	1,507	41
Reinsurance	(47)	147
	1,460	188
Insurance contract liabilities and claims paid	537	(798)

Gross claims are analysed as follows:

Surrenders	(768)	(851)
Death and critical illness	(128)	(113)
Annuities	(35)	(32)
Maturities	(5)	(3)
Other	(27)	(14)
	(963)	(1,013)

10 Other operating expenses

	2009 €m	2008 €m
Administrative expenses		
- Staff costs (see analysis below)	1,181	1,235
- Other administrative expenses	737	785
Depreciation		
- Intangible assets	132	87
- Property, plant and equipment	46	50
Revaluation of property	9	-
Other operating expenses	2,105	2,157
Staff costs, including any performance reward, are analysed as follows:		
Wages and salaries	849	963
Social security costs	91	93
Retirement benefit costs – defined benefit plans	173	130
Retirement benefit costs – defined contribution plans	7	4
Share based payment schemes	3	13
Other	58	32
Staff costs	1,181	1,235

Depreciation of intangible assets includes a charge of €38 million in relation to accelerated depreciation on software assets as a result of technology consolidation.

The Group is in the process of aligning its structure and cost base to an environment of lower levels of business and activity. The Group has commenced a number of downsizing initiatives with an associated cost of €83 million.

Staff numbers

In the year ended 31 March 2009 the average number of full time equivalent employees was 15,868 (31 March 2008: 16,026) categorised as follows in line with the business segments as stated in note 1.

	2009	2008
Retail Republic of Ireland	5,951	8,467
Bol Life	1,132	1,183
Capital Markets	1,801	1,737
UK Financial Services	3,514	3,599
Group Centre	3,470 *	1,040
Total	15,868	16,026

* The Group Centre number of full time equivalent employees at 31 March 2009 includes the Retail Financial Support Unit which was included in the Retail Republic of Ireland Division in the year ended 31 March 2008 (Retail Financial Support - 2,357 full time equivalent employees 31 March 2009)

11 Share of (loss) / profit of associated undertakings and joint ventures (after tax)

	2009 €m	2008 €m
First Rate Exchange Services	39	47
Property unit trust	(63)	-
Paul Capital Investments	(11)	-
Associated undertakings	(7)	(1)
	(42)	46

12 Taxation

	2009 €m	2008 €m
Current tax		
Irish corporation tax		
– current year	(84)	(236)
– prior year	7	2
Double taxation relief	-	62
Foreign tax		
– current year	3	(140)
– prior year	-	(1)
	(74)	(313)
Deferred tax		
Origination and reversal of temporary differences	115	84
Taxation credit / (charge)	41	(229)

The reconciliation of tax on (loss) / profit at the standard Irish corporation tax rate to the Group's actual tax credit / (charge) for the years ended 31 March 2009 and 2008 is as follows:

	2009 €m	2008 €m
(Loss) / profit before taxation multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5% (2008: 12.5%)	1	(242)
Effects of:		
Foreign earnings subject to different rates of tax	81	(86)
Bol Life - different basis of accounting	58	53
Elimination of investment return on treasury stock held for the benefit of policyholders	16	24
Tax exempted profits and income at a reduced Irish tax rate	(4)	(2)
Non-deductible goodwill impairment	(110)	-
Non-deductible expenses	(19)	(7)
Prior year adjustments	7	1
Shares of profit of associates and joint ventures shown post tax in income statement	5	6
Other adjustments for tax purposes	6	24
Taxation credit / (charge)	41	(229)

12 Taxation (continued)

The taxation credit for the Group was €41 million for the year ended 31 March 2009 compared to a taxation charge of €229 million for the year ended 31 March 2008. The tax credit arises primarily due to a reduction in earnings across the Group and the Life policyholder tax gross-up. The effective tax rate was 16.9% for the year ended 31 March 2009 excluding the impact of the Life policyholder tax gross-up, the elimination of the investment return on treasury shares held by Bol Life for policyholders, goodwill impairment, restructuring costs and hedge ineffectiveness on transition to IFRS. The comparable rate for the year ended 31 March 2008 was 16.1%.

13 Earnings per share

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 number of units of ordinary stock in issue excluding treasury stock and own stock held for the benefit of life assurance policy holders.

	2009 €m	2008 €m
Basic		
Profit attributable to stockholders	69	1,699
Dividends on other equity interests	(10)	(14)
Undeclared dividend on 2009 preference stock	(1)	-
Profit attributable to ordinary stockholders	58	1,685
Weighted average number of units of stock in issue excluding treasury stock and own stock held for the benefit of life assurance policyholders	988m	965m
Basic earnings per share (cent)	5.9c	174.6c

Diluted

The diluted earnings per share is based on the profit attributable to ordinary stockholders divided by the weighted average number of units of ordinary stock in issue excluding treasury stock and own stock held for the benefit of life assurance policyholders, adjusted for the effect of all dilutive potential ordinary stock.

	2009 €m	2008 €m
Diluted		
Profit attributable to stockholders	69	1,699
Dividends on other equity interests	(10)	(14)
Undeclared dividend on 2009 preference stock	(1)	-
Profit attributable to ordinary stockholders	58	1,685
Weighted average number of units of stock in issue excluding treasury stock and own stock held for the benefit of life assurance policyholders	988m	965m
Effect of all dilutive potential ordinary stock	-	4m
	988m	969m
Diluted earnings per share (cent)	5.9c	173.9c

14 Trading securities

	2009 €m	2008 €m
Debt securities – listed	125	119
Trading securities	125	119

The Group holds a portfolio of bonds for trading purposes typically taking positions in sovereign, financial and corporate risk with ratings between investment grade AAA and BBB (average rating A).

15 Other financial assets at fair value through profit or loss

	2009 €m	2008 €m
Equity securities	4,397	7,484
Government bonds	1,741	2,142
Unit trusts	894	868
Debt securities	549	356
Loans and advances to customers	23	59
Other financial assets at fair value through profit or loss	7,604	10,909

16 Loans and advances to banks

	2009 €m	2008 €m
Placements with other banks	4,123	3,275
Mandatory deposit with central banks	2,674	3,748
Funds placed with central banks	1,091	2,218
Securities purchased with agreement to resell	-	168
	7,888	9,409
Less allowance for impairment on loans and advances to banks	(2)	-
Loans and advances to banks	7,886	9,409

17 Available for sale financial assets

	2009 €m	2008 €m
Government bonds	2,460	1,755
Other debt securities		
– listed	21,728	21,059
– unlisted	2,608	6,450
Equity securities		
– listed	26	20
– unlisted	36	23
Available for sale financial assets	26,858	29,307

At 31 March 2009, available for sale financial assets with a fair value of €7.6 billion (31 March 2008: €582 million) had been pledged to third parties in sale and repurchase agreements for periods not exceeding 6 months.

The movement on available for sale financial assets is analysed as follows:

	2009 €m	2008 €m
At 1 April	29,307	33,449
Revaluation, exchange and other adjustments	(953)	(2,293)
Additions	27,267	22,312
Sales	(5,398)	(10,367)
Redemptions	(22,926)	(13,883)
Amortisation	56	94
Impairment charge	(76)	(5)
Reclassification	(419)	-
At 31 March	26,858	29,307

18 Loans and advances to customers

	2009 €m	2008 €m
Loans and advances to customers	132,522	132,575
Finance leases and hire purchase receivables	2,999	3,759
	135,521	136,334
Less allowance for impairment charges on loans and advances to customers	(1,781)	(596)
Loans and advances to customers	133,740	135,738

19 Credit risk exposures

The table below represents the maximum exposure to credit risk for financial assets with material credit risk (net of impairment) at 31 March 2009 and 31 March 2008 taking no account of collateral or other credit enhancements held. Exposures are based on the net carrying amounts as reported in the balance sheet for on balance sheet assets. The breakdown of loans and advances to customers in this note reflects how the risk is managed. Certain changes in presentation have been included since the prior year. Equity securities are not included as they are not subject to credit risk. Interest receivable is included. Comparatives have been updated to reflect these changes.

	2009 €m	2008 €m
Maximum exposure to credit risk (before collateral or other credit enhancements)		
Loans and receivables		
- Gross loans and advances to banks	7,888	9,409
- Less allowance for impairment charges on loans and advances to banks	(2)	-
- Loans and advances to banks	7,886	9,409
- Loans and advances to customers		
> Mortgages	58,888	60,028
> Consumer	5,637	7,189
> Property and Construction	33,955	35,817
> Non-Property Small & Medium Enterprises (SME) and Corporate	37,041	33,300
Gross loans and advances to customers	135,521	136,334
Less allowance for impairment charges on loans and advances to customers	(1,781)	(596)
Loans and advances to customers	133,740	135,738
Total loans and advances	141,626	145,147
Financial assets at fair value through profit or loss		
- Trading securities	125	119
- Designated at initial recognition		
> Government bonds	1,741	2,142
> Unit trusts	894	868
> Debt securities	549	356
> Loans and advances to customers	23	59
Derivative financial instruments	8,397	4,568
Available for sale financial assets		
- Government bonds	2,460	1,755
- Debt securities	24,336	27,509
Central government and other eligible bills	-	10
Other assets		
- Interest receivable	636	900
- Reinsurance asset	437	484
Total on balance sheet	181,224	183,917
Off balance sheet		
Contingent liabilities	2,568	2,915
Commitments	26,919	36,881
Total off balance sheet	29,487	39,796
Total maximum exposure	210,711	223,713

19 Credit risk exposures (continued)

In the table below, the geographic breakdown is based on the location of the business unit where the borrowing is booked.

The Group's primary markets are Ireland and the UK and exposures originated and managed in these countries represent a material concentration of credit risk. Similarly, the Group exhibits a material concentration in residential mortgages and the construction and property industry sector.

The Group's residential mortgage portfolio is widely diversified by individual borrower and amounts to 44% (31 March 2008: 44%) of loans and advances to customers (pre impairment provisions).

The Group loan book comprises exposure of 25% or €34 billion (31 March 2008: 26% / €36 billion) to property and construction lending. The Group's businesses and other services portfolio amounts to 12% of loans and advances to customers at 31 March 2009 (31 March 2008: 9%).

With the exception of residential mortgages, property and construction and business and other services, the Group's exposure to credit risk from its lending activities in any individual sector or industry does not exceed 10% of loans and advances to customers.

The Group limits risk concentration in individual non-bank credit exposures to 10% of Total Tier 1 Capital. This limit is based on aggregate "clean credit commitments", defined as total credit exposure less any amounts covered by pledged cash, Government Guarantee or acceptable Bank Guarantee. Any exceptions require subsequent Court ratification. At 31 March 2009, the Group had no individual single name exposure (excluding interbank lines) in excess of 5% of Total Tier 1 Capital.

Geographical / industry analysis

31 March 2009

	Ireland €m	UK & other €m	Total
Personal			
- Residential mortgages	27,647	31,241	58,888
- Other consumer lending	3,406	2,231	5,637
Property and construction	19,358	14,597	33,955
Business and other services	10,782	6,032	16,814
Manufacturing	6,049	1,740	7,789
Distribution	3,343	795	4,138
Transport	935	319	1,254
Financial	1,919	349	2,268
Agriculture	1,954	57	2,011
Energy	2,555	212	2,767
Total	77,948	57,573	135,521

Geographical / industry analysis

31 March 2008

	Ireland €m	UK & other €m	Total
Personal			
- Residential mortgages	26,696	34,065	60,761
- Other consumer lending	6,589	2,820	9,409
Property and construction	20,313	15,283	35,596
Business and other services	9,032	3,016	12,048
Manufacturing	5,727	1,362	7,089
Distribution	3,726	572	4,298
Transport	1,860	379	2,239
Financial	1,720	439	2,159
Agriculture	1,379	113	1,492
Energy	1,131	112	1,243
Total	78,173	58,161	136,334

19 Credit risk exposures (continued)

The tables below summarise the Group's financial assets over the following categories: neither past due nor impaired, past due but not impaired and impaired. Other financial instruments also includes the Group's reinsurance asset. Exposures are based on the gross amount before provisions for impairment. The following tables exclude interest receivable of €636 million (at 31 March 2008: €900 million).

31 March 2009							
Summary	Mortgages €m	Consumer €m	Property and construction €m	Non- Property SME and corporate €m	Total loans & advances to customers €m	Other financial instruments €m	Total €m
Financial assets neither past due nor impaired	55,877	4,955	28,525	35,081	124,438	46,771	171,209
Financial assets past due but not impaired	2,782	314	1,892	773	5,761	-	5,761
Impaired financial assets	229	368	3,538	1,187	5,322	79	5,401
Total	58,888	5,637	33,955	37,041	135,521	46,850	182,371

31 March 2008							
Summary	Mortgages €m	Consumer €m	Property and construction €m	Non- Property SME and corporate €m	Total loans & advances to customers €m	Other financial instruments €m	Total €m
Financial assets neither past due nor impaired	58,320	6,696	34,942	32,295	132,253	47,276	179,529
Financial assets past due but not impaired	1,693	262	594	470	3,019	-	3,019
Impaired financial assets	15	231	310	506	1,062	8	1,070
Total	60,028	7,189	35,846	33,271	136,334	47,284	183,618

Financial assets neither past due nor impaired

The Group uses internal ratings as part of its credit risk management system. These have been mapped to the summary ratings below.

Mortgage, consumer, property and construction, and non-property SME and corporate loans are assigned an internal credit grade based on an assessment of the credit quality of the borrower. A thirteen point grade scale is used for more complex, individually managed exposures, including wholesale, corporate and business lending. A seven point grade scale is used for standardised products (including mortgages, consumer and small business loans). Other loans and financial instruments are assigned an internal rating supported by external ratings of the major rating agencies.

High quality ratings apply to highly rated financial obligors, strong corporate counterparties and personal borrowers (including residential mortgages) with whom the Group has an excellent repayment experience. High quality are derived from grades 1 to 4 on the thirteen point grade scale, grades 1 and 2 on the seven point grade scale and ratings equivalent to AAA, AA+, AA, AA-, A+, A, A-, BBB+ and BBB for the external major rating agencies.

Satisfactory quality ratings apply to financial assets that are performing as expected, including loans and advances to small and medium sized enterprises, leveraged entities and more recently established businesses. Satisfactory quality also includes some element of the Group's retail portfolios. Satisfactory ratings are derived from grades 5 to 7 on the thirteen point grade scale, grade 3 on the seven point grade scale and external ratings equivalent BBB-, BB+, BB and BB-.

Acceptable quality ratings apply to customers with increased risk profiles that are subject to closer monitoring and scrutiny by lenders with the objective of managing risk and moving accounts to an improved rating category. Acceptable quality ratings are derived from grades 8 and 9 on the thirteen point grade scale, grade 4 outstandings that are neither past due nor impaired within the seven point scale and external ratings equivalent to B+.

19 Credit risk exposures (continued)

The lower quality but not past due nor impaired rating applies to risks that are neither in arrears nor expected to result in loss but where the Group requires a work down or work out of the relationship unless an early reduction in risk is achievable. Lower quality ratings are derived from outstandings that are neither past due nor impaired within grades 10 and 11 on the thirteen point grade scale and grade 5 on the seven point grade scale and external ratings equivalent to B or below.

All assets in grades 12 and 13 on the thirteen point grade scale and grades 6 and 7 on the seven point grade scale are impaired.

31 March 2009

Risk profile of financial assets neither past due nor impaired	Mortgages €m	Consumer €m	Property and construction €m	Non- Property SME and corporate €m	Total loans & advances to customers €m	Other financial instruments €m	Total €m
High quality	55,877	3,663	2,370	10,555	72,465	41,747	114,212
Satisfactory quality	-	1,057	17,613	18,417	37,087	4,895	41,982
Acceptable quality	-	211	7,157	5,188	12,556	99	12,655
Lower quality but not past due nor impaired	-	24	1,385	921	2,330	30	2,360
Total	55,877	4,955	28,525	35,081	124,438	46,771	171,209

31 March 2008

Risk profile of financial assets neither past due nor impaired	Mortgages €m	Consumer €m	Property and construction €m	Non- Property SME and corporate €m	Total loans & advances to customers €m	Other financial instruments €m	Total €m
High quality	57,754	5,123	2,541	12,534	77,952	45,748	123,700
Satisfactory quality	545	1,394	28,096	17,056	47,091	1,450	48,541
Acceptable quality	21	170	3,966	2,370	6,527	65	6,592
Lower quality but not past due nor impaired	-	9	339	335	683	13	696
Total	58,320	6,696	34,942	32,295	132,253	47,276	179,529

Financial assets past due but not impaired

Where possible, the tables will generally exclude amounts arising from operational / timing issues that are outside the control of customers.

The Group has classified those loans which are past due more than 90 days on which it does not expect to incur a loss, as past due rather than impaired.

As operationally impracticable, the Group has availed of the option under IFRS 7 to not disclose the fair value of collateral held against past due or impaired financial assets.

31 March 2009

Financial assets past due but not impaired	Mortgages €m	Consumer €m	Property and construction €m	Non- Property SME and corporate €m	Total loans & advances to customers €m	Other financial instruments €m	Total €m
Past due up to 30 days	1,021	160	743	389	2,313	-	2,313
Past due 31 – 60 days	510	110	452	179	1,251	-	1,251
Past due 61 – 90 days	306	34	630	149	1,119	-	1,119
Past due more than 90 days	945	10	67	56	1,078	-	1,078
Total	2,782	314	1,892	773	5,761	-	5,761

19 Credit risk exposures (continued)

31 March 2008

Financial assets past due but not impaired	Mortgages €m	Consumer €m	Property and construction €m	Non- Property SME and corporate €m	Total loans & advances to customers €m	Other financial instruments €m	Total €m
Past due up to 30 days	849	200	412	332	1,793	-	1,793
Past due 31 – 60 days	318	44	97	68	527	-	527
Past due 61 – 90 days	134	16	42	58	250	-	250
Past due more than 90 days	392	2	43	12	449	-	449
Total	1,693	262	594	470	3,019	-	3,019

31 March 2009

Impaired financial assets	Mortgages €m	Consumer €m	Property and construction €m	Non- Property SME and corporate €m	Total loans & advances to customers €m	Other financial instruments €m	Total €m
Impaired financial assets	229	368	3,538	1,187	5,322	79	5,401
Allowance at beginning of year	21	187	108	280	596	5	601
Exchange adjustments	3	5	2	(6)	4	-	4
Amounts written off	(9)	(85)	(16)	(134)	(244)	-	(244)
Recoveries	4	2	1	1	8	-	8
Charge against income statement	127	198	766	344	1,435	78	1,513
Unwind of discount	(2)	(6)	(5)	(5)	(18)	-	(18)
Allowance at end of year	144	301	856	480	1,781	83	1,864

The charge above includes write downs against available for sale financial assets which are charged directly against the relevant asset rather than being separately held as a provision. €76 million of impairment losses on available for sale financial assets have been recognised in the year ended 31 March 2009. The charge also includes €2 million for other financial instruments relating to loans and advances to banks.

31 March 2008

Impaired financial assets	Mortgages €m	Consumer €m	Property and construction €m	Non- Property SME and corporate €m	Total loans & advances to customers €m	Other financial instruments €m	Total €m
Impaired financial assets	15	231	310	506	1,062	8	1,070
Allowance at beginning of year	19	121	50	238	428	-	428
Exchange adjustments	(2)	(4)	(2)	(21)	(29)	-	(29)
Amounts written off	(3)	(15)	-	(25)	(43)	-	(43)
Recoveries	2	6	-	5	13	-	13
Charge against income statement	5	79	60	83	227	5	232
Allowance at end of year	21	187	108	280	596	5	601

19 Credit risk exposures (continued)

Allowances include specific and 'incurred but not reported' (IBNR) allowances. IBNR allowances can be recognised on all categories of loans for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment.

The allowance of €1,864 million at 31 March 2009, is held against loans and advances to customers - €1,781 million (31 March 2008: €596 million), available for sale financial assets - €81 million (31 March 2008: €5 million) and loans and advances to banks €2 million (31 March 2008: Nil).

Financial assets renegotiated that would otherwise be past due or impaired

Renegotiated loans are those facilities at 31 March 2009 which if not renegotiated would have been Impaired loans or Past due but not impaired loans. The carrying value of these loans at 31 March 2009 is €5,950 million (31 March 2008: nil) and represents borrowers whose loan terms and conditions have been amended in recognition of a change in the borrowers' circumstances. Amendments would include, for example, situations where anticipated repayment through refinance or asset disposal on the original loan terms is not achievable at this time having regard to illiquid markets. Loans under this disclosure requirement are primarily included in the 'Acceptable quality' and 'Lower quality but not past due nor impaired' classifications and are not deemed to represent a risk of loss at the reporting date.

Reposessed collateral

During the year ended 31 March 2009, the Group took possession of collateral held as security, as follows:

	31 March 2009 €m	31 March 2008 €m
Residential properties		
- Ireland	1	-
- UK and other	73	34
	<u>74</u>	<u>34</u>

Reposessed properties are sold as soon as practicable, with the proceeds applied against outstanding indebtedness.

20 Interest in associated undertakings

	2009 €m	2008 €m
At 1 April	28	26
Share of results after tax	(7)	(1)
Increase in investments	2	3
Dividends received	(1)	-
At 31 March	<u>22</u>	<u>28</u>

21 Interest in joint ventures

	2009 €m	2008 €m
At 1 April	70	73
Reclassifications	175	-
Share of results after tax:	(35)	47
- First Rate Exchange Services	39	47
- Property unit trust	(63)	-
- Paul Capital Investments	(11)	-
Dividends received	(34)	(34)
Exchange adjustments	(25)	(16)
At 31 March	<u>151</u>	<u>70</u>

22 Intangible assets

	Goodwill €m	Computer software externally purchased €m	Computer software internally generated €m	Other externally purchased intangible assets €m	Total €m
Cost					
At 1 April 2008	293	267	807	149	1,516
Exchange adjustments	41	(12)	(20)	(14)	(5)
Reclassifications	-	-	2	(19)	(17)
Additions	-	35	56	28	119
Disposals / write-offs	-	(12)	(17)	-	(29)
At 31 March 2009	334	278	828	144	1,584
Accumulated amortisation					
At 1 April 2008	-	(211)	(401)	(41)	(653)
Exchange adjustments	-	5	6	4	15
Disposals / write-offs	-	12	10	-	22
Impairment	(287)	-	-	(17)	(304)
Charge for the year	-	(37)	(88)	(7)	(132)
At 31 March 2009	(287)	(231)	(473)	(61)	(1,052)
Net Book Value at 31 March 2009	47	47	355	83	532

	Goodwill €m	Computer software externally purchased €m	Computer software internally generated €m	Other externally purchased intangible assets €m	Total €m
Cost					
At 1 April 2007	347	313	726	151	1,537
Exchange adjustments	(54)	(19)	(14)	(22)	(109)
Reclassifications	-	(33)	37	-	4
Additions	-	10	67	21	98
Disposals / write-offs	-	(4)	(9)	(1)	(14)
At 31 March 2008	293	267	807	149	1,516
Accumulated amortisation					
At 1 April 2007	-	(212)	(341)	(41)	(594)
Exchange adjustments	-	6	5	7	18
Reclassifications	-	-	(4)	-	(4)
Disposals / write-offs	-	4	9	1	14
Charge for the year	-	(9)	(70)	(8)	(87)
At 31 March 2008	-	(211)	(401)	(41)	(653)
Net Book Value at 31 March 2008	293	56	406	108	863

23 Investment properties

	2009 €m	2008 €m
At 1 April	1,511	1,142
Revaluation	(512)	(149)
Additions / reclassifications	414	529
Disposals	-	(11)
At 31 March	1,413	1,511

24 Assets and liabilities classified as held for sale

	2009 €m	2008 €m
Assets		
Assets of Guggenheim	7	-
Assets of Iridian	17	-
Retail branches	-	11
Other properties	-	221
Assets classified as held for sale	24	232

	2009 €m	2008 €m
Liabilities		
Liabilities of Guggenheim	4	-
Liabilities of Iridian	10	-
Liabilities classified as held for sale	14	-

25 Deposits from banks

	2009 €m	2008 €m
Deposits from banks	9,210	12,099
Securities sold under agreement to repurchase	19,508	1,749
Other bank borrowings	96	282
Deposits by banks	28,814	14,130

26 Customer accounts

	2009 €m	2008 €m
Term deposits and other products	40,437	31,514
Demand deposits	28,808	36,788
Current accounts	13,874	16,327
Other short term borrowings	-	1,605
Customer accounts	83,119	86,234

27 Subordinated liabilities

	2009 €m	2008 €m
Undated loan capital		
Bank of Ireland UK Holdings plc		
€600 million 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	637	615
Stg£350 million 6.25% Guaranteed Callable Perpetual Preferred Securities	381	394
Bol Capital Funding (No 1) LP		
€600 million Fixed Rate / Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	592	590
Bol Capital Funding (No 2) LP		
US\$800 million Fixed Rate / Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	674	541
Bol Capital Funding (No 3) LP		
US\$400 million Fixed Rate / Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	345	270
Bol Capital Funding (No 4) LP		
Stg£500 million Fixed Rate / Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	587	602
Bank of Ireland		
Stg£75 million 13 ³ / ₈ % Perpetual Subordinated Bonds	134	156
Bristol & West plc		
Stg£32.6 million 8 ¹ / ₈ % Non-Cumulative Preference Shares	35	41
	3,385	3,209
Dated loan capital		
€750 million 6.45% Subordinated Bonds 2010	775	767
€600 million Subordinated Floating Rate Notes 2013	-	600
Can\$400 million Fixed / Floating Rate Subordinated Notes 2015	229	242
€600 million Subordinated Floating Rate Notes 2017	599	599
€750 million Floating Rate Subordinated Notes 2017	749	768
Stg£400 million Fixed / Floating Rate Subordinated Notes 2018	428	500
US \$600 million Subordinated Floating Rate Notes due 2018	450	379
Stg£75 million 10% Subordinated Bonds 2018	95	98
€650 million Fixed / Floating Rate Subordinated Notes 2019	692	646
Stg£450 million dated callable Step-up Fixed / Floating Rate Subordinated Notes September 2020	540	-
	4,557	4,599
	7,942	7,808

28 Deferred tax

	2009 €m	2008 €m
The movement on the deferred tax account is as follows:		
At 1 April	(14)	253
Income statement credit for year	(115)	(84)
Available for sale financial assets – transferred to reserves	(162)	(54)
Cash flow hedges – transferred to reserves	(104)	(68)
Revaluation / reclassification of property during year	(17)	(8)
Pension	(83)	(36)
Other movements	(15)	(17)
At 31 March	(510)	(14)
Represented on the balance sheet as follows:		
Deferred tax assets	(560)	(145)
Deferred tax liabilities	50	131
	(510)	(14)

29 Retirement benefit obligations

The Group operates a number of defined benefit and defined contribution schemes in Ireland and overseas. The defined benefit schemes are funded and the assets of the schemes are held in separate trustee administered funds. In determining the level of contributions required to be made to each scheme and the relevant charge to the income statement the Group has been advised by independent actuaries, Watson Wyatt (Ireland) Limited.

The most significant defined benefit scheme in the Group is the Bank of Ireland Staff Pension Fund (BSPF) which accounts for approximately 82% of the pension liability on the consolidated Group balance sheet. The BSPF was closed to new members from 1 October 2006. All new employees in the Group are eligible to become members of the Bank of Ireland Group Pension Fund ("The BIGPF") or the Bank of Ireland Group UK Pension Fund. The BIGPF is a hybrid scheme which includes elements of both a defined benefit and a defined contribution scheme.

Retirement benefits under the BSPF and the other defined benefit plans are calculated by reference to pensionable service and pensionable salary at normal retirement date.

The last formal valuation of the BSPF, using the projected unit method, was carried out at 31 March 2007. The projected unit method measures liabilities taking account of the projected future levels of pensionable earnings at the time of commencement of benefits i.e. at normal retirement date.

The valuation disclosed that the fair value of scheme assets, after allowing for expected future increases in earnings and pensions, represented 109% of the benefits that have accrued to members. The actuary has recommended a contribution rate increase of 0.7% of salaries in the funding programme following the conclusion of the formal valuation of the fund at 31 March 2007. The next formal valuation will be made as at 31 March 2010. The BSPF met the statutory funding standard as at 31 March 2007.

The above valuation has been updated to 31 March 2009 for the purposes of meeting the requirements of IAS 19.

29 Retirement benefit obligations (continued)

The actuarial valuations are available for inspection to the members of the schemes. The financial assumptions used in deriving the valuation are set out in the table below.

Financial assumptions	2009 % per annum	2008 % per annum
Irish Schemes		
Inflation rate	2.00	2.40
Discount rate	5.95	5.85
Rate of general increase in salaries	2.62*	3.51*
Rate of increase in pensions in payment	2.40*	3.23*
Rate of increase to deferred pensions	2.00	2.40
UK Schemes		
Inflation rate	2.75	3.50
Discount rate	6.50	6.50
Rate of general increase in salaries	3.61*	4.69*
Rate of increase in pensions in payment	3.05*	3.91*
Rate of increase to deferred pensions	2.75	3.50

* Weighted average increase across all Group schemes.

Salary increases include a short term salary assumption of 0.75% below inflation for the two years beginning 1 April 2009.

The discount rates for the Irish and UK schemes are based on the iBoxx over 10 year AA-rated Euro corporate bond index and the iBoxx over 15 year AA-rated Sterling corporate bond index respectively

Mortality assumptions

In the last quarter of 2008, the Society of Actuaries in Ireland presented the results of their mortality investigations to the Pensions Board. This included an outline for future improvements in life expectancies. The Bank adopted these assumptions for the purposes of calculating the liabilities of all of its Republic of Ireland schemes. The table below sets out life expectancies based on revised assumptions.

Post retirement mortality assumptions (Main Scheme)	2009 years	2008 years
Longevity at age 70 for current pensioners		
Male	16.5	15.0
Female	18.1	17.3
Longevity at age 60 for active members currently aged 60 years		
Male	26.2	25.1
Female	28.0	28.0
Longevity at age 60 for active members currently aged 40 years		
Male	29.0	27.5
Female	30.3	30.3

29 Retirement benefit obligations (continued)

The expected long term rates of return and market value of assets of the material defined benefit plans on a combined basis as at 31 March 2009 and 31 March 2008 were as follows:

	2009 Expected long term rate of return			2008 Expected long term rate of return		
	Rol %	UK %	Market Value €m	Rol %	UK %	Market Value €m
31 March 2009						
Equities	7.75	8.5	1,446	7.5	8.5	2,378
Debt securities	4.6	5.6	1,210	4.8	6.1	1,051
Property	6.0	6.2	285	6.2	6.2	460
Cash and other assets	3.0	3.5	62	4.2	4.5	78
Total market value of schemes assets			3,003			3,967
Actuarial value of liabilities of funded schemes			(4,472)			(4,752)
Aggregate deficit in schemes			(1,469)			(785)
Unfunded schemes			(9)			(10)
Net pension deficit			(1,478)			(795)

The scheme assets have been valued on a bid basis.

The expected rates of return on individual asset classes are estimated using current and projected economic and market factors at the measurement date, based on the global asset model employed by the Group's actuaries. The expected long term rate of return on the total of the Group schemes assets as at 31 March 2009 is 6.3% (31 March 2008: 6.6%). The overall expected return on plan assets is based upon the weighted average of the assumed returns on the major asset classes.

The expected return on debt securities is derived from gilt yields and corporate bond yields. This has decreased for the UK schemes due to a reduction in UK gilt yields. Approximately 66% of the value of debt securities is held in a Liability Driven Investment portfolio.

The decrease in the expected rates of return for cash and other assets results from the fall in short term interest rates during the year.

The retirement benefit scheme assets included Bank of Ireland stock amounting to €1 million (31 March 2008: €29 million) and property occupied by Bank of Ireland Group companies to the value of €28 million (31 March 2008: €46 million).

	2009 €m	2008 €m	2007 €m	2006 €m	2005 €m
Defined benefit pensions					
Present value of obligations	4,481	4,762	5,092	4,878	4,341
Scheme assets	3,003	3,967	4,505	4,070	3,417
Deficit within schemes	1,478	795	587	808	924
This is shown in the balance sheet as:					
Retirement benefit obligations	1,485	806	587	808	924
Retirement benefit asset	(7)	(11)	-	-	-
Deficit within schemes	1,478	795	587	808	924

The liability to defined contribution schemes at 31 March 2009 was €0.6 million (31 March 2008: €1 million) and this amount is included in retirement benefit obligations in the consolidated balance sheet.

30 Contingent liabilities and commitments

The tables below gives the contract 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 prove worthless.

	2009 Contract amount €m	2008 Contract amount €m
Contingent liabilities		
Acceptances and endorsements	19	47
Guarantees and irrevocable letters of credit	1,879	2,199
Other contingent liabilities	670	669
	<u>2,568</u>	<u>2,915</u>
Commitments		
- Documentary credits and short term trade related transactions	260	312
- Undrawn note issuance and revolving underwriting facilities	157	175
- Undrawn formal standby facilities, credit lines and other commitments to lend		
- revocable or irrevocable with original maturity of 1 year or less	17,721	26,162
- irrevocable with original maturity of over 1 year	8,781	10,232
	<u>26,919</u>	<u>36,881</u>

31 Capital stock

	2009 €m	2008 €m
Allotted and fully paid		
994.1 million units of €0.64 of ordinary stock	636	628
32.1 million units of €0.64 of treasury stock	21	29
1.9 million units of non-cumulative preference stock of Stg£1 each	3	3
3.0 million units of non-cumulative preference stock of €1.27 each	4	4
3.5 billion units of non-cumulative preference stock (2009 preference stock) of €0.01 each	35	-
	<u>699</u>	<u>664</u>

32 Retained earnings

	2009 €m	2008 €m
At 1 April	5,670	4,672
Profit for period attributable to stockholders	69	1,699
Equity dividends	(387)	(611)
Dividends on other equity interests	(10)	(14)
Transfer to / from capital reserves	39	(101)
Profit retained	(289)	973
Reissue of treasury stock	(83)	189
Transfer from revaluation reserve	4	41
Transfer from share based payments reserve	3	4
Pension fund obligations	(544)	(209)
At 31 March	<u>4,761</u>	<u>5,670</u>

33 Other reserves

Other reserves are summarised as follows:

	2009 €m	2008 €m
Other reserves		
Capital reserve	491	530
Share based payments reserve	33	33
Foreign exchange reserve	(1,316)	(788)
Revaluation reserve	82	182
Available for sale reserve	(1,532)	(419)
Cash flow hedge reserve	(592)	(52)
Other equity reserves	224	114
Closing balance	(2,610)	(400)

Other reserves are analysed as follows:

Capital reserve

At 1 April	530	429
Transfer (to) / from retained earnings	(39)	101
At 31 March	491	530

The capital reserve represents transfers from retained earnings and other reserves in accordance with relevant legislation. The capital reserve is not distributable.

Share based payments reserve

At 1 April	33	24
Charge to the income statement	3	13
Transfer to retained earnings	(3)	(4)
At 31 March	33	33

Foreign exchange reserve

At 1 April	(788)	(76)
Exchange adjustments during the year	(528)	(712)
At 31 March	(1,316)	(788)

The foreign exchange reserve represents the cumulative gains and losses on the translation of the Group's net investment in its foreign operations since 1 April 2004.

Revaluation reserve

A 1 April	182	252
Transfer to retained earnings on sale of property	(4)	(41)
Revaluation of property	(113)	(37)
Deferred tax on revaluation of property	17	8
At 31 March	82	182

The revaluation reserve represents the cumulative gains and losses on the revaluation of property occupied by Group businesses, included within property, plant and equipment and assets classified as held for sale.

33 Other reserves (continued)

	2009 €m	2008 €m
Available for sale reserve		
At 1 April	(419)	(33)
Net changes in fair value	(1,270)	(406)
Deferred tax on fair value changes	162	54
Transfer to income statement on asset disposal	(5)	(34)
At 31 March	(1,532)	(419)

The available for sale reserve represents the cumulative change in fair value of available for sale financial assets together with the impact of any fair value hedge accounting adjustments.

Cash flow hedge reserve

At 1 April	(52)	195
Net changes in fair value	121	128
Transferred to income statement		
- Net interest income	(93)	(185)
- Net trading expense (foreign exchange)	(672)	(258)
Deferred tax on reserve movements	104	68
At 31 March	(592)	(52)

The cash flow hedge reserve represents the cumulative changes in fair value, excluding any ineffectiveness, of cash flow hedging instruments. The reserve will be transferred to the income statement when the hedged transactions impact the Group's profit or loss.

Other equity reserves

	US\$150 million capital note €m	Core tranche warrants €m	Secondary tranche warrants €m	Total €m
At 1 April 2007 and 2008	114	-	-	114
Issue of warrants	-	50	60	110
At 31 March 2009	114	50	60	224

The US\$150 million note is an undated floating rate primary capital note. The core tranche warrants and secondary tranche warrants relate to the issue of the preference stock to the National Pensions Reserve Fund Commission.

34 Minority interests

	2009 €m	2008 €m
At 1 April	38	34
Acquisition	61	-
Share of net (loss) / profit	(35)	5
Dividends paid to minority interest	(3)	(2)
Other movement	-	1
At 31 March	61	38

Average balance sheet and interest rates

The following tables show the average balances and interest rates of interest earning assets and interest bearing liabilities for each of the years ended 31 March 2009 and 2008. 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. The Group's Operating divisions are managed on product margin basis, with funding and interest exposure managed centrally by Global Markets. Domestic and foreign margins are provided for statutory purposes. The explanation of the underlying business trends in the Group's net interest margin, after adjusting for the impact of IFRS income classifications, is explained on page 18.

	Year ended 31 March 2009			Year ended 31 March 2008		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate %
ASSETS						
Loans and advances to banks						
Domestic offices	5,912	201	3.4	5,936	230	3.9
Foreign offices	1,399	45	3.2	1,360	93	6.8
Loans and advances to customers ⁽¹⁾						
Domestic offices	78,251	4,681	6.0	75,090	4,668	6.2
Foreign offices	62,654	3,452	5.5	59,179	3,796	6.4
Central government and other eligible bills						
Domestic offices	-	-	-	10	-	3.9
Foreign offices	-	-	-	-	-	-
Available for sale financial assets						
Domestic offices	27,748	1,307	4.7	32,932	1,579	4.8
Foreign offices	899	28	3.1	424	25	5.9
Other financial assets at fair value through profit or loss						
Domestic offices	235	-	-	24	-	-
Foreign offices	81	-	-	228	-	-
Other	-	3	-	-	6	-
Total interest earning assets	177,179	9,717	5.5	175,183	10,397	5.9
Domestic offices	112,146	6,189	5.5	113,992	6,477	5.7
Foreign offices	65,033	3,528	5.4	61,191	3,914	6.4
Other	-	-	-	-	6	-
	177,179	9,717	5.5	175,183	10,397	5.9
Allowance for impairment charges	(936)	-	-	(498)	-	-
Non interest earning assets ⁽²⁾	25,389	-	-	24,726	-	-
Total assets	201,632	9,717	4.8	199,411	10,397	5.2
Percentage of assets applicable to foreign activities						
	31.8%			30.6%		

Average balance sheet and interest rates (continued)

	Year ended 31 March 2009			Year ended 31 March 2008		
	Average Balance €m	Interest €m	Rate %	Average Balance €m	Interest €m	Rate €m
LIABILITIES AND STOCKHOLDERS' EQUITY						
Deposits from banks ⁽²⁾						
Domestic offices	16,111	521	3.2	7,995	263	3.3
Foreign offices	989	33	3.3	10,761	577	5.4
Customer accounts						
Domestic offices	42,254	1,538	3.6	33,601	1,229	3.7
Foreign offices	35,686	1,235	3.5	30,287	1,579	5.2
Debt securities in issue						
Domestic offices	41,029	1,625	4.0	49,627	2,351	4.7
Foreign offices	16,567	672	4.1	11,586	697	6.0
Subordinated liabilities						
Domestic offices	4,665	196	4.2	4,472	226	5.1
Foreign offices	3,424	227	6.6	3,515	229	6.5
Other	-	-	-	-	(17)	-
Total interest bearing liabilities	160,725	6,047	3.8	151,844	7,134	4.7
Domestic offices	104,059	3,880	3.7	95,695	4,069	4.3
Foreign offices	56,666	2,167	3.8	56,149	3,082	5.5
Other	-	-	-	-	(17)	-
	160,725	6,047	3.8	151,844	7,134	4.7
Current accounts	10,137	-	-	12,533	-	-
Non interest bearing liabilities ⁽³⁾	24,772	-	-	28,084	-	-
Stockholders equity	5,998	-	-	6,950	-	-
Total liabilities and stockholders' equity	201,632	-	-	199,411	7,134	3.6
Percentage of liabilities and stockholders equity applicable to foreign activities	31.1%			28.2%		

(1) Loans to customers include non-accrual loans and loans classified as impaired loans. The Group applies hedge accounting on a macro cash flow basis to the total balance sheet. The outcome of this activity has been allocated between domestic and foreign loans and advances to customers as appropriate.

(2) The deposit from banks domestic and foreign balance and interest lines above have been adjusted to correct for inter-jurisdictional funding items that arise through normal business activities, to give a more meaningful picture of the Group's domestic and foreign activities.

(3) The balance sheet of the life assurance business has been consolidated and is reflected under 'non-interest earning assets' and 'other non-interest bearing liabilities'.

Consolidated income statement

for the year ended 31 March 2009

(EURO, US\$ & STG£)	€m	US\$m(1)	Stg£m(1)
Interest income	9,717	12,931	9,045
Interest expense	(6,047)	(8,047)	(5,629)
Net interest income	3,670	4,884	3,416
Net insurance premium income	1,069	1,423	995
Fee and commission income	717	954	667
Fee and commission expense	(232)	(309)	(216)
Net trading expense	(307)	(409)	(286)
Life assurance investment income and losses	(1,570)	(2,089)	(1,461)
Other operating income	73	97	68
Total operating income	3,420	4,551	3,183
Insurance contract liabilities and claims paid	537	715	500
Total operating income, net of insurance claims	3,957	5,266	3,683
Other operating expenses	(2,105)	(2,801)	(1,959)
Impairment of goodwill and other intangible assets	(304)	(405)	(283)
Operating profit before impairment charges on financial assets	1,548	2,060	1,441
Impairment charges losses on financial assets	(1,513)	(2,013)	(1,408)
Operating profit	35	47	33
Share of loss of associated undertakings and joint ventures (after tax)	(42)	(56)	(39)
Loss before taxation	(7)	(9)	(6)
Taxation	41	54	38
Profit for the period	34	45	32
Attributable to minority interests	(35)	(47)	(33)
Attributable to stockholders	69	92	65
Profit for the year	34	45	32

(1) Converted at closing exchange rates as set out on page 36.

Consolidated balance sheet

as at 31 March 2009

(EURO, US\$ & STG£)	€m	US\$m(1)	Stg£m(1)
ASSETS			
Cash and balances at central banks	3,224	4,291	3,001
Items in the course of collection from other banks	515	685	479
Central government and other eligible bills	-	-	-
Trading securities	125	167	117
Derivative financial instruments	8,397	11,175	7,816
Other financial assets at fair value through profit or loss	7,604	10,120	7,078
Loans and advances to banks	7,886	10,494	7,340
Available for sale financial assets	26,858	35,743	24,998
Loans and advances to customers	133,740	177,983	124,485
Interest in associated undertakings	22	29	21
Interest in joint ventures	151	201	141
Intangible assets – goodwill	47	62	44
Intangible assets – other	485	646	452
Investment property	1,413	1,881	1,315
Property, plant & equipment	492	655	458
Deferred tax assets	560	746	522
Other assets	2,566	3,414	2,388
Retirement benefit asset	7	9	6
Assets classified as held for sale	24	31	22
Total assets	194,116	258,332	180,683
EQUITY AND LIABILITIES			
Deposits from banks	28,814	38,346	26,820
Customer accounts	83,119	110,615	77,367
Items in the course of transmission to other banks	238	317	222
Derivative financial instruments	7,554	10,053	7,031
Liabilities to customers under investment contracts	4,084	5,436	3,802
Debt securities in issue	45,133	60,063	42,010
Insurance contract liabilities	5,634	7,498	5,244
Other liabilities	3,049	4,057	2,838
Provisions	87	116	81
Deferred tax liabilities	50	67	47
Retirement benefit obligations	1,485	1,976	1,382
Subordinated liabilities	7,942	10,570	7,393
Liabilities classified as held for sale	14	19	13
Total liabilities	187,203	249,133	174,250
Equity			
Capital stock	699	930	651
Stock premium account	4,092	5,446	3,809
Retained earnings	4,762	6,337	4,432
Other reserves	(2,610)	(3,475)	(2,431)
Own shares held for the benefit of life assurance policyholders	(90)	(120)	(84)
Stockholders' equity	6,852	9,118	6,377
Minority interests	61	81	56
Total equity	6,913	9,199	6,433
Total equity and liabilities	194,116	258,332	180,683

(1) Converted at closing exchange rates as set out on page 36.