Report & Accounts

for the year ended 31 March 2009

Bank of Ireland

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, 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 performance of the Irish and UK economies and the performance and volatility of the international capital 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 sources. 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.

Annual Report 2009

Contents

Section 1 Business Review

2	Governor's Statement
4	Performance Summary
5	Group Chief Executive's Review
8	Operating and Financial Review
29	Risk Management

Section 2 Governance

69	Court of Directors
71	Report of the Directors
74	Schedule to the Report of the Directors
79	Remuneration Report
89	Corporate Governance Statement
96	Corporate Responsibility

Section 3 Financial Statements

100	Statement of Directors' Responsibilities
101	Independent Auditors' Report
103	Consolidated Financial Statements
201	Bank Financial Statements

Section 4 General Information

228	Average balance sheet and interest rates
230	Consolidated income statement
231	Consolidated balance sheet
232	Other disclosures
234	Stockholder Information
238	Principal Business Units and Addresses
242	Index
245	Glossary of Terms

2008 / 09 Key Financials

Loss before tax	€7 million
Underlying profit before tax	€332 million
Operating income	€3,909 million
Operating profit before loan impairment	€1,887 million
Loan impairment charges	€1,513 million
Profit attributable to ordinary stockholders	€59 million
Basic earnings per ordinary stock unit	5.9c
Underlying earnings per ordinary stock unit	30.2c
Total capital ratio	15.2%
Tier 1 capital ratio	12.0%
Core Tier 1 capital ratio	9.5%

The 2008 / 09 key financials above are based on the financial results for the year ended 31 March 2009. Underlying profit before tax excludes the impact of non-core items (see page 16).

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

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 BoI 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 16)*

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 BoI 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.

Risk Weighted Assets and Capital Ratios	**31 March 2009 €bn**	31 March 2008 €bn
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 BoI 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 BoI 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	33	12	33	1%
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 BoI 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.

	31 March 2009		31 March 2008	
Wholesale funding	**€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 achieveable.

'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.

		31 March 2009		31 March 2008
Asset quality – loans and advances to customers (pre impairment provisions)	**€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 €m	31 March 2009 bps	31 March 2008 €m	31 March 2008 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
• *Impairment provisions (mortgages) as a % of mortgage loans*	*24bps*	*3bps*
• *Impairment provisions (non-mortgages) as a % of non-mortgage loans*	*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 €m	Year ended 31 March 2009 bps	Year ended 31 March 2008 €m	Year ended 31 March 2008 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 €m	Year ended 31 March 2009 bps	Year ended 31 March 2008 €m	Year ended 31 March 2008 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 €m	Year ended 31 March 2009 bps	Year ended 31 March 2008 €m	Year ended 31 March 2008 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%

* 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.

Operating income	**Year ended 31 March 2009 €m**	Year ended 31 March 2008 €m	Change %
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.

Net interest income / Net interest margin	**Year ended 31 March 2009 €m**	Year ended 31 March 2008 €m	Change %
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.

Net other income	**Year ended 31 March 2009 €m**	Year ended 31 March 2008 €m	Change %
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 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.

Operating expenses	**Year ended 31 March 2009 €m**	Year ended 31 March 2008 €m	Change %
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 11)

Impairment charge - available for sale assets (see page 14)

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. Consequenty 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 18.

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 16) 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 16)*

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 18).

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	82	98	
• Experience variance	(41)	11	
• Assumption changes	(15)	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 persistance 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.

UK Financial Services: Income Statement	Year ended 31 March 2009 £m	Year ended 31 March 2008 Restated * £m	Change %
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%	

	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.

UKFS: Business Unit Profit Before Tax	Year ended 31 March 2009 £m	Year ended 31 March 2008 Restated * £m	Change %
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 2009. 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

Year ended 31 March 2009	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 of goodwill and other intangible assets €m	Impairment charges €m	Share of (loss) / profit of associates and joint ventures (after tax) €m	**Loss before taxation €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 16)

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 16)

*** 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.*

Risk Management

PRINCIPAL RISKS AND UNCERTAINTIES

Set out below are the key risk factors which could impact the Group's future results and financial position. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties because there may be risks and uncertainties of which the Group is not aware or which the Group now does not consider significant but which in the future may become significant.

Challenging economic environment

The Group's businesses are subject to inherent risks arising from macroeconomic conditions in the Group's main markets, particularly conditions in Ireland, the UK and the US. Adverse developments, such as the ongoing deterioration in general economic conditions and in global financial markets, have already adversely affected the Group's earnings and are likely to continue to affect its results, financial condition and prospects.

The global financial system has been experiencing difficulties since August 2007 and the global financial markets have deteriorated very significantly since September 2008. This has resulted in severe dislocation of financial markets around the world resulting in material declines in the values of nearly all assets classes and unprecedented levels of illiquidity. This has caused the development of substantial problems at a number of large global commercial banks, investment banks and insurance companies, many of which are the Group's counterparties in the ordinary course of its business. Banks and other lenders have suffered significant losses and have become reluctant to lend due to the increased risk of default and the impact of declining asset values on the value of collateral.

There are growing indications of a deep and prolonged global recession. Despite measures by the European Central Bank and the UK and US Governments to stabilise the financial markets, the volatility and disruption of the capital and credit markets have continued. These conditions have already adversely affected the Group and have exerted downward pressure on stock prices, liquidity and availability of credit for financial institutions, including the Group, and other corporations.

The above described adverse macroeconomic conditions have caused a decline in demand for business products and services and decreases in business and consumer confidence, lower personal expenditure and consumption, increases in debt service burden on both consumers and businesses, and limitations on the general availability and cost of credit. These conditions have affected significantly and will continue to affect the Group's customers and, by extension, the demand for, and supply of, the Group's products and services and the Group's financial condition and results of operations. In addition, higher unemployment, reduced corporate profitability, increased corporate and personal insolvency rates and higher borrowing costs may reduce borrowers' ability to repay loans and may cause prices of residential and commercial property or other asset prices to fall further, thereby reducing the value of collateral on many of the Group's loans and significantly increasing write downs and impairment losses.

Liquidity / Funding risk

Liquidity risk is the risk that a bank will be unable to meet its obligations, including deposit withdrawals and funding commitments, as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise specific factors, including an over reliance on a particular source of funding (including, for example, short term and overnight funding, securitisations and covered bonds), changes in credit ratings or market wide phenomena such as market dislocation and major disasters. Since August 2007, the global economy and the global financial system have been experiencing an ongoing period of significant turbulence and uncertainty. Credit markets worldwide have experienced and continue to experience a severe reduction in the level of liquidity and quantum of term funding available in the wholesale markets. The terms on which such funding is available has become more onerous and expensive. Counterparty risk (including the perception of such risk) between banks has also increased significantly following the collapse of Lehmans in mid September 2008.

The Group's liquidity management aims to focus on maintaining a diverse and appropriate funding strategy for its operations, controlling the mismatch of maturities and carefully monitoring its undrawn commitments and contingent liabilities. Whilst the Group has remained in compliance with all external liquidity limits and ratios, the dislocation in the wholesale markets has impacted the pricing and availability of liquidity and term funds for the Group, as it has with most other financial institutions. This market dislocation has led to the introduction of a range of government guarantee schemes in a number of markets including Ireland. Should the dislocation persist or worsen, the price of liquidity may rise and liquidity may be further constrained.

Like many banks, the Group relies on customer deposits to meet a considerable portion of its funding requirements. The Group's lending activities depend on the availability of customer deposits on appropriate terms, for which there is increasing competition. This reliance has increased in the recent past given the difficulties in accessing wholesale funding. Any material decrease in the Group's deposits could have a negative impact on the Group's liquidity. The availability of commercial deposits is often dependent on credit ratings and any further downgrade could limit the Group's liquidity and therefore increase liquidity risk. The ongoing availability of these deposits is also subject to fluctuations due to certain factors outside the Group's control, such as a loss of confidence of depositors in the economy in general and the financial services industry specifically, competitive pressures, general economic conditions and the availability and extent of deposit guarantees. These factors could lead to a reduction in the Group's ability to access customer deposit funding on appropriate terms or within a short period of time in the future, and to sustained outflows all of which would impact on the Group's ability to meet its liquidity requirements.

In addition to the continuing lack of liquidity and high cost of funds in the interbank lending market, which are unprecedented in recent history, the Group is and will continue to be subject to the risk of deterioration of the commercial soundness or perceived soundness of other financial services institutions within and outside the main markets in which the Group operates. Within the banking industry the default of any institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Group interacts on a daily basis, which could have an adverse effect on the Group's ability to raise new funding and on the Group's results, financial condition and prospects.

Credit Risk
Risks arising from changes in credit quality and the recoverability of both secured and unsecured loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. The outlook for the global economy in 2009/10 has significantly deteriorated in the last 12 months. Adverse changes in the credit quality of the Group's borrowers, counterparties and their guarantors, including sovereigns, or adverse changes arising from a general deterioration in global economic conditions or systemic risks in the financial systems have reduced, and are expected to continue to reduce, the recoverability and value of the Group's assets and have increased, and are expected to continue to increase, the quantum of impaired loans and impairment charges. Furthermore, the Group's performance may be affected by future recovery rates on assets, which may continue to deteriorate in line with a deteriorating economy. Additionally, historical assumptions underlying asset recovery rates may no longer be accurate given the unprecedented market disruption.

The Group has exposures to a range of customers in different sectors, including exposures to investors in and developers of commercial and residential property. Property prices have shown significant declines throughout the last year and developers of commercial and residential property are facing particularly challenging market conditions, including substantially lower prices and volumes. Beyond this sector, economic conditions are deteriorating more broadly and this may lead to further declines in values of collateral and investments, weakening consumer and corporate spending, declining corporate profitability and an increase in corporate insolvencies. Residential property prices are declining in Ireland and the UK. Many borrowers in Ireland and the UK borrow on short term fixed or discounted floating rates and when such rates expire, the continued reduced supply and stricter terms of lending, together with the potential for higher borrowing rates, have led and will continue to lead to higher delinquency rates. These developments could have a materially adverse impact on the Group's ability to recover on these loans or lead to write downs of investments.

The Group has also been exposed to increased counterparty risk as a result of recent financial institution and corporate failures and nationalisations, including recent events in Ireland, and will continue to be exposed to the risk of loss if counterparty financial institutions or other corporate borrowers fail or are otherwise unable to meet their obligations.

Capital
Effective management of the Group's capital is critical to its ability to operate its businesses, to grow organically and to pursue its strategy. The Group's business and financial condition could be affected if it is not able to manage its capital effectively or if the amount of capital is insufficient due to a materially worse than expected financial performance including, for example, reductions in profits and retained earnings as a result of write downs or otherwise, increases in risk weighted assets, delays in the disposal of certain assets as a result of market conditions or otherwise.

Government Guarantee Scheme / Government Recapitalisation
The Group participates in the guarantee scheme for deposits and specified liabilities implemented by the Irish Government pursuant to the Credit Institutions (Financial Support) Act 2008. The financial position of the Group could be impacted by the termination, amendment or cancellation of the scheme or the removal of the Group from the scheme, prior to its termination. The Group's financial position may also be impacted by changes to the costs of participating in the scheme.

The Irish Government via the National Pensions Reserve Fund Commission invested €3.5 billion in Bank preference stock capital on 31 March 2009.

The terms and conditions of the Government guarantee scheme and recapitalisation place certain restrictions on, and require the Group to submit to a degree of governmental regulation in relation to the operation of the Group's business. In particular, obligations to reduce risk profile and meet target ratios including, inter alia, specific targets for increased lending capacity to small to medium enterprises and residential mortgages, accept board appointees and controls on acquisitions and dividend payments could limit the Group's ability to determine independently its corporate strategy or adversely affect the Group's financial condition.

National Asset Management Agency

On 7 April 2009, the Irish Government announced its intention to establish the National Asset Management Agency (NAMA) to take control of land and development assets of the covered Irish financial institutions. Details on how NAMA will operate and the valuation at which these assets will transfer to NAMA have not been determined. The outcome may adversely affect the Group's results, financial condition and prospects.

Market Risk

The Group can be exposed to market risks such as changes in interest rates, foreign exchange rates, and bond and equity prices. Changes in interest rate levels and spreads may affect the interest rate margin realised between lending and borrowing rates, the effect of which may be heightened during periods of liquidity stress, such as those experienced in the past year. Changes in currency rates, particularly the euro sterling exchange rate, impact the value of assets, liabilities, income and expenses denominated in foreign currencies and the reported earnings of the Group's overseas operations (principally UK Financial Services) and may affect income from foreign exchange dealing. The performance of financial markets may affect the value of the Group's investment and trading portfolios. While the Group has no direct exposure to equity markets, changes in equity prices may effect the present value of the fee income that is linked to the value of equity assets under management. While the Group has implemented risk management methods to mitigate and control these and other market risks to which it is exposed, it is difficult, particularly in the current environment, to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Group's financial performance and business operations.

Valuation Risk

The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

In establishing the value of certain financial instruments that are recorded at fair value, the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in market conditions, such as during the current financial crisis. In such circumstances, the Group's internal valuation models require the Group to make assumptions, judgements and estimates to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgements and estimates the Group is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated to reflect changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on the Group's earnings and financial condition. Also, recent market volatility and illiquidity has challenged the factual bases of certain underlying assumptions and has made it difficult to value certain of the Group's financial instruments. Valuations in future periods, reflecting prevailing market conditions, may result in changes in the fair values of these instruments, which could have a negative effect on the Group's results or financial condition.

Change of control

Change of control provisions may be triggered if any party acquires control of the Group, which may lead to adverse consequences for the Group. The government's preference stock investment has not led to any such provision being incurred. Ordinary stockholders may be at risk of dilution in the event that the Group is required to raise additional capital and that this is not available from ordinary stockholders.

In the current volatile market, there is a risk to ordinary stockholders of increased ownership by the Irish Government and of nationalisation.

Key staff

The Group's future success and financial strength depends on its ability to attract, retain and motivate highly skilled and qualified personnel. The loss of the services of key employees could have a negative impact on the Group's future success and financial strength. Good employee relations are vital to the Group and the success of its business. In the event that the Group is impacted by industrial action or other labour conflicts, this may result in disruption to the Group's business, loss of customers and increased costs and could have a material and adverse impact on the Group's future results and financial condition.

Operational Risk

The Group's businesses are dependent on their ability to process and report accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Operational risks and losses can arise from fraud (internal or external), errors made by employees or by third parties, a failure to obtain proper authorisation for or to properly document transactions, a failure to comply with relevant regulatory rules and regulations (including those arising from anti money laundering and anti terrorism legislation), failures or inadequacies in equipment, systems and controls or natural disasters. Although the Group has implemented risk controls and loss mitigation actions to ensure that key operational risks are managed in a timely and effective manner, there can be no assurance that these controls or actions will be effective in controlling each of the operational risks faced by the Group. Any weakness in these controls or actions could result in an adverse impact on the Group's results and financial condition.

Pension Risk

The Group maintains a number of defined benefit pension schemes for current and past employees and some of these schemes have a significant deficit as calculated under the relevant accounting rules – International Accounting Standard (IAS) 19. Given the current economic and financial market difficulties and the prospects for them to continue over the short and medium term, the Group may be required to or elect to make additional contributions to the pension schemes. Such contributions could be significant and may have a negative impact on the Group's financial condition. Trends in pension scheme assets and liabilities which ultimately lead to schemes falling below the statutory minimum funding levels could have an adverse impact on the Group's capital position.

Taxation Risk

In accordance with accounting rules, the Group has recognised deferred tax assets on losses available to relieve future profits to the extent that it is probable that they will be recovered. The assets are quantified on the basis of current tax legislation and are subject to change in respect of the tax rate or the rules for computing taxable profits and allowable losses. A failure to generate sufficient future taxable profits or changes in tax legislation may reduce the recoverable amount of the deferred tax assets currently recognised in the financial statements.

Life Insurance Risk

The Group's insurance businesses are subject to inherent risks involving claims. Future claims in the Group's general and life assurance business may be higher than expected as a result of changing trends in claims experience resulting from causes outside of the Group's control. These trends could adversely affect the profitability of current and future insurance products and services. The Group reinsures some of the risks it has assumed and is accordingly exposed to the risk of loss should its reinsurers become unable or unwilling to pay claims made by the Group against them.

Reputation Risk

The Group's operations have inherent reputational risk. Negative public opinion can result from the actual or perceived manner in which the Group conducts its business activities or from actual or perceived practices in the banking industry, such as money laundering or misselling of financial products. Negative public opinion may adversely affect the Group's ability to keep and attract customers and, in particular, corporate and retail depositors. The Group cannot ensure that it will be successful in avoiding damage to its business from reputational risk.

Legal and regulatory risk

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. Disputes and legal proceedings in which the Group may be involved are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation. Adverse regulatory action or adverse judgements in litigation could result in restrictions or limitations on the Group's operations or result in a material adverse impact on the Group's reputation, results of operations or financial condition.

Deposit compensation schemes

The Group participates in compensation, contributory or reimbursement schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. The Group may incur additional costs and liabilities as a result of participation in these schemes, which may negatively impact its financial condition and results of operations.

RISK ENVIRONMENT

The financial turmoil and resulting liquidity crisis, which started in August 2007, continued and significantly worsened during 2008. A general lack of confidence in the financial services sector reached its peak after the collapse of Lehmans in mid September 2008, reducing the availability of funding and liquidity to financial institutions worldwide. This in turn triggered support measures by most developed countries in order to protect their financial institutions, including the Irish Government's Credit Institutions (Financial Support) Act 2008 which provided a guarantee of deposits and of certain bank liabilities for a two year period to 29 September 2010. Global money and capital markets continue to experience stressed conditions. The Irish market was further impacted as reputational damage to the Irish banking system arose from concerns about corporate governance issues in some Irish financial institutions and debt and equity investor confidence declined due to Irish sovereign and institution specific credit downgrades as the outlook for the Irish economy and the country's fiscal position deteriorated.

The Group has responded to these challenges and has increased its focus on acquiring and retaining customer deposits and has significantly increased the quantum of its contingent funding sources by ensuring that more of its assets are available for use as collateral to secure funding.

The severe decline in the economies of the Group's main markets has also had an adverse impact on its lending portfolios. Property prices and economic activity fell sharply, unemployment rates increased, and consequently the Group's impairment charge on loans and advances to customers for the year ended 31 March 2009 increased to €1,435 million from €227 million for the year ended 31 March 2008.

In response to these adverse conditions, credit risk management structures have been reconfigured to centralise the management of 'at risk / challenged' portfolios at business unit level and to allocate the most experienced credit management personnel to these areas. Further initiatives are outlined in the credit risk section on page 40.

The Group's business model is based on building long term customer relationships. The Group strongly encourages customers to communicate with the Group where they envisage they might have difficulty in meeting repayments. Additionally, the Group is proactively identifying and working with customers who may be experiencing financial difficulty.

In addition to liquidity and credit risk, other risks have become more acute in the current climate. In particular, the Group's exposure to pension risk, in common with most other employers, has increased. Reputational risk has increased due to the public's negative image of the financial services industry in general and, more specifically, due to recent corporate governance issues in Ireland. Substantially increased volatility in interest rates, credit spreads, exchange rates, and equity prices have increased the risk to the Group's interest margin, trading results, and translation of foreign currency earnings.

The Group conducts a full programme of stress tests in order to assess the impact of adverse scenarios on the Group's loan impairment losses, profits, capital requirements and funding. The Group accepted the resulting risk profile, but in line with most financial institutions, governments, and international organisations did not foresee the severity and rapidity of the current economic decline and dislocation of financial markets, nor did it anticipate the severe contraction in wholesale funding markets or investors' demand for higher levels of capital.

The Group has taken a number of actions to reduce the impact of the risks mentioned above. Specifically, the Group has:
- cancelled its dividend on ordinary stock to increase retained earnings and strengthen its capital position;
- received an investment of €3.5 billion of preference stock from the Irish Government;
- announced in January 2009 the Group's intention to withdraw from intermediary sourced mortgage business in the UK which will result, over time, in a significant reduction in the size of its UK mortgage book. In addition the Group commenced the process of winding down a number of non-core international niche lending businesses;
- implemented rigorous cost controls to more closely align the Group's cost base to an environment of lower levels of business activity and revenue.

The Group is carrying out a review of its risk governance framework taking into account the impact of the crisis on the industry over the past 18 months. The outcome of this review will enable the Court to assess any changes which may be required to this framework.

RISK MANAGEMENT APPROACH

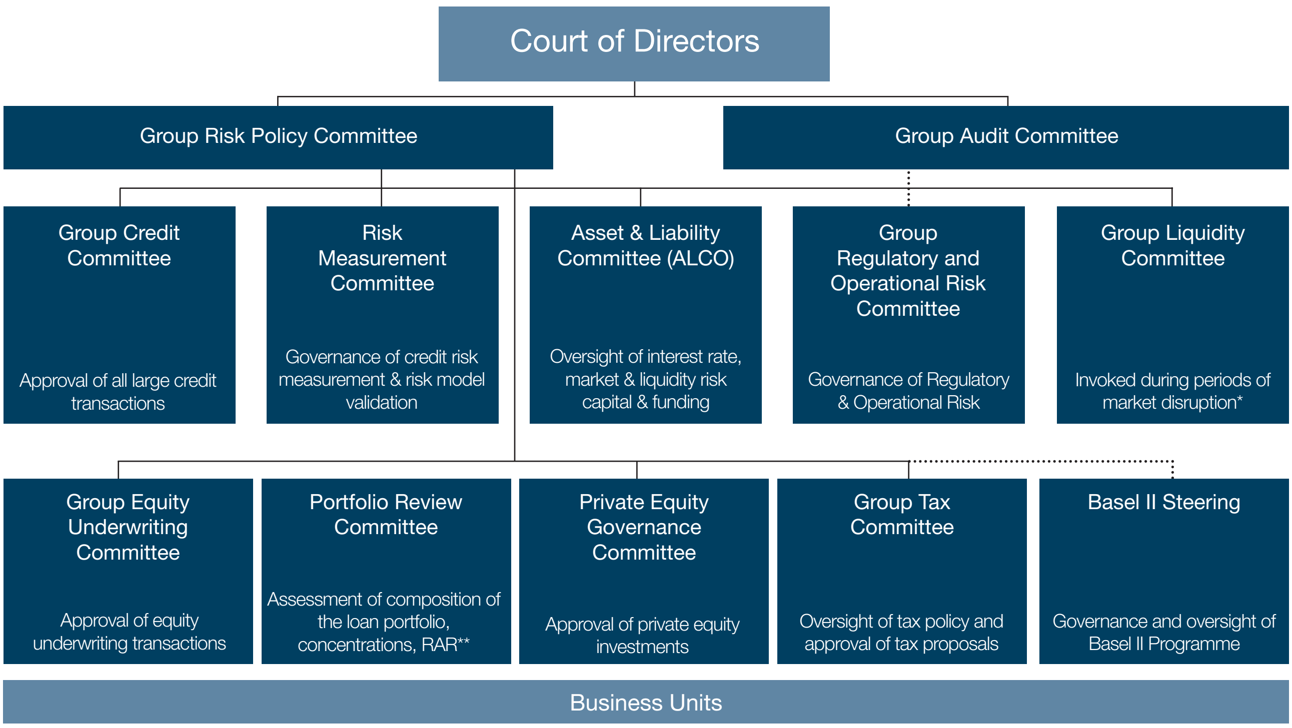
The Group follows an integrated approach to risk management to ensure that all material classes of risk are taken into account and that its risk management and capital management strategies are aligned with its overall business strategy. This integrated approach is set out in the Group Risk Framework, which is approved by the Court. It describes the Group's formal governance process around risk and the approach to risk identification, assessment, analysis and reporting.

RISK MANAGEMENT STRUCTURE & ORGANISATION

Risk Governance

Responsibilities for risk management extend throughout the organisation.

- The Court is responsible for approving high level policy and strategic direction in relation to the nature and scale of risk that the Group is prepared to assume to achieve its corporate objectives. The Court ensures that an appropriate system of internal control is maintained and reviews its effectiveness. It regularly reviews reports on the size and composition of key risks facing the Group as well as the proceedings of key committees;
- The Group Risk Policy Committee (GRPC) is the primary committee with responsibility for risk management. It is chaired by the Group Chief Risk Officer (GCRO) and operates as a sub committee of the Court. The GRPC exercises authority delegated by the Court to approve business initiatives that have material implications for the level or composition of risk, and which are consistent with high level policy approved by the Court. The GRPC, in turn, delegates specific responsibility for oversight of the major classes of risk (credit, market, liquidity, operational, regulatory) to specific committees that are accountable to it;



*The committee has been invoked and is overseeing the management of funding and liquidity
**Risk-adjusted returns (RAR)

- Group Risk functions are responsible for establishing a risk control framework and maintaining independent risk oversight for key risks;
- Business Units are responsible for the identification and management of risk at business unit level, including the implementation of appropriate controls and the reporting of all major risk events to the Group's central risk functions;
- Group Internal Audit is responsible for the independent review of risk management and the control environment;
- The Group Credit function is responsible for independent oversight and analysis of credit risk within the Group;
- Group Credit Review (GCR), an independent function within Group Credit, reviews the quality and management of credit risk assets across the Group.

Group Chief Risk Officer

The Group Chief Risk Officer (GCRO), a member of the Group Executive Committee (GEC), reports directly to the Group Chief Executive. In addition to the core responsibility of risk oversight, the GCRO provides independent advice and constructive challenge to the Group Executive in support of effective risk informed business decisions.

Central risk management functions

Line management is responsible for management of risk in individual businesses. Independent oversight and analysis is provided by three central risk management functions reporting to the GCRO:
- Credit Risk
- Market Risk
- Group Regulatory and Operational Risk

In addition, the central Group Risk function (the Group Risk Office (GRO)) manages or co-ordinates the calculation of economic capital & risk adjusted return on economic capital (RAROC), credit risk modelling, standards and validation, and integrated risk reporting.

The organisational structure for risk management is designed to facilitate reporting and escalation of risk concerns from business units and risk functions upwards to the GRPC and the Court of Directors, and conveying approved risk management policies and decisions from the Court and the GRPC to business units.

Liquidity Risk is managed by Group Asset and Liability Management (ALM). The role and scope of the ALM function was significantly expanded during the year and now incorporates capital planning & management, liquidity planning and management, transfer pricing, balance sheet management and contingent liquidity programmes. The Group Treasurer heads the ALM function and reports directly to the Group Chief Financial Officer.

RISK STRATEGY AND APPETITE

The Group's risk appetite and risk strategy is set by the Court annually and reviewed on an ongoing basis by the GRPC and the Court.

Approach and objectives of Risk Strategy

The Group's core business objective is to engage in calculated and profitable risk taking to ensure adequate returns after taking risk into account. There are also risks that the Group wishes to avoid which, in addition to financial impacts, would lead to reputational damage in the perception of the Group by its customers, the wider public or regulators.

The objectives of the risk strategy are
- to ensure that all material risks are correctly identified, measured and adequately controlled
- to allocate clear roles and responsibilities / accountability for the control of risk within the Group, and ensure alignment of variable compensation to risk considerations
- to raise awareness of and commitment to the principles of risk management.

Risk Appetite

Risk appetite defines the level of risk the Group is prepared to accept in pursuit of its objectives. Given the unprecedented deterioration in economic conditions and the resulting strain on the Group's asset quality, capital and funding measures the Group has implemented a programme to reduce its overall risk profile. This programme calls for the Group to exit from some lending portfolios and significantly reduce risk levels for shareholders and bondholders through increased capital ratios and decreased reliance on wholesale funding. This programme sets the Group's risk appetite by targeting the level of exposure to individual asset classes, quantum and sources of funding and capital levels.

As economic conditions improve and as capital and funding levels strengthen, the Group's risk appetite will reflect its aims to deliver sustainable growth through the pursuit of business strategies which are in line with the Group's risk principles – these principles stipulate that for all its risks, the Group must have the ability to measure the risk and have appropriate resources to manage it. The Group must also have appropriate governance processes in place, and must ensure that the risk does not cause any undue risk concentrations.

Risk appetite informs group strategy and, as part of the overall framework for risk governance, guides the Group in its risk taking and related business activities. The Group's Risk Appetite Statement targets the maintenance of financial stability and solvency, and the protection of the Group's core franchises. It is approved by the GRPC and by the Court.

The Group's risk appetite and risk profile must be aligned. Where the Group has a risk profile that is in excess of its risk appetite, it will take action to realign the risk profile through risk reduction and increased risk mitigation activities.

RISK IDENTIFICATION PROCESS

Risks facing the Group are identified and assessed at least annually through the Group's Comprehensive Risk Identification process.

Risks that are deemed material are included in the Group Risk Framework, owner(s) identified, appropriate policies put in place and a formalised measurement and management process defined and implemented.

The Group has identified ten risk types that it believes could have a material impact on earnings and on its ability to trade in the future. These ten risks have been assigned an owner who reports on and / or actively manages the risk with formalised measurement and management processes defined. The ten risk types are:

Credit risk is defined as the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Group in respect of loans or other financial transactions. This risk includes concentration risk and country risk.

Liquidity risk is the risk that the Group will experience difficulty in financing its assets and / or meeting its contractual payment obligations as they fall due, or will only be able to do so at substantially above the prevailing market cost of funds. Factors that may increase the Group's cost of funds would be rating downgrades or other factors which change the market's willingness to supply funding to the Group.

Business risk is the risk of loss due to uncertainty in profits or earnings volatility that damage the franchise or operational economics of a business. The uncertainty in profits or earnings volatility may be caused by changes in the competitive environment such as volume, margin or cost changes due to new entrants to the market, the introduction of new products, or a sudden shift in customer behaviour or demand, or by an inflexible cost structure that doesn't respond to a fall in earnings.

Market risk is the risk of loss due to adverse change in the Group's income or net worth, arising from movements in interest rates, exchange rates or other market prices.

Pension risk is the risk that the value of the liabilities of the Group's defined benefit pension schemes exceeds the value of the schemes' assets to such a degree that the Group would elect to make unanticipated contributions to reduce the deficit.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events and outsourcing arrangements. In the case of legal and contractual risk, this includes the risk of loss due to litigation arising from errors, omissions and acts by the Group in the conduct of its business.

Regulatory risk is the risk or volatility of earnings arising from a breach of regulatory and compliance deadlines and requirements. Regulatory risk arises from a failure to comply with the laws, regulations or codes applicable to the financial services industry in the jurisdictions within which the Group operates. Regulatory risk also includes, among others, tax compliance risk, which is the risk of loss due to non-compliance with tax legislation and the Group's tax policy.

Life insurance risk is defined as the volatility in the amount and timing of claims caused by unexpected changes in mortality, morbidity and longevity.

Model risk is the risk that the Group's suite of risk models inaccurately measures a risk to some exposures, holding inadequate capital (economic or regulatory) or being subject to economic, regulatory and / or market censure.

Reputation risk is the risk to earnings arising from adverse perception of the Group's image on the part of customers, counterparties, shareholders, investors or regulators.

While business units remain responsible for the identification and management of risk in their businesses, risk management functions are responsible for establishing a risk control framework.

As discussed earlier, many of these risks are impacted by unfavourable changes in economic conditions.

The Group's Capital Management function assesses the impact of the most material risks on the Group's capital ratios.

"TOP 5" RISK IDENTIFICATION

In addition to, and separate from, the Comprehensive Risk Identification process, the top five risks facing the Group are identified on a half yearly basis whereby members of the GEC and the GRPC identify and rank the "Top 5" macro risks facing the Group. The following criteria are used to identify and assess the top risks:
- the severity of the risk in terms of materiality and the length of time it would take the Group to recover;
- the likelihood of the risk occurring; and
- the impact of the risk, taking mitigants and likelihood into account.

This assessment is used to agree the top risks, which are presented to the Court for its consideration semi-annually.

RISK MEASUREMENT

Risk management systems are in place to facilitate measurement, monitoring and analysis of risk. These systems are in line with good practice and designed to ensure compliance with regulatory requirements.

Economic capital
The Group uses Economic Capital (Ecap) as a metric by which risk is assessed, risk based budgets and strategic plans articulated and an internal risk based capital framework applied. Ecap is used internally for capital planning as well as for the calculation of risk adjusted returns. The common measure of return on risk used by the Group is Risk Adjusted Return on Economic Capital (RAROC).

Stress testing and scenario analysis
The Group annually conducts a full programme of stress tests in order to assess the impact of adverse scenarios on the Group's loan impairment losses, profits, capital requirements and funding.

The results of stress tests are used to assess the Group's resilience to adverse scenarios and to aid the identification of potential areas of vulnerability. The tests are applied to current risk positions and also to projected positions envisaged in the Group's business plan and strategy. Macroeconomic scenarios of different levels of severity are combined with assumptions on volume growth and margin development. Impacts are measured in terms of potential losses and regulatory and economic capital requirements.
The stress tests assist the GRPC and the Court in determining whether the Group is comfortable with the possible financial consequences of a set of macroeconomic scenarios, taking into account the Group's risk appetite, target capital ratios, dividend cover and loss tolerance.

RISK REPORTING

The GCRO presents a Quarterly Risk Report to the GRPC and the Court. The report assesses the economic environment to which the Group is exposed, through a review of a wide range of economic forecasts and input from the Group's Chief Economist, risk functions and business managers, comments on the impact on the risk profile of the Group and includes an assessment of all material risk types as set out on pages 36 and 37. This assessment is reported to the GRPC and the Court.

The Court is also informed of key items considered by the GRPC.

MANAGEMENT OF PRINCIPAL RISKS

CREDIT RISK (Audited)

Definition

Credit Risk is defined as the risk of loss resulting from a counterparty being unable to meet its contractual obligations to the Group in respect of loans or other financial transactions.

Credit risk comprises default risk, recovery risk, counterparty risk, the credit risk in securitisation, cross border (or transfer) risk, credit concentration risk and settlement risk.

The nature of the Group's exposure to credit risk and the manner in which it arises, its policies and processes for managing credit risk and the methods it uses to measure and monitor credit risk are set out below. Given the unprecedented credit market turmoil since August 2007 and the continuing deteriorating economic conditions in the Group's core markets, the Group has invoked certain structural and process enhancements to further strengthen its proactive approach to the management of credit risk.

How Credit Risk Arises

The Group's customer base includes retail customers, financial institutions, Sovereigns, State Institutions and commercial entities. The Group is exposed to credit risk as a result of the financial transactions it enters into with these customers.

The main types of financial transaction the Group enters into and which give rise to credit risk are loans and advances to customers. Credit risk on loans and advances to customers arises as a result of amounts the Group has actually lent and amounts which the Group has committed to lend. Such commitments take a number of forms, the key ones being undrawn loans and overdrafts, guarantees, performance bonds and letters of credit. As regards commitments, the Group could potentially suffer loss to an amount equivalent to its total unused commitments. However, the Group does not expect to incur losses to that extent as most consumer related commitments can be cancelled and non-consumer commitments are entered into subject to the customer continuing to achieve specific credit standards.

The Group is also exposed to credit risk through its derivatives, available for sale, and other financial assets activity. In addition, credit risk arises in Bank of Ireland Life, primarily in relation to its reinsurance activities.

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

Credit Risk Management

The Group's approach to the management of credit risk is focused on detailed analysis at origination followed by early intervention and active management of accounts whose creditworthiness has deteriorated. Given the changed credit and economic environment in the past year, and the potential for further deterioration in the financial situation of borrowers, the Group has further enhanced its approach to credit management.

Credit risk management structures have been reconfigured to centralise the management of 'at risk / challenged' portfolios at business unit level and to redeploy credit management personnel from loan origination into active management of these portfolios. The Group approach focuses on the reassignment of more experienced lending practitioners to manage key "at risk" lending connections. This is a preventative measure, designed to identify potential problem cases early and minimise losses.

Specific initiatives undertaken to deal with the effects of the continued deterioration in the credit environment and decline in asset quality include:
- enhancement of collections and recoveries processes, including the expansion of existing specialist work out teams to ensure early intervention and resolution;
- more frequent and intensive review cycles for 'at risk' exposures and management of excess positions;
- regular reviews of industry / market sectors considered to be more vulnerable;
- increased centralised control over restructures by Group Credit Committee (GCC); and
- tighter / modified lending criteria for specific sectors.

The segregation of 'at risk' assets and realignment of resources allows remaining portfolio managers to focus on the "acceptable quality" book and to work closely with those customers to help them maintain healthy working capital / cash flow positions.

The weakened international financial environment and large bank failures / rescues since September 2008 means that the Group is exposed to increased counterparty risk. The Group has invoked a number of measures to mitigate against this increased risk. These include reduced individual bank exposures, enhanced credit risk management procedures for vulnerable exposures, actively managing down these exposures and the application of tighter credit policy criteria where required.

Credit policy

The core values and principles governing the provision of credit are contained in the Group Credit Policy, which is approved annually by the Court, on the recommendation of the GRPC. Individual business unit credit policies, approved by the GRPC / Head of Group Credit as appropriate, define in greater detail the credit approach appropriate to the units concerned, taking account of the markets in which they operate and the products they provide. In a number of cases, business unit policies are supplemented by sectoral credit policies. Each staff member involved in developing banking relationships and / or in assessing or managing credit is expected to be fully conversant with applicable policies and procedures and has a responsibility to ensure compliance with these policies. Procedures for the approval and monitoring of exceptions to policy are included within the policy documents.

Lending authorisation

The Group's credit risk management systems operate through a hierarchy of lending authorities, which are related to internal loan ratings. All exposures above certain levels require approval by the GCC. Other exposures are approved according to a system of tiered individual authorities. Individuals are allocated lending limits according to credit competence, proven judgement, experience and the nature and scale of lending in their business unit. Material lending proposals are referred to credit units for independent assessment / approval or formulation of a recommendation and subsequent adjudication by the applicable level of approval authority.

Credit Reporting / Monitoring

It is the Group's Policy to ensure that adequate up to date credit management information is available to support the credit management of individual account relationships and the overall loan portfolio. Information is produced on a timely basis and at a frequency interval that reflects the purpose of the report.

Credit risk at a Group, Divisional and significant Operating Unit / Product Type level is reported on a monthly basis to senior management. This monthly reporting includes information and detailed commentary on loan book growth, quality of the loan book (credit and PD profiles, Risk Weighted Assets), loan impairment losses and provisions (individual large impaired exposures, expected loss). The report and commentaries are consistent across the Group, delivering an assessment of trends in the loan book.

On a quarterly basis, the Portfolio Review Committee (PRC) considers a credit concentration report, which tracks changes in sectoral and single name concentrations as measured under agreed parameters. This report also details the Group's largest individual credit exposures.

Trends in Economic Capital usage in the Group's main lending businesses are also reported to the PRC on a quarterly basis. This report acts to highlight changes to risk concentration in the Group's loan book.

Credit risk is also reported in the Quarterly Risk Report which is presented to and discussed by the GRPC and the Court.

Along with the stated suite of monthly and quarterly reporting, ad hoc reports are submitted to senior management and the Court as required.

Group Credit Review (GCR), an independent function within Group Credit, reviews the quality and management of credit risk assets across the Group and reports to the GRPC on a quarterly basis. The reviews cover lending units in each Division and incorporate an examination of adherence to credit policies and credit procedures across the various portfolios. GCR also addresses the timeliness of the annual review process and the quality of credit assessment in each portfolio.

Credit related commitments

The Group classifies and manages credit related commitments as follows:

Guarantees and standby letters of credit: irrevocable commitments by the Group to make payments at a future date in specified circumstances on behalf of a customer. These instruments are assessed on the same basis as loans for credit approval and management.

Performance or similar bonds and guarantees: Group undertakings on behalf of a customer to deliver funds to a third party in specified circumstances should the customer fail in their obligations to the third party. These instruments are assessed on the same basis as loans for credit approval and management.

Documentary and commercial letters of credit: written undertakings by the Group on behalf of a customer authorising a third party to draw drafts or payment instruments on the Group to a stipulated amount under specific terms and conditions. Also, situations where the Group confirms / guarantees to a foreign bank in respect of export letters of credit. These instruments are collateralised by the underlying shipment of goods to which they relate. These instruments are assessed on the same basis as loans for credit approval and management.

Commitments: unused elements of authorised credit in the form of loans, guarantees or letters of credit, where the Group is potentially exposed to loss in an amount equal to the total unused commitments. The likely amount of loss is less than the total unused commitments, as most commitments are contingent upon customers maintaining specific credit and performance standards. These instruments are assessed on the same basis as loans for credit approval and management.

Letters of offer: where the Group has made an irrevocable offer to extend credit to a customer and the customer may or may not have confirmed acceptance of the offer on the terms outlined and within the specified timeframe, the exposure is assessed on the same basis as loans for credit approval and management. The exposure to credit risk is considerably less than the face value of offer letters, as not all offers are accepted.

Derivatives / Counterparty Credit Risk

Credit risk exposure arising from derivative instruments (i.e. Counterparty Credit Risk exposure) is managed as part of the overall lending limits with customers and financial institutions.

Credit risk exposure on derivative transactions is calculated based on a methodology involving the current value of the contract (Mark to Market) and an estimate of the maximum cost of rewriting the contract in the event of counterparty default. This credit risk exposure is managed as part of the overall lending limits with customers and financial institutions. The credit process also limits gross derivative positions. Collateral or other security may be required from counterparties.

The Group has executed Collateral Support Agreements (CSAs) with its principal interbank derivatives counterparties and a very high proportion of its total interbank derivatives book is covered by CSAs. The purpose of a CSA is to limit the potential cost of replacing derivative contracts at market prices in the event of default by the original counterparty.

The Group executes standard internationally recognised documents such as ISDA agreements and credit support annexes to ensure that all security is effective. Currently all collateral for counterparty risk is in the form of cash with the exception of repurchase agreements, which are subject to a detailed policy agreed by the GRPC.

Country risk

The Group is exposed to country risk. Exposures are managed in line with approved policy and country maximum exposure limits.

Settlement risk

Settlement risk arises in any situation where a payment in cash, securities or equities is made in expectation of a corresponding receipt in cash, securities or equities. Daily settlement limits are established for each counterparty to cover the aggregate of all settlement risks arising from the Group's market transactions on any single day.

Credit Concentration risk

Credit concentration risk is the risk of loss due to exposures to a single entity or group of entities engaged in similar activities and having similar economic characteristics and / or dependencies that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Undue concentrations could lead to increased volatility in the Group's expected outcomes. The management of credit concentration risk is governed by the Group's Credit Concentration Policy as approved by the GRPC.

Loans & advances to customers – Geographic / Sectoral analysis

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 is diversifed between Ireland 64% (31 March 2008: 75%) and UK and other 36% (31 March 2008: 25%).

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.

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

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

Credit Risk Assessment & Measurement

All credit transactions are assessed at origination for credit quality and the borrower is assigned a credit grade based on a predefined credit rating scale. The risk, and consequently credit grade, is reassessed periodically as part of the transaction review process.

The use of internal credit rating models and scoring tools, which measure the degree of risk inherent in lending to specific counterparties, is central to the credit risk assessment, and ongoing management processes within the Group. The primary model measures used are:

- Probability of Default: the probability of a given counterparty defaulting on any of its borrowings from the Group;
- Exposure at Default: the exposure the Group has to a defaulting borrower at time of default;
- Loss Given Default: the loss incurred on a specific transaction should the borrower default, expressed as a percentage of Exposure at Default; and
- Maturity: the contractual or estimated time period until an exposure is fully repaid or cancelled.

These measures are fully embedded in, and form an essential component of, the Group's daily and strategic credit risk management and credit pricing.

For the Group's retail consumer and smaller business portfolios, which are characterised by a large volume of customers with smaller individual exposures, the credit risk assessment is grounded on application and behavioural scoring tools. For larger commercial and corporate customers, the risk assessment is underpinned by statistical risk rating models which incorporate quantitative information from the customer (e.g. financial accounts) together with a qualitative assessment of non-financial risk factors such as management quality and market / trading outlook.

Other financial assets are assigned an internal rating supported by external ratings of the major rating agencies.

The credit risk rating systems employed within the Group use statistical analysis combined, where appropriate, with external data and the judgement of professional lenders.

An independent unit annually validates internal credit risk models from a performance and compliance perspective. This unit reports to the Risk Measurement Committee (RMC).

Risk modelling is also applied at a portfolio level in the Group's credit businesses to guide economic capital allocation and strategic portfolio management.

The measures to calculate credit risk referred to above are used to calculate expected loss. A different basis is, however, used to derive the amount of incurred credit losses for financial reporting purposes. For financial reporting purposes, impairment allowances are recognised only with respect to losses that have been incurred at the balance sheet date based on objective evidence of impairment. This alternative basis of measurement means that the amount of incurred credit losses shown in the financial statements differs from expected loss.

Credit Risk Mitigation

An assessment of the borrower's ability to service and repay the proposed level of debt is undertaken for credit requests and is a key element in the Group's approach to mitigating risk. In addition, the Group mitigates credit risk through the adoption of both proactive preventative measures (e.g. controls and limits) and the development and implementation of strategies to assess and reduce the impact of particular risks, should these materialise (e.g. hedging, securitisation and collateralisation).

Controls and limits
The Group imposes risk control limits and guidepoints to mitigate significant concentration risk. These limits and guidepoints are informed by the Group's loss tolerance guidepoints and are set in the context of the Group's risk strategy and risk appetite.

The GRPC approves country maximum exposure limits annually based on internal country risk rating models supported by external ratings.

Maximum exposure limits for lending to banks are also approved annually by the GRPC for each rating category based on credit risk modelling techniques combined with expert judgement.

Risk transfer and financing strategies
The objective of risk mitigation / transfer is to limit the risk impact to acceptable (quantitative and qualitative) levels and protect Group income streams. The Group uses appropriate risk transfer and financing strategies to protect against risk concentrations that might arise from its business activities.

Where the risk review process indicates the possible emergence of undue risk concentrations, the GCRO will explore and recommend appropriate risk transfer and mitigation options to the PRC. These options may include hedging strategies and securitisation programmes.

The Group currently makes very limited use of hedging strategies or credit derivatives for risk mitigation purposes. A number of securitisation transactions for residential mortgages and commercial property loans and a collateralised debt obligation (CDO) vehicle, primarily for leveraged loans, have been undertaken in the last 12 months. The primary purpose of these initiatives was for contingent liquidity management.

Collateral
Credit risk mitigation includes the requirement to obtain collateral, depending on the nature of the product and local market practice, as set out in the Group's policies and procedures. The nature and level of security required depends on a number of factors, including but not limited to the amount of the exposure, the type of facility provided, the term of the facility, the amount of the borrower's own cash input and an evaluation of the level of risk or probability of default.

A variety of types of collateral are accepted, including property, securities, cash, guarantees and insurance, grouped broadly as follows:

- Financial collateral (lien over deposits, shares, etc.)
- Residential and commercial real estate
- Physical collateral (plant & machinery, stock, etc.)
- Other collateral (debtors, guarantees, insurance, etc.)

The Group's requirements around completion, valuation and management requirements for collateral are set out in appropriate Group or business unit policies and procedures. As operationally impracticable, the Group has availed of the option under IRFS 7 not to disclose the fair value of collateral held against past due or impaired financial assets.

Master netting arrangements

The Group reduces its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that, if a default occurs, all amounts with the counterparty are terminated and settled on a "net" basis.

Asset Quality - Loans and Advances to Customers & Other Financial Instruments

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.

The Group uses internal ratings, based on an assessment of the credit quality of the customer, as part of its credit risk management system. A thirteen point credit grade rating scale is used for more complex, individually managed exposures, including wholesale, corporate and business lending. A seven point credit grade rating scale is used for standard products (including mortgages, personal and small business loans). Both credit scales have a defined relationship with the Group's PD scale.

Other financial assets are assigned an internal rating supported by external ratings of the major rating agencies.

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 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 to 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+.
- 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 achieveable. Lower quality ratings are derived from outstandings that are neither past due nor impaired within ratings 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.

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

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

- Loans with a specific impairment provision attaching to them together with loans (excluding residential mortgages) which are more than 90 days in arrears.
- 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.

Risk Management

Asset quality – loans and advances to customers	Loans & Advances to Customers 31 March 2009 €m	%	31 March 2008 €m	%	Other Financial Instruments 31 March 2009 €m	%	31 March 2008 €m	%
High quality	72,465	53.5%	77,952	57.2%	41,747	89.1%	45,748	96.8%
Satisfactory quality	37,087	27.3%	47,091	34.5%	4,895	10.4%	1,450	3.1%
Acceptable quality	12,556	9.3%	6,527	4.8%	99	0.2%	65	0.1%
Lower quality but not past due nor impaired	2,330	1.7%	683	0.5%	30	0.1%	13	-
Neither past due nor impaired	124,438	91.8%	132,253	97.0%	46,771	99.8%	47,276	100.0%
Past due but not impaired	5,761	4.3%	3,019	2.2%	-	-	-	-
Impaired	5,322	3.9%	1,062	0.8%	79	0.2%	8	-
Total loans and advances to customers	135,521	100.0%	136,334	100.0%	46,850	100.0%	47,284	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.

The tables and analysis 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.

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 tables below provide an analysis of financial assets neither past due nor impaired by asset class based on an assessment of the credit quality of the borrower.

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

The tables below provide an aged analysis of financial assets past due but not impaired by asset class. Where possible, the tables will generally exclude amounts arising from operational / timing issues that are outside the control of customers.

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

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

Loan Loss Provisioning Methodology

Through its ongoing credit review processes, the Group seeks to identify deteriorating loans early with a view to taking corrective action to prevent the loan becoming impaired. Typically, loans that are at risk of impairment are managed by dedicated specialist units / debt collection teams focused on “working out” loans.

The identification of loans for assessment as impaired is driven by the Group’s credit risk rating systems. It is the Group’s policy to provide for impairment promptly and consistently across the loan book. For those loans that become impaired, the focus is to minimise the loss that the Group will incur from the impairment. This may involve entering into restructuring arrangements or action to enforce security or legal pursuit of individuals who are personally liable for the loan.

All credit exposures, either individually or collectively, are regularly reviewed for objective evidence of impairment; where such evidence of impairment exists, the exposure is measured for an impairment provision. The criteria used to determine that there is objective evidence of impairment include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties;
- Breach of loan covenants or conditions;
- Deterioration of the borrower’s competitive position;
- Deterioration in the value of collateral;
- External rating downgrade below an acceptable level; and
- Initiation of bankruptcy proceedings

Where objective evidence of impairment exists, as a result of one or more past events, the Group is required to estimate the recoverable amount of the exposure or group of exposures.

For financial reporting purposes, loans on the Balance Sheet that become impaired are written down to their estimated recoverable amount. The amount of this write down is taken as an impairment charge to the income statement.

The Group’s impairment provisioning methodologies are compliant with International Financial Reporting Standards (IFRS). International Accounting Standard (IAS) 39 requires that there is objective evidence of impairment and that the loss has been incurred. The Standard does not permit the recognition of expected losses, no matter how likely these expected losses may appear.
All exposures are assessed for impairment either individually or collectively:

Methodology for Individually Assessing Impairment
An individual impairment assessment is performed for any exposure for which there is objective evidence of impairment, and where the exposure is above an agreed minimum threshold. The carrying amount of the exposure net of the estimated recoverable amount (and thus the specific provision required) is calculated using a discounted cashflow analysis. This calculates the estimated recoverable amount as the present value of the estimated future cash flows, discounted at the exposure’s original effective interest rate (or the current effective interest rate for variable rate exposures). The estimated future cashflows include forecasted principal and interest payments (not necessarily contractual amounts due) including cashflows, if any, from the realisation of collateral / security held, less realisation costs.

Methodology for Collectively Assessing Impairment
Where exposures fall below the threshold for individual assessment of impairment, such exposures with similar credit risk characteristics (e.g. portfolio of consumer personal loans) are pooled and are collectively assessed for impairment. A provision is then calculated by estimating the future cashflows of a group of exposures that are collectively evaluated for impairment. This estimation considers the expected contractual cashflows of the exposures in a portfolio and the historical loss experience for exposures with credit risk characteristics similar to those in the portfolio being assessed. Assumptions and parameters used to create the portfolio provision, which are based on historical experience (i.e. amount and timing of cashflows / loss given default), are regularly compared against current experience in the loan book and current market conditions.

Where there is objective evidence of impairment on a collective basis, this is treated as a provision related to impaired loans in line with individually assessed loans.

Methodology for establishing Incurred but not Reported (IBNR) provisions

Impairment provisions are also recognised for losses not specifically identified but which, experience and observable data indicate, are present in the portfolio at the date of assessment. These are described as Incurred but not Reported provisions. Statistical models are used to determine the appropriate level of IBNR provisions. These statistical models estimate latent losses taking into account migration rates within the given emergence period and historical loss and recovery rates. Other factors taken into consideration in estimating IBNR provisions include local and international economic climates, changes in credit management processes and policies, changes in portfolio risk profile and the effect of any external factors such as legal or competition requirements.

The statistical models and inputs used for the collective assessment of impairment are regularly reviewed and revised where necessary. In response to the current environment, the Group's models now look to more recent and relevant assessment periods, recovery rates and emergence periods in the context of its enhanced credit risk management model.

Whilst provisioning is an ongoing process, all business units formally review and confirm the appropriateness of their provisioning methodologies and the adequacy of their impairment provisions on a half yearly basis. Their conclusions are reviewed by Group Credit and the GRPC.

The Group's provisioning methodology is approved by the GRPC on a half yearly basis.

The quantum of the Group's loan impairment charge, impaired loans balances and provisions is also reviewed by the GRPC semi annually, in advance of providing a recommendation to the Group Audit Committee.

Impairment charge and provisions at 31 March 2009

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.

		31 March 2009		31 March 2008
Impaired loans	**€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.

Risk Management

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
• *Impairment provisions (mortgages) as a % of mortgage loans*	*24bps*	*3bps*
• *Impairment provisions (non-mortgages) as a % of non-mortgage loans*	*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	€m	Year ended 31 March 2009 bps	€m	Year ended 31 March 2008 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	€m	Year ended 31 March 2009 bps	€m	Year ended 31 March 2008 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	€m	Year ended 31 March 2009 bps	€m	Year ended 31 March 2008 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.

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

	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

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

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.

Repossessed 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
	74	34

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

LIQUIDITY RISK (Audited)

As mentioned before, wholesale funding markets worldwide have experienced a severe contraction in liquidity which has impacted on the price and availability of funding in the Group. This situation, which has affected financial institutions worldwide, has impacted on the Group's ability to access the term funding markets and to expand its international institutional deposit base. This situation has resulted in significant government and central bank interventions across major markets. The introduction of the Irish Government Guarantee and the expansion of the facilities available from the ECB, Bank of England and the Federal Reserve in the US have assisted the Group's liquidity position.

Since January 2009 the negative news in relation to Ireland has resulted in increased pressure on the Group's ability to fund in international markets. This has resulted in a shortening of the Group's wholesale funding maturity profile and an increase in the use of secured funding.

The Group has responded to current conditions with a variety of measures:

- The Group, in common with other banks, continues to target a reduction in its level of borrowing from wholesale markets by focusing on specific customer deposit initiatives in each division;
- 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 Authorites to provide access to secured funding. At 31 March 2009, the net drawing, primarily from Monetary Authorities, were €17 billion.
- The Group successfully issued term funding during the year of €8.4 billion;
- During the year, the Group Liquidity Committee (GLC) assumed responsibility for the management of the Group's liquidity position, and reported to both ALCO and the GRPC;
- Balance sheet growth is controlled and managed in line with current funding capacity;
- Additional stress testing was conducted and this informed the GLC and management actions.

Despite the challenging external environment, the Group remained comfortably in compliance with the regulatory liquidity regime in Ireland and in other jurisdictions and maintains a significant buffer above this level.

	March 2009 €bn	March 2009 %	March 2008 €bn	March 2008 %
Balance Sheet structure				
Deposits from banks	29	16%	14	8%
Senior Debt / Asset Covered Securities	25	13%	26	15%
Commercial Paper / Certificate of Deposits	14	8%	27	4%
Securitisations	6	3%	8	14%
Wholesale funding	74	40%	75	41%
Customer deposits	83	45%	86	47%
Subordinated debt	8	4%	8	4%
Other liabilities	12	7%	9	4%
Stockholders equity	7	4%	7	4%
Total Liabilities	184	100%	185	100%
Customer accounts				
Retail Republic of Ireland	33	40%	33	38%
UKFS (Stg£)	*19*	-	*17*	-
UKFS (euro equivalent)	21	25%	21	25%
Capital Markets	29	35%	32	37%
Total	83	100%	86	100%
Wholesale Funding				
Short Term Funding	54	73%	51	68%
Funding with maturity < 1 year	20	27%	24	32%
Total	74	100%	75	100%
Contingent Liquidity				
Liquid assets				
Contingent collateral asset pool (€17bn was drawn at 31 March 2009)	49bn		43bn	
Key Funding Ratio				
Loans and advances to customers / customer accounts		161%		157%
Wholesale funding / total assets (excluding BoI Life policyholder assets)		40%		41%
Wholesale Funding with maturity > 1 year and customer accounts / loans and advances to customers		77%		82%
Wholesale funding with maturity > 1 year, subordinated debt and customer accounts / loans and advances to customers		83%		87%

Definition of Liquidity Risk
Liquidity risk is the risk that the Group will experience difficulty in financing its assets and / or meeting its contractual payment obligations as they fall due, or will only be able to do so at substantially above the prevailing market cost of funds. Factors that may increase the Group's cost of funds would be rating downgrades or other factors which change the market's willingness to supply funding to the Group, such as market dislocation or major disasters.

How Liquidity Risk Arises

Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven, among other things, by the maturity structure of loans and investments held by the Group, while cash outflows are driven by the term of its debt and the outflows from deposit accounts held "on demand" for customers.

Liquidity risk can increase due to the unexpected lengthening of maturities or non-repayment of assets, a sudden withdrawal of deposits or the inability to refinance maturing debt. The latter are often associated with times of distress or adverse events, such as a credit downgrade of the institution or economic or financial turmoil.

Liquidity Risk Management

The Group's exposure to liquidity risk is governed by policy approved by the Court and the GRPC. The operation of this policy is delegated to the Group's Asset and Liability Committee (ALCO). Group Asset and Liability Management (ALM), on behalf of ALCO, is responsible for monitoring the liquidity risk of the Group and for the development and monitoring of liquidity policy. Bank of Ireland Global Markets is responsible for the day to day management of the Group's liquidity position.

In addition to the Group's internal liquidity risk management processes, the Group complies with the requirements of the Irish Financial Regulator in respect of liquidity management and with the requirements of local regulators in those jurisdictions in which the liquidity requirements apply to the Group.

Liquidity management within the Group consists of two main activities:
- Tactical liquidity management focuses on monitoring current and expected future daily cashflows to ensure that the Group's liquidity needs can be met. This takes into account the Group's access to unsecured funding (customer deposits and wholesale funding) and the liquidity characteristics of a portfolio of highly marketable assets and contingent assets that can be liquidated to cover any unforeseen cash outflows.
- Structural liquidity management focuses on assessing the optimal balance sheet structure taking account of the maturity profile of assets and liabilities and the Group's debt issuance strategy.

Bank of Ireland operates under the regulatory Liquidity Regime introduced by the Irish Financial Regulator in July 2007. This regime requires that banks have sufficient payment resources (cash inflows and marketable assets) to cover 100% of expected cash outflows in the 0 to 8 day time horizon and 90% of expected cash outflows in the 8 day to 30 day time horizon. The Group continues to maintain a significant liquidity buffer in excess of these requirements. The Group also has in place a liquidity contingency plan which can be activated during periods of market dislocation or firm specific liquidity distress.

Liquidity Risk Measurement

The Group's cash flow and liquidity reporting processes provide daily liquidity risk information by designated cash flow categories to management. These processes capture the cash flows from both balance sheet and off balance sheet transactions.

The tables below summarises the maturity profile of the Group's and the Bank's financial instrument liabilities, excluding those arising from insurance and participating investment contracts at 31 March 2009 and 31 March 2008 based on the remaining period at the balance sheet date to the contractual maturity date. Unit linked investment liabilities and unit linked insurance liabilities with a carrying value of €4,084 million and €5,634 million respectively (31 March 2008: €5,662 million and €7,140 million respectively) are excluded from this analysis as their repayment is linked directly to the financial assets backing these contracts. The Group does not manage liquidity risk on the basis of contractual maturity. Instead the Group manages liquidity risk by adjusting the contractual cashflows on the deposit book to reflect its inherent stability and on its mortgage book to reflect early repayment of such loans. The contractual balances will not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal and interest payments.

As at 31 March 2009

Maturities of financial assets and liabilities	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Equity Shares €m	Total €m
Assets							
Cash and balances at central banks	3,224	-	-	-	-	-	3,224
Trading securities	-	12	27	70	16	-	125
Derivative financial instruments	922	688	857	2,860	3,070	-	8,397
Other financial assets at fair value through profit or loss	696	169	204	606	1,532	4,397	7,604
Loans and advances to banks	4,100	2,990	770	23	3	-	7,886
Available for sale financial assets	-	1,930	3,555	18,480	2,831	62	26,858
Loans and advances to customers (pre provisions)	3,799	8,070	14,126	40,876	68,650	-	135,521
Total	12,741	13,859	19,539	62,915	76,102	4,459	189,615
Liabilities							
Deposits from banks	755	25,478	1,560	716	305	-	28,814
Customer accounts	32,823	36,004	11,039	2,904	349	-	83,119
Derivative financial instruments	941	361	541	3,092	2,619	-	7,554
Debt securities in issue	15	15,909	8,214	13,968	7,027	-	45,133
Subordinated liabilities	-	-	747	-	7,195	-	7,942
Total	34,534	77,752	22,101	20,680	17,495	-	172,562

As at 31 March 2008

Maturities of financial assets and liabilities	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Equity Shares €m	Total €m
Assets							
Cash and balances at central banks	484	-	-	-	-	-	484
Central Government and other eligible bills	10	-	-	-	-	-	10
Trading securities	-	-	16	94	9	-	119
Derivative financial instruments	1,093	819	555	1,078	1,023	-	4,568
Other financial assets at fair value through profit or loss	-	402	289	719	1,147	8,352	10,909
Loans and advances to banks	4,861	4,432	37	34	45	-	9,409
Available for sale financial assets	-	5,061	3,808	16,025	4,370	43	29,307
Loans and advances to customers	3,963	7,880	11,553	40,981	71,957	-	136,334
Total	10,813	18,481	16,688	59,359	85,756	43	191,140
Liabilities							
Deposits by banks	1,738	10,594	796	915	87	-	14,130
Customer accounts	51,055	28,599	3,382	2,686	512	-	86,234
Derivative financial instruments	1,058	830	310	1,034	1,090	-	4,322
Debt securities in issue	232	22,213	13,096	12,068	13,233	-	60,842
Subordinated debt	-	-	-	767	7,041	-	7,808
Total	54,083	62,236	17,584	17,470	21,963	-	173,336

In respect of specific products such as customer deposits (customer accounts), mortgage repayments (loans and advances to customers) and off balance sheet commitments, the Group applies behavioural adjustments to reflect the Group's experience of these cash flows based on historical trends.

Stress testing and scenario analysis

The Group performs stress testing and scenario analysis to evaluate the impact of stresses on its liquidity position. These stress tests incorporate Group specific and systemic risks. The stress tests are run at three levels of severity. Tactical actions and strategies available to mitigate the stress scenarios are evaluated as to their appropriateness. Stress test results are reported to ALCO, the GRPC and the Court.

Liquidity Risk Mitigation (Unaudited)

Funding diversification

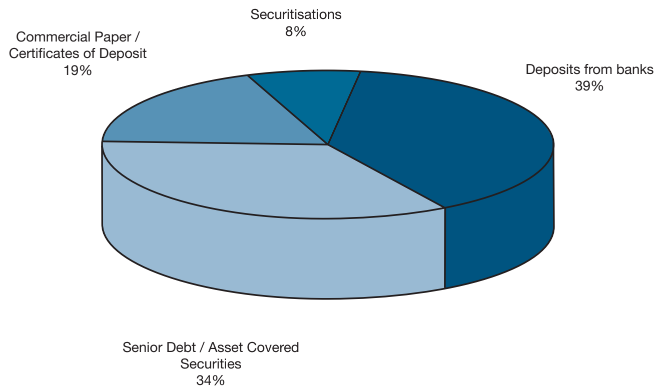
The Group's strategy is to diversify its funding profile across investor types, regions, instruments and currency of activity. During the year, the Group issued €8.4 billion of debt with a maturity greater than one year, of which €4.7 billion had a term greater than one year at 31 March 2009.

Contingent Liquidity

Contingent Liquidity is made up of a pool of internally securitised credit risk assets and a portfolio of liquid or readily marketable assets.

Internally Securitised Assets

The Group has retained the notes issued from a number of securitisations of balance sheet assets in order to increase its ability to obtain secured funding, if required. The assets comprise Irish and UK residential and commercial mortgages and a corporate loan book securitisation vehicle.



Liquid assets

The liquid assets portfolio comprises those securities that can be used to raise liquidity either by sale or via secured funding transactions. This portfolio is comprised of bank paper, government debt and asset backed securities. The liquidity value of securities may be less than the value in the table below as a "haircut" or discount may be applied by secured funding providers, based on the quality of the asset. In addition the Group has the ability to access secured funding through the tendering operations of central banks from this pool of assets.

Available for sale financial assets (Unaudited)

Substantially all of the Group's liquid assets are accounted for in the Group's Available for sale financial assets portfolio. The following table quantifies the Group's exposure to each asset class and the impact of market dislocation on valuations at 31 March 2009

Portfolio	Volume	Asset Type	Profile	Balance Sheet (AFS Reserve) and Income Statement impact (where applicable)	Fair Value expressed as % of Underlying Nominal
Liquid Asset Portfolio	€25.2 billion *(31 March 2008: €26.4 billion)*	€2.5 billion Government bonds *(31 March 2008: €1.8 billion)*	>95% AAA rated (31 March 2008: 95% AAA rated)	Mark to market positive impact of €67 million on reserves (31 March 2008: €3 million negative) No impairment	102% *(31 March 2008: 103.2%)*
		€22.7 billion senior bank debt and covered bonds *(31 March 2008: €24.6 billion)*	FRNs / CP / CDs / Covered Bonds Average rating AA-	Mark to market negative impact of €1,046 million on reserves (31 March 2008: negative impact of €278 million) Impairment €61 million (31 March 2008: No impairment)	96.6% *(31 March 2008: 98.4%)*
Asset Backed Securities Portfolio	€1.7 billion (31 March 2008 €2.9 billion)	€0.5 billion RMBS *(31 March 2008: €0.8 billion)*	95% AAA / AA rates all prime (€25m reclassified)	Mark to market negative impact of €559 million on reserves (31 March 2008: €138 million) Cumulative €15 million impairment through income statement as at 31 March 2009	*80.9% (31 March 2008: 94.4%)*
		€0.4 billion CMBS *(31 March 2008: €0.9 billion)*	100% AAA /AA rated: (€171m reclassified)		
		€0.2 billion Student loans / SME loans/Whole business securitisations *(31 March 2008: €0.4 billion)*	74% AAA / AA / A rated (€90 reclassified)		
		€0.4 billion corporates and syndication loans. *(31 March 2008: €0.4 billion)*	Corporates (not rated) (€38m *reclassified)*		
		€0.1 billion other categories *(31 March 2008: €0.3 billion)*	59% AAA/AA (€68 million *reclassified)*		
		€0.1 billion financials *(31 March 2008: nil)*	(€3 million reclassified)		
		€nil leasing bonds *(31 March 2008: €0.1 billion)*			
		€40 million CDOs - Includes €30 million in BOI Sponsored CLO *(31 March 2008: €43 million)*	(€7 million US subprime)		

MARKET RISK (Audited)

Definition
Market risk is the risk of loss in Group income or net worth arising from adverse change in interest rates, exchange rates or other market prices.

How Market Risk Arises

Market risk arising from customer and wholesale banking business

Market risk arises in customer facing banking units mainly on the asset side of the balance sheet through fixed rate lending. These books are hedged with maturity matched funding from Bank of Ireland Global Markets (BoIGM). This exposure is, in turn, substantially eliminated by BoIGM through external hedges.

Market risk also arises where variable rate assets and liabilities reprice at different frequencies (monthly, quarterly, semi annually) and where lending reprices with changes in central bank rates but is funded at short dated market rates. The latter is termed basis risk and, while it has always been a feature of retail and commercial banking, it has become more material since the onset of the current crisis in August 2007 as the volatility of spreads between central bank rates and short term market rates increased significantly.

Discretionary market risk
BoIGM is the sole Group business permitted to take discretionary market risk on behalf of the Group. The Group has never sought to generate a material proportion of its earnings through assuming market risk and it has a low tolerance for earnings volatility arising from this area of risk.

Discretionary risk is taken in both the Trading and Banking Books in BoIGM. Positions are allocated to the Trading Book in line with the criterion of intent to trade as set out in the EU's Capital Requirements Directive and are marked to market for financial reporting purposes. Discretionary risk is also taken in the Banking Book in BoIGM. Banking Book risk positions arise from internal hedging transactions which are not fully or immediately eliminated with the market, from wholesale funding in cash and debt markets and from the management of liquidity. While these positions do not arise from an intent to trade, they are actively monitored and exposures can be reduced or eliminated if market conditions warrant.

The major part of the Group's discretionary risk is interest rate risk in the euro, Sterling and US dollar markets, assumed in money markets, securities, money and bond futures, swaps and options on futures. The Group's foreign exchange risk is mainly taken in US dollar / euro, US dollar / Yen and euro / Sterling exchange rates.

Structural market risk
Structural interest rate risk arises from the existence of non-interest bearing assets and liabilities on the balance sheet and structural foreign exchange risk arises from the Group's net investment in its non-euro based subsidiaries. The measurement and management of structural market risk is discussed separately below.

Market Risk Management

The management of market risk in the Group is governed by high level principles approved by the Court and a detailed statement of policy approved by the GRPC.

Discretionary market risk is subject to strict controls which set out the markets and instruments in which risk can be assumed, the types of positions which can be taken and the limits which must be complied with.

The Court approves an overall Value at Risk (VaR) limit, which is a quantification of the Group's appetite for discretionary market risk. VaR is discussed below. ALCO approves VaR limits for BoIGM, including limits for interest rate, foreign exchange (fx) and credit spread VaR. Market risk limits are rigorously enforced and compliance is monitored by ALCO.

Market Risk Measurement

Bank of Ireland Global Markets

The Group employs a VaR approach to measure, and set limits on, discretionary market risk in BoIGM. This applies to both the Trading and Banking Books. The Group measures VaR for a 1 day horizon at the 99% level of statistical confidence. This means that, for a given set of market risk positions on a given day, the Group believes there is no more than a 1% chance of a gain or loss in excess of the VaR number over the following day. VaR is measured using a variance / covariance matrix approach. Matrices are updated weekly using the Exponentially Weighted Moving Average (EWMA) methodology. This widely used approach gives greater weight to more recent data and, as a consequence, estimates of VaR are more responsive to changes in market conditions.

For the nature of the risks assumed by the Group, VaR remains a relatively reliable basis of risk measurement. Nonetheless, management recognises that VaR is subject to certain inherent limitations. The past will not always be a reliable guide to the future and the statistical assumptions employed may understate the probability of large moves. In addition, there is no presumption that all positions can be closed within the 1 day horizon used to measure risk. For these reasons, VaR limits are supplemented by a range of controls that include position limits and loss tolerances. In addition, scenario based stress tests and long run historic simulations, which measure the effect of past periods of market stress (going back to the early 1990s) on current positions, are used to assess and manage discretionary market risk.

The Group's peak, average and end of year 1 day Trading Book VaR in the year ended 31 March 2009 is summarised in the following table

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
Interest Rate VaR		
Peak	5.3	5.2
Average	2.5	2.3
End year	1.2	2.7
Foreign Exchange VaR		
Peak	2.1	1.8
Average	0.9	1.0
End year	0.9	0.9

Consolidated banking book risk

The Group measures the interest rate risk in its consolidated Banking Book (or non-trading book) by calculating, among other things, the impact on net interest income of a 1% straight line increase and decrease in short dated interest rates over a period of a year. This captures the combined effect of changes in interest rates on Banking Book exposures in BoIGM, the maturity and reinvestment of assets held to manage structural interest rate risk and minor frictional risks in business units where market risk is managed at an overall balance sheet level. The 1% change assumes that net asset or liability positions are rolled over from month to month, all spread (basis) relationships remain constant and all assets and liabilities reprice in line with the change in market rates. By convention, the net interest income simulation also assumes no intervention to mitigate the risk arising on these exposures as interest rates change which, although these are not trading positions, would be unrealistic in some circumstances.

The impact on net interest income of a 1% straight line increase and decrease in euro and Sterling interest rates, applied to positions at 31 March 2009, is shown in the following table:

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
Euro		
1% increase	(8.9)	(1.9)
1% decrease	8.7	1.5
Stg£		
1% increase	(8.3)	(13.9)
1% decrease	8.2	6.3

The sensitivities to interest rate increases and decreases will not necessarily be symmetric to the extent that the yield curve is not flat and is already discounting an increase or decrease in short term rates, as was the case in March 2008.

Financial Assets Available For Sale

At 31 March 2009, the Group held €26.9 billion in debt securities classified as Available for sale financial assets (31 March 2008: €29.3 billion). These securities are held at fair value on the balance sheet and accrual accounted in the income statement. This accounting practice can give rise to a credit or debit to reserves.

Within the total of €26.9 billion, fixed rate government securities amounted to €2.5 billion and the balance consisted of floating rate paper. A 1bp increase in the average yield on the government securities book at 31 March 2009 would have reduced its value by €0.8 million (31 March 2008: €0.5 million). A 1bp increase in the average spread to Euribor or Libor of the floating rate book at 31 March 2009 would have reduced its value by €5.8 million (31 March 2008: €6.9 million).

Derivatives

A derivative is a financial contract whose value is linked to movements in interest rates, exchange rates, equity or commodity prices or, more generally, to any objectively measured variable agreed between the parties. Derivative markets are an efficient mechanism for the transfer of risk and risk mitigation. The Group uses derivatives to manage the market risks that arise naturally in its retail and wholesale banking activities. In addition, it transacts in derivatives with its business and corporate clients for the purpose of assisting these clients in managing their exposure to changes in interest and foreign exchange rates. Finally, the Group takes modest discretionary market risk in derivative markets.

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

Further details can be found in note 18 and the accounting policy is set out on pages 115 and 116.

Policy

The Group's participation in derivatives markets is subject to policy approved by the Court and, at a more detailed level, by the GRPC. The Group makes a clear distinction between derivatives which must be transacted on a perfectly hedged basis, and those whose risks can be managed within broader interest rate or foreign exchange books. Since these broader books can be structured to assume some degree of discretionary risk, derivative positions held within them will not necessarily be exactly hedged. Market risk can only be assumed in clearly defined categories of derivatives which are traded in well established, liquid markets, supported by industry standard conventions and documentation and valued in accordance with generally accepted methods.

BoIGM is permitted to take discretionary risk in derivatives such as interest rate futures, bond futures, forward rate agreements, interest rate swaps, credit derivatives, forward foreign exchange and currency swaps. In addition, it is permitted to take exposure in the most widely traded option markets, principally options on futures, caps, floors, swap options (swaptions) and conventional currency options. Transactions in more complex derivatives are typically on a perfectly matched back to back basis.

Collateral agreements

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

Structural Market Risk

Structural interest rate risk arises from the existence of non-interest bearing assets and liabilities on the Group's balance sheet. These consist mainly of non-interest bearing current accounts plus equity less fixed assets. If these net liabilities were used to fund floating rate assets, the Group's earnings would fully reflect any variation in interest rates from one reporting period to the next. It is Group policy to invest the major part of these net liabilities in a passively managed portfolio of fixed rate assets with an average life of 4 years and a maximum life of 7 years.

Structural foreign exchange (fx) risk is defined as the Group's non trading net asset position in non-euro currencies. Structural fx risk arises substantially from the Group's net investment in its sterling based subsidiaries. In considering the most appropriate structural fx position, the Group takes account of the currency composition of its risk weighted assets and the desirability of maintaining a similar currency distribution of capital. This is designed to ensure that capital ratios have a low sensitivity to changes in exchange rates. At 31 March 2009, the Group's structural fx position was as follows:

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
Sterling - net assets	3,058	3,693
US dollar - net assets position	73	280
Total structural fx	3,131	3,973

A 10% depreciation of the euro against Sterling and the US dollar at 31 March 2009 would have resulted in a gain taken to reserves of €313 million (31 March 2008: gain of €397 million)

Market Risk in Bank of Ireland Life

Market risk arises in the Group's non-linked life assurance business to the extent that expected duration of cash flows on the liability side differs from the duration of the matching fixed interest assets (comprising Irish and other euro fixed interest government gilts) BoI Life pursues a policy of close asset / liability matching and any difference in the mean duration of assets and liabilities is minimised by buying and selling euro fixed interest government securities. No corporate bonds are held.

At 31 March 2009, the sensitivity of the non-linked portfolio to a 50bps parallel shift in the yield curve assuming a similar shift in the yield used to discount the liabilities was as follows:

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
50bps increase	(0.6)	(0.1)
50bps decrease	0.8	(0.6)

BoI Life does not bear equity risk directly; this is borne by the unit linked policyholders. However, BoI Life is indirectly exposed because the management fees it receives are related to the value of assets under management. A 5% fall in equity and property markets, applied to the book at 31 March 2009, would reduce earnings by €7 million (31 March 2008: a reduction of €9 million for the same percentage decline).

Similarly, the company bears indirect exposure to changes in exchange rates through management fees earned on non-euro unit linked funds under management. A 5% increase in the euro against all other currencies midway through the year would reduce earnings by €4 million (31 March 2008: a reduction of €5 million for the same percentage decline).

LIFE INSURANCE RISK (Audited)

Definition

Life insurance risk includes mortality assurance, mortality longevity, and morbidity risk. Mortality assurance risk is the risk that the claim payments incurred by the business due to deaths within the portfolio of assured lives is greater than expected. Mortality longevity risk is the risk that claim payments incurred by the business due to the rates of survival within the portfolio of annuitants is greater than expected. Morbidity risk, primarily critical illness risk, is the risk that claim payments incurred by the business due to critical illness events is greater than expected.

Risk Management

Life insurance risk is underwritten and managed by BoI Life, a wholly owned subsidiary of the Group. The management of insurance risk is the responsibility of the Board of the life assurance company. The Board sets maximum approved retention risk limits for the business each year. Responsibilities delegated by the Board to the Reinsurance Committee include completing a review of the reinsurance arrangements at least annually and reporting on this review to the Audit Committee of the Board. This includes a review of the panel of reinsurers that may be used and the optimal structure of its reinsurance arrangements. The Reinsurance Committee is comprised of senior members of the management team with actuarial and underwriting expertise.

Risk Measurement

The amount at risk on each life assurance policy is the difference between the sum assured payable on the insured event and the reserve held. Risk experience is monitored quarterly. Actual claims experience is compared to the underlying risk assumptions, and risk profits and losses are reported to senior management and reflected in new business pricing and new product design.

Risk Mitigation

BoI Life mitigates the potential impact of insurance risk through a number of measures. These include reinsurance, underwriting, contract design and diversification.

Risk Reporting

An update on the status of life insurance risk is included in the Quarterly Risk Report which is presented to the GRPC and the Court by the GCRO.

See also note 55.

REGULATORY & OPERATIONAL RISK (Unaudited)

Regulatory and operational risk has increased over the course of the year in light of industry developments, increased regulatory supervision and increased data privacy awareness.

Under the Credit Institutions (Financial Support) Scheme 2008 the Governor and Group Chief Executive sign a Quarterly Compliance Certificate which certifies compliance with the terms and conditions of the Scheme to the Financial Regulator. The Group is also required to obtain a Compliance Certificate on the Quarterly Compliance Certificate from its auditors, PricewaterhouseCoopers. The Group, in common with other covered institutions, is subject to close supervision by the Financial Regulator.

The Minister for Finance also has significantly increased powers as part of this Scheme, including the power to appoint two new non-executive Directors and observers to attend many of the Group's committees including credit, risk, audit and remuneration committees.

The Court oversees regulatory compliance with the extensive supervisory and regulatory regimes to which the Group is subject, principally in Ireland, the UK and the US, and the Group's operational risks, through the Group Regulatory and Operational Risk Committee (GRORC), a sub committee of the GRPC.

The objectives of the GRORC are to:

- define and identify regulatory and operational risks;
- devise and implement a framework for management of these risks;
- report on the status of these risks; and
- make recommendations to the GRPC on the management of these risks as appropriate.

The Group Regulatory and Operational Risk (GROR) function supports GRORC and manages the Group's risks associated with operations, legal compliance, tax compliance, data privacy, business continuity, and compliance with legislation including anti money laundering, health and safety and environmental regulations. It also reviews upstream risks in relation to regulatory and operational developments.

The Head of GROR is responsible for formulating and communicating the risk control framework for the management of regulatory and operational risks and for monitoring the implementation of the framework by business management across the Group. Regulatory and operational risk policies are implemented by business units, subject to monitoring and support from GROR. GRORC also promotes awareness of regulatory and operational risks throughout the Group.

The Head of GROR reports semi annually to the Group Audit Committee.

Key internal developments in the past year
The Group's whistle blowing policy, "The Speak Up Policy", was revised and re-emphasised to all employees during the year. This has increased awareness and understanding of the policy, of employees' obligations to raise concerns and the channels for doing so.

Data protection and privacy awareness has significantly increased across the Group and a refreshed Data Protection and Privacy policy was launched. The policy sets out the Group's intention to protect the information it has in its possession and commits to taking all reasonable steps in protecting that information. Specific measures taken include the encryption of all laptops, removal of USB storage devices and improved reporting of data protection and privacy incidents, with Group Regulatory and Operational Risk being informed in a timely fashion of all significant issues.

REGULATORY RISK (Unaudited)

Definition

Regulatory risk arises from a failure to comply with the laws, regulations or codes applicable to the financial services industry in the jurisdictions within which the Group operates. Non-compliance has adverse reputational implications and may lead to fines, public reprimands, enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

Risk Management

The Group manages regulatory risk under an overall framework, which is implemented by accountable executives, monitored by the GRPC, the GAC and the GRORC, and supported by the GROR function. The effective management of regulatory compliance is primarily the responsibility of business management.

The Group's regulatory compliance is governed by policy formulated by the GRORC and approved by the GRPC, on behalf of the Court. This requires the conduct of business in accordance with applicable regulations and with an awareness of regulatory risk by all employees.

The Group has established a formal approach to the management of regulatory risk and the objective is the identification, assessment, monitoring and management of regulatory risks.

Business units, Divisional compliance and GROR undertake risk based compliance monitoring, and annual compliance monitoring plans are reviewed to reflect changes or emerging regulatory risks. Regulatory compliance reports from business units are analysed and reviewed by GROR and by the GRORC.

OPERATIONAL RISK (Unaudited)

Definition

Operational risks are present in the Group's business, through inadequate or failed internal processes (including financial reporting and risk monitoring processes) or from people related or external events, including the risk of fraud and other criminal acts carried out against the Group. In the case of legal and contractual risk, this includes the risk of loss due to litigation arising from errors, omissions, and acts by the Group in the conduct of its business.

Risk Management

The Group has established a formal approach to the management of operational risk in the form of the "Operational Risk Management Framework" to identify, assess, monitor and manage operational risks which may impact the achievement of the Group's business objectives. It consists of:

- formulation and dissemination of the Group Operational Risk policy;
- establishment of organisational structures for the oversight, monitoring and management of operational risk throughout the Group; embedding the operational risk management process in business and support units throughout the Group;
- maintenance of awareness and training of relevant staff in the operational risk management process.

The Group's exposure to operational risk is governed by policy formulated by the GRORC and approved by the GRPC, on behalf of the Court. Policies for management of specific aspects of operational risk are approved and monitored by GRORC.

Business units are responsible for effective implementation of the operational risk policy, and the head of each business unit provides GROR with a certificate of compliance with the requirements of the policy semi annually. In addition, GROR monitors compliance through review of management reports provided by the business units; through periodic visits to business and support functions to inspect practices and compliance with policies; and through monitoring of the nature, scale and frequency of loss events.

Risk Mitigation

The Group implements specific policies and risk mitigation measures for key risks, including financial crime, information data privacy and business contingency planning risks. This strategy is further supported by risk transfer mechanisms such as the Group's insurance programme, whereby selected risks are reinsured externally.

Risk Reporting

The Head of GROR reports to GRORC on the status of regulatory and operational risk in the Group, including status of these key risks across the Group and progress of risk mitigation initiatives, significant loss events and the nature, scale and frequency of overall losses. The status of regulatory and operational risk is included in the GCRO's Quarterly Risk Report to the GRPC and the Court.

BUSINESS RISK (Unaudited)

Definition

Business risk is the risk of loss due to uncertainty in profits or earnings volatility that damage the franchise or operational economics of the Group's business. This uncertainty may be caused by changes in the competitive environment, a collapse in economic conditions affecting prices, volumes and exchange rates, an inflexible cost structure that does not respond to a changed environment, the possibility of severe industrial relations disputes disrupting operations or the curtailment of strategically important investments leading to an inability to sustain future requirements. The Group faces business risk as a direct or indirect consequence of its business activities.

Risk Management, Measurement and Reporting

The Group reviews business risk as part of the annual risk identification process. The risk is managed on a divisional basis, and measured quarterly, with a scorecard addressing moves in key indicators around income diversification, margin trends, customer advocacy, direct and indirect costs and staff turnover and engagement. Input from the Group's divisions is collated by the Group Risk Office function and an update provided to Court in the Quarterly Risk Report.

Risk mitigation

The Group's main mitigants for business risk include the diversification of income streams across products, segments, business sectors and locations and good employee relations. Flexibility in the cost base and variable compensation, where applicable, also help mitigate business risk. The Group depends in part on the continued service of key members of its management team. The ability to continue to attract, train, motivate and retain highly qualified professionals is a key element of the Group's strategy.

PENSION RISK (Unaudited)

Pension risk is the risk that the value of the liabilities of the Group's defined benefit pension schemes exceeds the value of the schemes' assets to such a degree that the Group would elect to make unanticipated contributions to reduce the deficit.

The Group maintains a number of defined benefit pension schemes for past and current employees under IAS 19 accounting rules and is subject to pension risk. Pension risk depends principally on the level of the deficit, the potential future change in the deficit and the value of the sponsor.

In the past year, the Group's exposure to Pension Risk, in common with most other employers, increased. Losses in equity markets reduced the market value of assets held by the Group's pension funds, while the lower interest rate environment increased the present value of liabilities, the impact of which has been the widening of the pension deficit which at 31 March 2009 stood at €1,478 million.

The investment policy pursued to meet the Scheme's estimated future liabilities is a matter for the Trustees and the Scheme's Investment Committee. The Group, as sponsor, is afforded an opportunity to communicate its views on investment strategy to the Trustees and receives regular updates including scenario analysis of pension risk.

The Court is informed of the GRPC risk deliberations through a quarterly review of the GRPC proceedings and a Quarterly Risk Report presented by the GCRO.

In order to mitigate this risk, a new scheme was introduced in 2006 for all new entrants which has adjusted terms for new members to ensure a more equitable sharing of future risks.

See also note 39.

REPUTATION RISK (Unaudited)

Definition

Reputation risk is the risk of loss / volatility of earnings arising from adverse perception of the Group's image on part of the customers, counterparties, shareholders, investors or regulators. This risk typically materialises through a loss of business in the areas affected.

Risk Management, Measurement and Reporting

The Group reviews reputation risk as part of the annual risk identification process. Updates are reported to the GRPC and Court as part of the Quarterly Risk Report.

The Group undertakes a range of activities at branch, business and corporate levels designed to positively enhance its reputation with a wide range of stakeholders.

There are a number of processes and structures in place which are used to identify, assess and mitigate the potential risks to the Group's reputation. Business Units and individuals may refer issues and potential decisions which may negatively impact the Group's reputation to the Group Corporate Responsibility Committee for a decision.

Reputation risk indicators are tracked on an ongoing basis. These indicators include operational risk errors and regulatory issues and breaches which may have the potential to impact reputation and surveys measuring customer sentiment.

Reputation Risk mitigants

Development of a positive image is considered a key mitigant of reputation risk. This includes development and monitoring of key relationships, which include the Financial Regulator, customer and business relationships, employees, investors, and the media. There is a crisis / issue management process in place to ensure that issues that arise are managed in a way that minimises the effect on overall Group reputation.

CAPITAL MANAGEMENT (Audited)

Capital Management Objectives and Policies

The objectives of the Group's capital management policy are to:

- Align capital management to the Group's strategy;
- Meet the requirements and expectations of equity and debt investors and markets in general;
- Achieve the optimal mix of capital to meet the Group's regulatory requirements and rating ambitions; and
- Manage capital in aggregate and at business level, ensuring that capital is only invested in businesses which deliver adequate returns

It is the Group's policy to maintain a strong capital base, to seek to expand this where appropriate and to utilise it efficiently in the Group's development as a diversified international financial services group. Long term debt capital, undated capital notes, preferred securities and preference stock are raised in various currencies in order to align the composition of capital and risk weighted assets. The Group's capital includes the Group's equity stockholders' funds (which includes €3.5bn Government preference stock issued to the National Pensions Reserve Fund), perpetual and dated subordinated securities with appropriate regulatory adjustments and deductions applied.

The capital adequacy requirements set by the Financial Regulator in Ireland, which reflect the requirements as set out in the EU Capital Requirements Directive and its preceding directives, are used by the Group as the basis for its capital management. These requirements set a floor under which capital levels must not fall. The Group seeks to maintain sufficient capital to ensure that even under stressed conditions these requirements are not breached.

The Group also looks at other methodologies of capital measurement including the capital definitions set out by rating agencies. It also calculates economic capital based on its own internal models.

How the Capital Management Objectives are met

The Group meets its objectives in terms of capital management through the maintenance of capital ratios above the minimum levels set by the Financial Regulator and relative to market expectations for banks with its business profile. Market expectations regarding capital ratios for banks have risen following the rise in loss expectations across the international banking industry, driven by exposures to assets vulnerable to the downturn in residential and commercial real estate prices and the deteriorating economic climate. These increased expectations have led to substantial private and government-led recapitalisation schemes internationally.

On 31 March 2009, the Government of Ireland, through the National Pensions Reserve Fund Commission, invested €3.5 billion in core Tier 1 Preference Stock. The Preference Stock, which bears a dividend of 8% per annum, can be purchased at par in the first five years and thereafter at 125% of par from either profits available for distribution or from the raising of new Core Tier 1 capital. The capitalisation and other changes moves the Group's Tier 1 ratio from 8.1% in 2008 to 12.0% in 2009 and the Core Tier 1 ratio from 5.7% to 9.5%. Further details are given in note 41 to the consolidated financial statements.

The Group stress tests the capital held to ensure that under stressed conditions it continues to comply with regulatory minimum ratios. It also seeks to minimise refinancing risk by managing the maturity profile of non-equity capital. In addition the currency mix of capital is managed to ensure that the sensitivity of capital ratios to currency movements is minimised.

Capital strategy is integrated into the overall strategy of the Group reflecting its importance as a key enabler.

The Group has a portfolio approach to its businesses to ensure that optimum returns are targeted and earned with a focus on ensuring growth in value enhancing activities. New lending activity and transactions are subject to RAROC return criteria.

Capital Resources

The following table sets out the Group's capital resources.

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
Stockholders' funds		
Equity (including other equity reserves)	6,810	6,477
Non-cumulative preference stock	42	7
Minority interests - equity	61	38
Undated loan capital	3,385	3,209
Dated loan capital	4,557	4,599
Total capital resources	14,855	14,330

In the year ended 31 March 2009 total Group capital resources increased by €525 million to €14,855 million following the issue of €3.5 billion in new preference stock to the National Pensions Reserve Fund (€3,462 million net of costs), offset by negative retentions of €394 million (€387 million related to the 2007 / 2008 Final Dividend), net negative movements in equity of €2,701 million including changes in the cash flow hedge reserve (€540) million, the AFS reserve (€1,113) million, foreign exchange adjustments (€528) million and the net movement in the defined benefit pension schemes (€544 million). Other items gave a positive movement of €163 million.

As at 31 March 2009, the Group had €3,385 million of undated loan capital and €4,557 million of dated loan capital (including fair value adjustments), a total of €7,942 million in aggregate of subordinated liabilities. Of the dated loan capital €3,782 million is repayable in five or more years. The cost and availability of subordinated debt are influenced by credit ratings. A reduction in the ratings assigned to the Group's securities could increase financing costs and reduce market access. The credit ratings of Bank of Ireland, some of which were downgraded during the year, at 18 May 2009 were as follows:

Senior Debt	
Moodys	Aa3
Standard & Poors	A
Fitch	A-
DBRS	AA

Depending on the degree of subordination, the ratings assigned to loan capital may be one or more notches below the level for senior debt. Credit ratings are not a recommendation to buy, hold or sell any security and each rating should be evaluated independently of every other rating. These ratings are based on current information furnished to the rating agencies by Bank of Ireland and information obtained by the rating agencies from other sources. The ratings are accurate only as of 18 May 2009 and may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information.

Capital Adequacy Requirements

The Group's capital management policy has been developed within the supervisory requirements of the Irish Financial Regulator.

The EU Capital Requirements Directive (CRD) which came into force from 1 January 2007 introduced significant amendments to the existing capital adequacy framework. The implementation of the CRD results in a more risk sensitive approach to the derivation of a bank's capital requirements.

The CRD is divided into three sections commonly referred to as Pillars. Pillar 1 introduced the Internal Ratings Based Approach (IRBA) which permits banks to use their own internal rating systems to calculate their capital requirements for credit risk. Use of the IRBA is subject to regulatory approval. Where credit portfolios are not subject to IRBA, the calculation of the minimum capital requirements is subject to the Standardised Approach, which is a more granular approach to the calculation of risk weightings than under Basel I.

Under Pillar 2 of the CRD (Supervisory Review) banks undertake an Internal Capital Adequacy Assessment Process (ICAAP) which is then subject to supervisory review.

Pillar 3 of the CRD (Market Discipline) involves the disclosure of a range of qualitative and quantitative information relating to capital and risk. The Group will be disclosing this information for the first time later in 2009.

The CRD also introduced a requirement to calculate capital requirements, and to set capital aside, with respect to operational risk. The Group is also required to set capital aside for market risk.

Capital Adequacy Data (Unaudited)

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

	31 March 2009 Basel II €m	31 March 2008 Basel II €m
Capital base		
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	1,100
Non-innovative hybrid debt	1,798	1,895
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	96,395	107,930
Market risk	2,509	2,908
Operational risk	6,473	6,123
Total risk weighted assets	**105,377**	**116,961**
Risk asset ratios including dividends		
Equity Tier 1 (Core Tier 1 less preference stock)	6.2%	5.6%
Core Tier 1	9.5%	5.7%
Tier 1	12.0%	8.1%
Total Capital	15.2%	11.1%

Tier 1 capital increased by €3,225 million reflecting (€7 million) in net retained earnings (ignoring 2007/08 final dividend on ordinary stock deducted in arriving at the March 2009 regulatory capital position), €3,462 million related to the new preference stock issued to the National Pensions Reserve Fund Commission (NPRFC) and lower deductions for intangible assets €316 million offset by negative currency movements of €540 million (of which €528 million related to equity) and (€6 million) of net other movements.

Tier 2 capital benefited from the £450 million of new Tier 2 capital and the €193 million increase in IBNR provisions offset by the redemption of €600 million of Lower Tier 2 capital, a reduction of €93 million in revaluation reserves and an increase in supervisory deductions of €164 million (largely the increase in the expected loss adjustment).

Court of Directors

Non-Executive Officers

Richard Burrows *Governor*
Appointed to the Court in 2000. Governor since July 2005. Spent his career in the drinks industry in general management. Chief Executive of Irish Distillers Group (1978-2000), and co-chief executive of Pernod Ricard SA (2000-2005) during a period of strategic change and growth by acquisition of Seagram and Allied Domecq. Chairman of National Development Corporation (1984-1988), and President of IBEC (1998-2000). Director of Carlsberg Group, Rentokil Initial plc and Mey Icki San.ve Tic A.S. (Age 63)

George Magan F.C.A. *Deputy Governor*
Appointed to the Court in 2003. Senior Independent Director 2005 – 2006. Appointed Deputy Governor in October 2006. Chairman of Morgan Shipley Ltd. (Dubai). Director of Allied Investment Partners PJSC (Abu Dhabi) and Synergy Insurance Holdings Ltd (UK). Former Group Director of Morgan Grenfell and former Chairman of JO Hambro Magan, NatWest Markets Corporate Finance and Hawkpoint Partners Ltd. (Age 63)

Executive Directors

Richie Boucher *Group Chief Executive & Chief Exectuive, Retail Financial Services Ireland*
Appointed to the Court in October 2006. Joined the Bank of Ireland Group as Chief Executive, Corporate Banking from Royal Bank of Scotland in December 2003. He was appointed Chief Executive, Retail Financial Services Ireland in January 2006, appointed Group Chief Executive in February 2009. He is a past President of the Institute of Bankers in Ireland (2008) and of the Irish Banking Federation 2006 – 2007. He is a member of the boards of Bank of Ireland Private Bank, Bank of Ireland Life, Bank of Ireland Mortgage Bank and ICS Building Society. (Age 50)

Des Crowley BA(Mod) Econ, FCMA
Chief Executive, UK Financial Services
Appointed to Court in 2006. Joined Bank of Ireland in 1988 from Arthur Andersen & Co. Spent the last 20 years in a variety of Executive roles at Bank of Ireland. Appointed Chief Executive, Retail Banking and Distribution and joined the Group Executive Committee in 2000. In 2004 he was appointed Chief Executive, Retail Financial Services and Chief Executive, UK Financial Services in 2006. He is a Director of Post Office Financial Services and First Rate Exchange Services, our joint ventures with the UK Post Office, and a member of the British Bankers Association Retail Committee and previously was a Director of Bank of Ireland Life plc. (Age 49)

Denis Donovan B Comm, MBA
Chief Executive, Capital Markets
Appointed to the Court in 2006. Joined Bank of Ireland in 1985 from the Central Bank of Ireland. He was appointed Chief Executive of the Group's Capital Markets Division in 2006, having held the position of Chief Executive, Wholesale Financial Services Division since 2003. He was CEO of Global Markets from 1999 to 2003 and Chief Operating Officer – International, with Bank of Ireland Asset Management from 1993 to 1999. (Age 55)

John O'Donovan B Comm, F.C.A.
Group Chief Financial Officer
Joined the Group in 2001 as Group Chief Financial Officer. Appointed to the Court in 2002. Formerly Group Finance Director/Company Secretary of Aer Lingus plc. (Age 57)

Non-Executive Directors

Tom Considine BA, F.C.C.A.
Appointed to the Court in January 2009. A member of the Forum of the Economic and Social Research Institute. Former Secretary General of the Department of Finance. Former Board member of the Central Bank and Financial Services Authority of Ireland. A former member of the National Treasury Management Agency Advisory Committee and the Council of the Economic & Social Research Institute. (Age 64)

David Dilger CBE, BA, F.C.A.
Appointed to the Court in 2003. Appointed Senior Independent Director in September 2007. Former Chief Executive Officer of Greencore Group plc. He was Chief Operating Officer from 1992 and Chief Executive of Food Industries plc, which was acquired by Greencore, from 1988. Formerly CFO, Woodchester Investments plc and former Director of Enterprise Ireland and IBEC Ltd. (Age 52)

Paul Haran M.Sc, B.Sc
Appointed to the Court in 2005. Spent his career in public service and was Secretary General of the Department of Enterprise, Trade and Employment (1997 – 2004) during a period of significant economic and social transformation. In that period he was also a member of the National Economic and Social Council (1997 – 2004) and the Board of Forfas (1997-2004). He is Chairman of the National Qualifications Authority of Ireland, of Edward Dillon & Company and of the UCD Michael Smurfit Graduate Business School and Principal of the UCD College of Business & Law. A member of the Forum of the Economic and Social Research Institute and the Road Safety Authority. He is also a Director of Glanbia plc, the Mater Private Hospital and Drury Communications. He serves on the councils of Camerata Ireland , the Irish Taxation Institute and the Irish Insurance Federation. (Age 51)

Court of Directors

Dennis Holt BA, ACIB
Appointed to the Court in 2006. Chairman of Group Audit Committee since October 2008. 38 years experience in Financial Services, including Retail Banking Executive Director on the Main Board of Lloyds TSB (2000-2001) and CEO of global insurer AXA's UK and Ireland businesses (2001-2006). Chairman of Liverpool Victoria Friendly Society Ltd and Non Executive Director of Principle Insurance Holdings Ltd. (Age 60)

Rose Hynes BCL, AITI, Solr
Appointed to the Court in July 2007. A Solicitor by profession. Previously held senior management positions in GPA Group plc, including General Council and Head of Commercial. Director of Bank of Ireland Mortgage Bank and Total Produce plc, where she is its senior independent Director and chairs the Remuneration Committee. Also a Director of Bord Gais Eireann, Shannon Airport Authority plc and a number of other companies. Former Director of Fyffes plc, Northern Ireland Water Ltd and Aer Lingus. (Age 51)

Jerome Kennedy F.C.A
Appointed to the Court in July 2007. Spent 15 years years (1980 – 1995) as a Partner in KPMG providing audit and advisory services to a range of Irish companies and Irish subsidiaries of multinational groups. Managing Partner of KPMG Ireland and a Board member of KPMG Europe from 1995 to 2004. Director of Bank of Ireland Life Holdings plc, New Ireland Assurance Company plc and Total Produce plc, where he chairs the Audit Committees. Also is Chairman of Caulfield McCarthy Group Retail and is on the Irish Board of the UCD Michael Smurfit Graduate Business School. (Age 60)

Declan McCourt BL, MA, MBA
Appointed to the Court in 2004. Chairman of the Audit Committee 2006 - 2008. Partner and Chief Executive of automotive distributorthe OHM Group. Director of Fyffes plc since 2003 where he is Senior Independent Director and Chairman of both the Audit and Remuneration Committees. Director of Blackrock International Land plc. Former Director of the Dublin Docklands Development Authority. Chairman of the Mater Hospital Foundation and of UCD Law School Development Council. (Age 63)

Heather Ann McSharry
Appointed to the Court in July 2007. General Manager of Reckitt Benckiser in Ireland, a leading global household, health and personal care company, having previously been Managing Director of Boots Healthcare Limited in Ireland. Director of the Irish Pharmaceutical Healthcare Association. Former Director of Enterprise Ireland (1998 – 2008). Former member of Governing Authority of University College Dublin (2005 – 2009). (Age 47)

Terry Neill MA, M. Sc (Econ)
Appointed to the Court in 2004. A member of the Governing Body and chairman of the Finance Committee of London Business School. A member of the Boards of CRH plc and Trinity Foundation. Former Senior Partner in Accenture and former chairman of its global Board. Chairman, Camerata Ireland. (Age 63)

Joe Walsh
Appointed to the Court in January 2009. Served as Minister for Agriculture from 1992 – 2004, having previously served as Minister for Food from 1987. He retired from the Cabinet in 2004. Director of Cork Racecourse (Mallow) Ltd. Chairman of the Irish Horse Board, of Horse Sport Ireland, and Irish Hunger Task Force. (Age 65)

Senior Independent Director
David Dilger

Group Audit Committee (GAC)
Dennis Holt (Chairman)
Tom Considine
Paul Haran
Rose Hynes
Jerome Kennedy
Heather Ann McSharry

Group Remuneration Committee (REM COM)
David Dilger (Chairman)
Richard Burrows
Dennis Holt
Rose Hynes
George Magan
Joe Walsh

Group Nomination and Governance Committee (N&G)
Richard Burrows (Chairman)
George Magan
Declan McCourt
Heather Ann McSharry
Terry Neill
Joe Walsh

Trustees of the Bank Staff Pension Fund
Paul Haran (Chairman)
George Magan
Heather Ann McSharry

Report of the Directors

The Directors present their report and financial statements for the year ended 31 March 2009.

Recapitalisation

On 31 March 2009, the Bank raised capital of €3.5 billion through the issue of 2009 preference stock and warrants to the National Pensions Reserve Fund Commission (NPRFC). The conditions attaching are set out in the Schedule to this Report on pages 76 to 78.

Remuneration

Under the terms of the Government's investment in the Group, significant changes have been put in place in relation to the remuneration of Directors. See Remuneration Report on pages 79 to 88.

Results

The Group profit attributable to the stockholders was €59 million after non-cumulative preference stock dividends of €10 million. The reported profit for the period amounted to €34 million as set out in the consolidated income statement on page 103.

Dividends

The Directors have concluded that further strengthening of the Group's capital ratios is a priority and consequently no dividend on ordinary stock will be paid in respect of the year ended 31 March 2009. The Group does not expect to resume paying dividends on ordinary stock until more favourable economic and financial conditions return.

Group activities

The Bank and its undertakings (the Group) provide an extensive range of banking and other financial services. The Governor's Statement, the Group Chief Executive's Review and the Operating and Financial Review on pages 2 and 3, pages 5 to 7 and pages 8 to 28 respectively, describe the operations and the development of the Group. Additional disclosures required by the International Financial Reporting Standards and the Fair Value Regulations are contained in the Operating and Financial Review and in the financial statements and notes thereto.

Principal risks and uncertainties

Information concerning the principal risks and uncertainties facing the Group is set out in the Risk Management section of the Business Review on page 29.

Capital stock and subordinated liabilities

1,026,217,250 units of ordinary stock, of nominal value of €0.64 each, were in issue at 1 April 2008 of which 45,734,778 were held in treasury stock. During the year the Bank issued units of ordinary stock under staff stock schemes; it also reissued treasury stock under staff stock schemes. As at 31 March 2009, the Bank had 1,026,225,679 units of ordinary stock of €0.64 each of which 32,118,677 were held in treasury stock.

The authorities granted at the Annual General Court in July 2008 to purchase up to 99,000,000 units of the Bank's ordinary stock, up to 1,876,090 units of the Bank's Sterling preference stock and up to 3,026,598 units of the Bank's euro preference stock have not been exercised.

Pursuant to the recapitalisation transaction referred to above, the Bank issued, on 31 March 2009, 3,500,000,000 units of new preference stock of €0.01 nominal value at an issue price of €1.00 per unit and granted warrants to subscribe for up to 334,737,148 units of Ordinary Stock of €0.64 nominal value to the NPRFC.

Full details of the changes during the year in the capital stock and subordinated liabilities are set out in note 41 and note 35.

Takeover Bids Regulations

The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 implement the Takeovers Directive in Ireland and require the Bank to make certain additional disclosures. The required disclosures are set out in the Schedule to the Report of the Directors on pages 74 to 78.

Directors

The names of the members of the Court of Directors as at 31 March 2009 together with a short biographical note on each Director appear on pages 69 and 70.

At the forthcoming Annual General Court, all Directors, with the exception of Mr Considine and Mr Walsh, are retiring. The Governor, Mr Burrows, has confirmed his personal decision not to seek re-election. In addition, Mr Dilger, Senior Independent Director, and Mr Magan, Deputy Governor, who will each have completed two terms this year, are retiring at the end of the AGC. With the exception of the five Directors mentioned above, all other Directors are offering themselves for re-election.

Directors' interests

The interests of the Directors and Secretary in office at 31 March 2009 and of their spouses and minor children, in the stock issued by the Bank are shown in the Remuneration Report on pages 79 to 88.

In relation to the Group's business, no contracts of significance to the Group in which the Directors of the Bank had any interest, existed at any time during the year ended 31 March 2009.

Substantial stockholdings

There were 99,284 registered holders of the ordinary stock of the Bank at 31 March 2009. An analysis of these holdings is shown on page 234.

As at 18 May 2009, the Bank had received notification of the following substantial interests in its issued ordinary stock:

Name	%
Harris Associates LP *	9.24
NPRFC	**

* This stockholding is not beneficially owned but is held on behalf of a range of clients, none of whom hold, so far as the Directors have been notified, more than 3% of the issued ordinary stock. So far as the Directors have been notified, there were no other holdings of 3% or more of the issued ordinary stock of the Bank.

** The NPRFC has acquired voting rights equivalent to 25% of all votes capable of being cast by stockholders on a poll at a General Court of the Bank on any resolution proposed at a General Court of the Bank involving the appointment and removal of Directors. Such voting rights are also exercisable in relation to certain matters concerning a proposed change of control of the Bank (being a change in the holding of more than 50% of the voting stock of the Bank or of substantially all of the Bank's business and assets).

Corporate governance

Statements by the Directors in relation to the Group's compliance with the Combined Code on Corporate Governance, the Group's system of internal controls and the activities of the Group Audit Committee for the year are set out in the Corporate Governance Statement on pages 89 to 95.

The Remuneration Report is set out on pages 79 to 88.

Environment

The facilitation of a clean environment and effective environmental protection is a fundamental aspect of good business operations. The Group recognises that its business activities have an impact on the environment, both globally and locally, and it is our policy to minimise any adverse impact of our operations on the environment. An environmental management system provides for the identification and prioritisation of local and Group wide programmes to reduce the Group's environmental impacts. The full text of the environmental policy is accessible on the web at www.bankofireland.com.

Political donations

The Directors, on enquiry, have satisfied themselves that there were no political donations which require disclosure under the Electoral Act 1997, as amended.

Branches outside the State

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

Going concern and books of account

The Bank and the Group are dependent on successfully funding their respective balance sheets and maintaining sufficient levels of capital. After reviewing the Group's projections of its funding and capital position, and considering the key dependencies as outlined on page 109, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the annual report.

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

Auditors

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

Post Balance Sheet Events

The establishment of the National Asset Management Agency is discussed in note 57.

Richard Burrows
Governor

George Magan
Deputy Governor

Bank of Ireland
Head Office
Lower Baggot Street,
Dublin 2

18 May 2009

Schedule to the Report of the Directors

Information required under the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

As required by these Regulations, the information contained below represents the position at 31 March 2009. On 31 March 2009, the Bank raised capital of €3.5 billion through the issue of 2009 preference stock and warrants to the National Pensions Reserve Fund Commission (NPRFC). The information at the bullet points and notes 1 to 3 below is subject to that set out in note 4 “2009 Preference Stock and Warrants”.

- The structure of the Bank’s capital is set out in note 41 to the consolidated financial statements. The percentage of the total capital stock represented by each class and details regarding the rights and obligations attaching to the classes of stock are set out at note 1 below.

- Details of significant stockholdings may be found on page 72.

Subject to certain restrictions set out in Note 4:
- There are no restrictions imposed by the Bank on the transfer of stock, nor are there any requirements to obtain the approval of other stockholders for a transfer of stock, save in certain limited circumstances set out in the Bye-laws. A copy of the Bye-Laws may be found on www.bankofireland.com or may be had on request to the Group Secretary.
- Other than the rights set out in note 1 below, there are no special rights with regard to control of the Bank.
- There are no unusual restrictions on voting rights except for the circumstances set out in note 4. Deadlines for exercising voting rights are specified in note 1 below.
- There are no arrangements between stockholders, known to the Bank, which may result in restrictions on the transfer of securities or voting rights.
- The rules concerning the appointment and replacement of the Directors and amendment of the Bank’s Bye-Laws are set out in note 2 below.
- Details of the powers of the Bank’s Directors, including powers in relation to issuing or buying back by the Bank of its stock are set out in note 3 below.
- There are a number of agreements that take effect, alter or terminate upon a change of control of the Bank following a takeover. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole.
- There are no agreements between the Bank and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occur because of a bid. There are however provisions for early maturity of employee stock schemes in the event of a change of control.

Note 1 - Percentage of the Bank’s capital represented by class of stock and rights and obligations attaching to the classes of stock

The ordinary stock represents 73% of the authorised capital stock and 94% of the issued capital stock. The preference stock represents 27% of the authorised capital stock and 6% of the issued capital stock, of which the 2009 preference stock represents 2% and 5% respectively.

Rights and Obligations attaching to the classes of stock

(a) Ordinary stock

Dividend rights
Under Irish law, and under the Bye-Laws of the Bank, dividends are payable on the ordinary stock of the Bank only out of profits available for distribution. Holders of the ordinary stock of the Bank are entitled to receive such dividends as may be declared by the stockholders in General Court, provided that the dividend cannot exceed the amount recommended by the Directors. The Bank must pay stockholders such interim dividends as appear to the Directors to be justified by the profits of the Bank. No dividend on the ordinary stock may be declared unless the dividend on the Dollar preference stock, the Sterling preference stock, the euro preference stock (including the 2009 preference stock) and the 2005 preference stock most recently payable prior to the relevant General Court shall have been paid in cash. Any dividend which has remained unclaimed for 12 years from the date of its declaration may be forfeited and cease to remain owing by the Bank.

Voting rights
Voting at any General Court is by a show of hands or by poll. On a show of hands, every stockholder who is present in person or by proxy has one vote regardless of the number of units of stock held by them. On a poll, every stockholder who is present in person or by proxy has one vote for every unit of ordinary stock of €0.64 each. However see note 4 concerning the voting rights of the Minister for Finance.

A poll may be demanded by the chairman of the meeting or by at least nine members of the Bank present in person or by proxy and entitled to vote on a poll. The necessary quorum for a General Court is 10 persons present in person or by proxy and entitled to vote. All business is considered to be special business if it is transacted at an Extraordinary General Court as is all business transacted at an Annual General Court other than the declaration of a dividend, the consideration of the financial statements, the balance sheet and reports of the Directors and Auditors, the election of Directors in the place of those retiring, the reappointment of the retiring Auditors, and the determination of the remuneration of the Auditors, all of which is deemed ordinary business. Special business is dealt with by way of a special resolution, which must be passed by not less than three fourths of the votes cast by such members as being entitled so to do, vote in person or, where proxies are allowed, by proxy at a General Court at which not less than 21 days notice specifying the intention to propose a resolution as a special resolution has been duly given. Ordinary business is dealt with by way of an ordinary resolution which requires a simple majority of the votes cast by the members voting in person or by proxy at a General Court. Where an equal number of votes have been cast on any resolution the chairman of the meeting is entitled to a second or casting vote.

Liquidation rights
In the event of any surplus arising on the occasion of the liquidation of the Bank, the ordinary stockholders would be entitled to a share in that surplus pro rata to their holdings of ordinary stock.

(b) Preference stock
The capital of the Bank is divided into ordinary stock, non-cumulative Dollar preference stock, non-cumulative Sterling preference stock and non-cumulative euro preference stock (which includes the 2009 preference stock). At 31 March 2009, there was no non-cumulative Dollar preference stock in issue. Any non-cumulative Dollar preference stock issued will rank equivalently to the existing euro or Sterling preference stock as regards entitlements to dividends. The holders of non-cumulative Sterling and euro preference stock (including the 2009 preference stock) are entitled to a fixed annual dividend in accordance with the terms and conditions relating to the issue of the particular class of preference stock. Any dividend which has remained unclaimed for 12 years from the date of its declaration may be forfeited and cease to remain owing by the Bank.

The non-cumulative Sterling preference stock and the non-cumulative euro preference stock rank pari passu inter se and the right to a fixed dividend is in priority to the dividend rights of ordinary stock in the capital of the Bank. On a winding-up or other return of capital by the Bank, the non-cumulative Sterling preference stockholders and the non-cumulative euro preference stockholders are entitled to receive, out of the surplus assets available for distribution to the Bank's members, an amount equal to the amount paid up on their preference stock including any preference dividend outstanding at the date of the commencement of the winding-up or other return of capital. Otherwise the preference stockholders are not entitled to any further or other right of participation in the assets of the Bank. Bye-law 7 enables the Directors to issue and allot new preference stock (the 2005 Preference Stock) which can be either redeemable or non-redeemable, and can be denominated in US dollars, in euro or in Sterling. Any preference stock issued under bye-law 7 will rank equivalently to the existing euro and Sterling preference stock as regards entitlements to dividend. Bye-law 7 permits the substitution of all of the outstanding preferred securities in the event of the occurrence of a trigger event. A trigger event will occur when the capital adequacy requirements of the Financial Regulator have been, or are expected to be, breached.

Variation of class rights
The rights attached to the ordinary stock of the Bank may be varied or abrogated, either while the Bank is a going concern or during or in contemplation of a winding-up, with the sanction of a resolution passed at a class meeting of the holders of the ordinary stock. Similarly, the rights, privileges, limitations or restrictions attached to the preference stock may be varied, altered or abrogated, either while the Bank is a going concern or during or in contemplation of winding-up, with the written consent of the holders of not less than 75% of such class of stock or with the sanction of a resolution passed at a class meeting at which the holders of 75% in nominal value of those in attendance vote in favour of the resolution.

Note 2 - Rules concerning the appointment and replacement of the Directors and amendment of the Bank's Bye-Laws

With the exception of those appointed by the Minister for Finance, all Directors appointed between Annual General Courts are submitted to stockholders for election at the first Annual General Court following their co-option and for re-election at intervals of no more than three years, thereafter. In proposing the election or re-election of any individual Director to the Annual General Court, the reasons why the Court believes that the individual should be elected or re-elected are provided in the Governor's Letter to stockholders. However see note 4 below concerning the rights of the Minister for Finance to appoint 25% of the Directors and to exercise 25% of the votes in respect of all nominations for the office of Director.

All Non-Executive Directors are appointed for an initial three year term with an expectation of a further term of three years assuming satisfactory performance. Where a Director is invited to remain beyond six years, his / her performance is subject to rigorous review. Should any Non-Executive Directors be invited to serve longer than nine years they are subject to annual re-election by stockholders.

Rules concerning amendment of the Bank's Bye-Laws

The Bank's Bye-Laws may be amended by special resolution passed at an Annual General Court or Extraordinary General Court. An Annual General Court and a Court called for the passing of a special resolution shall be called on 21 days' notice in writing at the least. Special resolutions must be approved by not less than three fourths of the votes cast by stockholders entitled to vote in person or by proxy. No business may be transacted at any General Court unless a quorum of members is present at the time when the Court proceeds to business. Ten persons present in person or by proxy and entitled to vote shall constitute a quorum.

Note 3 - Powers of Directors including powers in relation to issuing or buying back by the company of its stock

Under its Bye-Laws, the business of the Bank shall be managed by the Directors, who exercise all powers of the Bank as are not, by the Charter, the Banks Acts or the Bye-Laws, required to be exercised by the Bank in General Court. The Directors may exercise all the borrowing powers of the Bank and may give security in connection therewith. These borrowing powers may be amended or restricted only by the stockholders in General Court.

The members of the Bank in General Court may at any time and from time to time by resolution enlarge the capital stock of the Bank by such amount as they think proper. However see note 4 concerning the requirement for the approval in writing by the Minister for Finance before any such resolution (a "Capital Resolution") can be tabled at an Annual General Court. Whenever the capital stock of the Bank is so enlarged, the Directors may, subject to various provisions of the Bye-Laws, issue stock to such amount not exceeding the amount of such enlargement as they think proper. All ordinary stock so issued shall rank in equal priority with existing ordinary stock.

Subject to the Companies Acts, to any rights conferred on any class of stock in the Bank and to the Bye-Laws, the Bank may purchase any of its stock of any class (including any redeemable stock) and may cancel any stock so purchased. The Bank may hold such stock as treasury stock, in accordance with Section 209 of the Companies Act, 1990 (the treasury stock) with liberty to re-issue any such treasury stock on such terms and conditions and in such manner as the Directors may from time to time determine. The Bank shall not make market purchases of its own stock unless such purchases shall have been authorised by a special resolution passed by the members of the Bank at a General Court (a Section 215 Resolution).

Note 4 - 2009 Preference Stock and Warrants

Defined terms used below have the meanings set out in the Governor's Letter and Notice of Extraordinary General Court on 27 March 2009, which is available on www.bankofireland.com.

The following principal rights attach to the 2009 preference stock:

The repayment of the capital paid up (inclusive of premium) on the 2009 preference stock will rank *pari passu* with the repayment of the paid up nominal value (excluding premium) of the ordinary stock on a winding up or other return of capital of the Bank.

The 2009 preference stock will rank ahead of ordinary stock as regards dividends and as regards the repayment of premium on the ordinary stock on a winding up or other return of capital of the Bank. The 2009 preference stock will rank *pari passu* as regards dividends with other stock or securities which constitute core tier 1 capital of the Bank (other than ordinary stock and other than dividends to Minority Interests).

The 2009 preference stock entitles the holder thereof to receive a non-cumulative dividend at a fixed rate of 8 per cent of the issue price per annum, payable annually at the discretion of the Bank. The dividend on the 2009 preference stock accrues day to day and is payable annually in arrears on 20 February. If a cash dividend is not paid by the Bank, the Bank shall issue units of ordinary stock to the NPRFC.

The 2009 preference stock is transferable in minimum lots of 50,000 units. If transferred to a person who is not a Government Entity, the 2009 preference stock will cease to carry any voting rights or the right to appoint Directors to the Court referred to below.

The number of units of ordinary stock that the Bank would be required to issue to the NPRFC (in the event of non-payment of a dividend) will be calculated by dividing the amount of the unpaid dividend by the Thirty Day Average Price[1]. If units of ordinary stock are issued in the event of non-payment of dividends, these units will be settled on a day determined by the Bank, in its sole discretion, provided that this must occur no later than the day on which the Bank subsequently redeems or repurchases or pays a dividend on the 2009 preference stock or any class of capital stock. The issue of units of ordinary stock in the event of non-payment of dividends will result in the dilution of existing ordinary stockholders' proportionate ownership and voting interests in the Bank.

[1] *Defined in Capital Stock and Government Guarantee - Defined Terms, section of Other disclosures, page 233.*

If the dividend on the 2009 preference stock is not paid in any particular year, then the Bank shall be precluded from paying any dividend on any ordinary stock until the Bank resumes the payment of dividends on the 2009 preference stock in cash. The Bank will also be precluded from paying any dividend on any ordinary stock where the payment of such dividend would reduce the distributable reserves of the Bank to such an extent that the Bank would be unable to pay the next dividend due for payment on the 2009 preference stock.

The 2009 preference stock may be repurchased at the option of the Bank, in whole or in part, at a price per unit equal to the issue price of €1.00 per unit of the 2009 preference stock within the first five years from the date of issue and thereafter at a price per unit of €1.25, provided in either case that the consent of the Financial Regulator to the repurchase of the 2009 preference stock is obtained. The 2009 preference stock will not be capable of being repurchased if it would breach or cause a breach of Irish banking capital adequacy requirements from time to time applicable to the Bank. The 2009 preference stock may be repurchased from profits available for distribution or from the proceeds of any issue of stock or securities that constitute core tier 1 capital. Unless repurchased prior to 31 December 2009, any repurchase or redemption of the 2009 preference stock will have no impact on the warrants (see "The Warrants" below).

While the 2009 preference stock is held by a Government Entity, the Minister for Finance will have the right to directly appoint 25 per cent of the Directors of the Bank (such 25 per cent to include any Directors nominated by the Minister for Finance pursuant to the Government Guarantee Scheme). Two Directors have already been appointed as Directors by the Court pursuant to the nominations of the Minister for Finance under the Government Guarantee Scheme.

The 2009 preference stock carries voting rights equivalent to 25 per cent of the total voting rights (being all the votes which are exercisable at a General Court of the Bank) on any resolution proposed at a General Court of the Bank in relation to the appointment or removal of a Director of the Bank (inclusive of any voting rights that the NPRFC or any Government Entity may have through any holding of ordinary stock obtained through or in relation to the NPRFC Investment).

The 2009 preference stock will carry voting rights equivalent to 25 per cent of the total voting rights (being all the votes which are exercisable at a General Court of the Bank) in relation to any Control Resolution (exclusive of any voting rights that the NPRFC or any Government Entity may have through any holding of ordinary stock obtained through or in relation to the NPRFC Investment).

For such time as the NPRFC or a Government Entity holds the 2009 preference stock or (if later) until the warrants are exercised, the implementation of any existing, or the adoption of any proposed, Capital Stock Resolution shall be subject to the prior written consent of the Minister for Finance.

In the event that the ordinary stock to be issued in the event of non-payment of cash dividends on the 2009 preference stock is not settled on the dividend payment date to which it relates, the NPRFC shall be entitled to exercise the voting rights of the as yet unissued ordinary stock from the dividend payment date (although such voting rights will have no effect on the Bank's unfettered discretion in respect of (i) the payment of dividends on the 2009 preference stock or any other securities of the Bank ranking pari passu with, or junior to, the 2009 preference stock or the issuance of ordinary stock in the event of non-payment of dividends on the 2009 preference stock; or (ii) the redemption or repurchase of the new preference stock or any other securities of the Bank ranking pari passu with, or junior to, the 2009 preference stock).

The Warrants

The Bank issued, on 31 March 2009, 334,737,148 warrants to the NPRFC. Under the terms of the warrants, the NPRFC will be entitled to subscribe for units of ordinary stock on the basis of one unit of ordinary stock for each individual warrant.

The warrants, if exercised in full, would entitle the NPRFC to acquire 334,737,148 units of ordinary stock, equivalent to 25 per cent. of the existing stock as enlarged by the ordinary stock issuable on the exercise of the warrants.

The NPRFC shall be entitled to exercise no more than 50 per cent of the voting rights attaching to any units of ordinary stock which are issued as a result of the exercise of the warrants.

The warrants will be exercisable on the earlier of (i) at any time between the fifth and tenth anniversary of the date of issue of the 2009 preference stock (issued 31 March 2009); and (ii) any offer (within the meaning of the Takeover Panel Act 1997) for the Bank or other change of control event in respect of the Bank.

The exercise price per unit of ordinary stock issued pursuant to the warrants will be €0.52 for 177,213,784 units of ordinary stock and €0.20 for 157,523,364 units of ordinary stock. Any difference between the exercise price and the nominal value of the ordinary stock (being €0.64) shall be paid up from the Bank's undistributable reserves (including the stock premium account) or (subject to there being no contravention of the rights of other stockholders) from the Bank's distributable reserves.

If the units of ordinary stock issued on exercise of the warrants are transferred to any third party (other than a Government Entity), full voting rights will attach to such transferred units of ordinary stock.

If the Bank raises new core tier 1 capital (other than from a Government Entity) of up to €1.5 billion on or before 31 December 2009 and uses the proceeds of this capital raised to redeem up to €1.5 billion of the New Preference Stock, the number of warrants held by the NPRFC will be reduced pro rata (on a scale from 25 per cent. to 15 per cent. of the ordinary stock existing as of the date of issue of the 2009 preference stock, as enlarged by the ordinary stock issuable on the exercise of the warrants). This reduction in warrants will be applied to the warrants which have an exercise price of €0.20. Even if €1.5 billion of the 2009 preference stock is redeemed by 31 December 2009 using the proceeds of new core tier 1 capital, the NPRFC will be entitled to warrants over a minimum of such number of units of ordinary stock as equals 15 per cent. of the existing stock, as enlarged by the ordinary stock issuable on the exercise of the warrants. This amounted to 177,213,784 units of ordinary stock at 31 March 2009.

Other than in the event of the Bank raising new core tier 1 capital (other than from a Government Entity) on or before 31 December 2009, the proceeds of which are used to repurchase units of 2009 preference stock, the warrants shall remain unaffected by any repurchase of the 2009 preference stock.

The number of units of ordinary stock which may be acquired pursuant to the exercise of the warrants will be subject to anti-dilution protection in line with market norms for warrants. Accordingly, the warrants will be proportionately adjusted for any increase or decrease in the number of outstanding units of ordinary stock in issue resulting from a subdivision or consolidation of units of ordinary stock. The warrants will also be proportionally adjusted for any capital distributions by the Bank and for certain bonus issues or rights issues by the Bank.

The Bank has undertaken that application will be made in due course for the ordinary stock to be issued on exercise of the warrants or in the event of non-payment of dividends on the 2009 preference stock to be admitted to the Official Lists and to trading on the main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange. As well as agreeing to allow the Government Entities to make use of any public offer prospectus issued by the Bank for the purposes of placing this ordinary stock with investors, the Bank will also undertake to cooperate on a one-off basis at its own expense in the preparation and issue of a public offer prospectus where this is required or appropriate for the purpose of placing this ordinary stock with investors. The placing of this ordinary stock will be subject to orderly market provisions.

The warrants shall not be transferable (other than to a Government Entity).

Remuneration Report

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

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

The remuneration of Non-Executive Directors is determined and approved by the Court. Neither the Governor nor any Director participates in decisions relating to their own remuneration.

The committee's role is to ensure that members of senior management are incentivised appropriately and rewarded appropriately for their contribution to business performance and the achievement of strategic objectives.

During 2008/09, the committee received independent remuneration advice on executive remuneration from Hewitt New Bridge Street and Deloitte LLP.

Statement on Remuneration

The current global economic downturn, coupled with severe disruption in capital markets has resulted in one of the most challenging years in financial services and significant loss of shareholder value.

Identifying the appropriate way to remunerate executives in the current market conditions has been a challenging task. As a consequence, the Group Remuneration Committee commenced its deliberations for the 2008/09 financial year earlier than normal and met more times than would usually be the case.

The following key events and factors have influenced the Group's remuneration approach for executives in 2008/09 and 2009/10:

- Financial performance of the Group and significant loss of shareholder value
- Economic environment in which the Group operates
- Global changes to the nature of executive reward
- The enactment of the Credit Institutions (Financial Support) Act 2008
- Publication of the Covered Institutions Remuneration Oversight Committee ("CIROC") report
- Subscription Agreement which governs the recapitalisation arrangements.

Subscription Agreement

The subscription agreement with the Irish Government contains certain requirements in terms of executive remuneration. These requirements have been complied with and are in effect for the financial year 2009/10.

REMUNERATION FOR EXECUTIVE DIRECTORS – KEY DECISIONS

The Committee has taken the following key decisions in relation to remuneration for the 2008/09 and 2009/10 financial year:

- Executive Directors have been requested, and have voluntarily agreed, to waive receipt of a minimum of 10% of their salary for 2009/10
- Executive Directors will not receive any annual performance bonus for 2008/09 or 2009/10
- The 2006 Long Term Incentive Plan will lapse resulting in the cancellation of the conditional grant of units of stock. The 2006 Executive Stock Option Scheme will also lapse, resulting in the cancellation of options under this grant, as the performance conditions have not been achieved, confirming the strong link between Executive Director remuneration and stock performance
- The Group will not make any awards under the Executive Stock Option Scheme or the Long Term Incentive Plan in June 2009
- Incentive arrangements are under review to ensure a strong relationship between remuneration and risk management. The objective is to further strengthen the linkage between executive remuneration and prudent business decisions linked to stockholder value
- Changes have been made to the contractual arrangements governing the taxable non-pensionable cash allowance in lieu of the pension benefit foregone. The result of these changes is to reduce the taxable, non-pensionable cash allowance payable in lieu of pension benefit forgone to a level which is broadly similar to the cost to the Group providing such foregone benefit under the pension scheme, see page 82.

NON-EXECUTIVE DIRECTORS – KEY DECISIONS

On 1 February 2009, the Governor, Deputy Governor and all Non-Executive Directors agreed to reduce their salary (in the case of the Governor and Deputy Governor) and their fees (in the case of all other Non-Executive Directors) by 25%.

REMUNERATION STRATEGY

Bank of Ireland Group's remuneration strategy is to stimulate the behaviours, which drive the achievement of the Group's business goals and strategy, through providing a suite of remuneration tools directly related to:

- Sustainable short and long term financial and business performance goals
- Risk measures, which ensure that remuneration levels are risk adjusted and appropriately reflect risk timeframes
- Non-financial measures of Groupwide behaviours on leadership and employee engagement
- Capital and liquidity measures.

The approach ensures that the remuneration arrangements for Directors and senior management are competitive and designed to attract, retain and motivate people of the highest calibre, who are expected to perform to the highest standards.

REMUNERATION PRINCIPLES

In support of the Group's Remuneration Strategy, the following remuneration principles are applied:

- Remuneration is aligned with the objective of maximising stockholder value
- Performance Driven – Individual levels of remuneration are determined by individual performance versus a range of goals (see section on Performance Management) and Group performance
- Market competitive – remuneration structures and pay levels are aligned with market practice in the relevant jurisdiction and / or segment and reflect the Group's position within a relevant given market
- Structured appropriately – remuneration structures and pay levels target, motivate and retain key skills and talent
- Fairness and equity – Executive Directors are treated in a fair and equitable manner
- Discretionary – all remuneration decisions (base pay increases, annual bonus, long term incentive grants) are subject to Group Remuneration Committee discretion and are dependent on individual and business performance
- Regularly reviewed – reviewed annually to ensure appropriateness
- Benchmarked appropriately – all benchmark analysis conducted by external independent remuneration consultants.

PERFORMANCE MANAGEMENT

The overall aim of Bank of Ireland Group's Performance Planning & Review (PPR) system and process is to enable and support a high performance culture in the workplace where people are encouraged to excel and are rewarded accordingly. A key objective of the system is performance differentiation with greater differentiation of reward based on performance outcomes.

This approach also allows the Group to align individual, business unit and divisional performance to the Group's strategic objectives through an ongoing dialogue between managers and their direct team members. In addition, it supports an executive's career development and professional growth.

The Balanced Scorecard & Key Result Areas ("KRAs")

A Balanced Scorecard is a key document in the Performance Planning & Review process. It ensures that:

- All key deliverables and accountabilities of a role are taken into account when performance is assessed. For example, financial results, impact on customers, how an executive leads and develops his / her people, risk, regulatory and compliance requirements
- A broad view of an individual's performance is taken, rather than focusing on one or two key areas to the detriment of others
- Organisational performance is continually enhanced by measuring both results and behaviours

The Balanced Scorecard currently contains four Key Result Areas (KRAs), each with a minimum weighting of 10%, that apply to all executive roles in Bank of Ireland:

KRA 1	Financial / Revenue / Cost / Efficiency
KRA 2	Customer
KRA 3	Leadership & People Development
KRA 4	Credit, Regulatory & Operational Risk.

The KRAs are agreed between the executive and his / her line manager at the beginning of the performance cycle. A formal interim review is conducted in October with regular informal reviews taking place at other times during the year. A formal end of year review occurs at the end of the financial year.

Remuneration package for Executive Directors
The total remuneration package is reviewed by the Group Remuneration Committee on an annual basis with assistance from external remuneration consultants who provide independent remuneration advice and analysis to the Committee. Remuneration levels are benchmarked versus similar level roles in Ireland and the UK.

For 2008/09 the key elements of the remuneration package were as follows:

- **Salary** – Is payable monthly and is set at a level to recognise an individual's market worth. Salaries are reviewed annually by the Group Remuneration Committee. As salaries are frozen at 10% below 2008/09 levels, the next review will occur in April 2011 at the earliest.

- **Performance-related bonus scheme** – The level earned by each Executive Director is based on the Remuneration Committee's assessment of that Director's performance against pre-determined financial goals and required leadership behaviours. Bonus potential for 2008/09 for Executive Directors was dependent on the achievement of the following key targets:
  - Growth in Profit Before Tax
  - Relative Underlying Earnings Per Share performance versus a peer group of Irish and UK financial services organisations
  - Improvement in Capital Ratios (Tier 1 and Tier 2)
  - Improvement in the Group's loan to deposit ratio
  - Improvement in the Group's wholesale funding ratio
  - Reduction in Group costs

  Although some of the above criteria were met, the Group decided that for 2008/09 the overall financial performance of the Group did not merit payout under the performance-related bonus scheme.

- **Long Term Incentive Plan** – Since 2004, the Group has operated a Long Term Incentive Plan (LTIP), with stockholder approval, for key senior executives to align their interests with the interests of stockholders. Under the LTIP, which is described in more detail in note 41 on page 178, conditional awards have been made to the Executive Directors as set out in the table on pages 86 and 87. The Committee has decided that it is not appropriate to make a conditional award under this plan in June 2009.

- **Stock Options** – In 2004, the Group updated the Executive Stock Option Scheme, with stockholder approval. The stock option scheme is designed to strongly align the interests of Executive Directors and Senior Executives with the interests of stockholders through having a significant element of their remuneration based on stock price performance.

  The Committee has decided that it is not appropriate to make a grant of stock options under this scheme in June 2009.

- **Employee Stock Issue Scheme** - The Bank operates an Employee Stock Issue Scheme under which the Court of Directors may set aside an element of Group profit before taxation for allocation to the trustees of the scheme to enable them to acquire units of ordinary stock on behalf of the scheme participants. The amount set aside is related to overall Group performance (see also note 41 on page 176). Executive Directors participate on the same basis as staff generally. As the performance conditions have not been achieved, there will be no issue under the employee stock scheme in 2009.

- **Sharesave Scheme** – In 1999, the Group established a Sharesave Scheme (SAYE scheme) for all eligible employees. Under the SAYE scheme the Executive Directors who participated were granted options over units of ordinary stock as set out in the table on page 85 (see also note 41 on page 176). There was no SAYE scheme launched during 2008.

- **Retirement Benefits** – The Executive Directors, with the exception of Denis Donovan, are members of the Bank Staff Pension Fund, which is a contributory scheme at the rate of 2.5% of salary. Denis Donovan is a member of the Bank of Ireland Asset Management Pension Scheme, which is a non-contributory scheme. Both the Bank Staff Pension Fund and the Bank of Ireland Asset Management Pension Scheme are defined benefit plans, based on an accrual rate of 1/60th of pensionable salary for each year of a Director's pensionable service with a maximum of 40/60ths payable on normal retirement, at age 60. Brian Goggin's contract provided for an option, which has now been exercised allowing him to receive his pension, without actuarial reduction, at age 58. Of the Executive Directors' total remuneration package, only their salaries are pensionable.

  The Finance Act 2006 introduced a substantial tax charge on pension assets in excess of the higher of €5 million or the value of individual prospective pension entitlements as at 7 December 2005 (each to be indexed annually). Having reviewed market responses to this development and having taken actuarial advice, the Committee agreed that Executive Directors be offered an option (a) to continue with unchanged pension funding arrangements or (b) to elect for a revised arrangement whereby their prospective pension fund would be limited to the value of the standard pension cap (or their personal fund threshold, if applicable) together with a taxable, non-pensionable, cash allowance in lieu of the pension benefit foregone. All the Executive Directors have opted for the revised arrangement, the income statement impact of which is broadly similar to that of continuing to fund these pensions under the earlier pre-2006 arrangements. There have been further (downward) revisions to this arrangement, which will apply in 2009/10.

- **Service contracts** – No service contract exists between the Bank and any Director which provides for a notice period from the Group of greater than one year.

Directors' remuneration for the year ended 31 March 2009 (all figures in €'000s) (Audited)

	Salary (1)	Fees (2)	Performance bonus (3)	Other remuneration (4)	Pension contributions (5)	Payment in lieu of notice (6)	Total 2008/09	Total 2007/08
Governor								
R Burrows	503						503	512
Deputy Governor								
G M Magan	161						161	164
Executive Directors								
R Boucher	580		-	284	202	-	1,066	1,457
D Crowley	478		-	386	(103)	-	++761	++1,626
D Donovan	660		-	518	(121)	-	1,057	1,704
B J Goggin * (resigned as a Director 25 Feb 2009)	1,172		-	843	(382)	1,462	3,095	2,972
J O'Donovan	550		-	420	102	-	1,072	1,466
Non–Executive Directors								
T Considine** (appointed 1 Jan 2009)		19					19	-
D Dilger		127					127	115
P Haran		119					119	122
D Holt		117					117	102
R Hynes		+121					121	**82
J Kennedy		+133					133	**94
D McCourt		104					104	128
H A McSharry		106					106	**69
T Neill		102					102	117
J Walsh** (appointed 1 Jan 2009)		21					21	-
Totals	**4,104**	**969**	**-**	**2,451**	**(302)**	**1,462**	**8,684**	**10,730**
Ex-gratia payments paid to former Directors / dependants							**379**	**440**

** Figures in the above table for B J Goggin reflect his employment up to the end of March 2009*
*** From date of appointment as a Director, as indicated.*
+ Includes fees paid in respect of services as Directors of subsidiary companies (R Hynes €25,000, J Kennedy €42,000)
++ Sterling equivalent 2008/09 - £700,000 (2007/08 - £1,157,000)

Notes:

(1) The Governor and Deputy Governor, as Non-Executive Officers of the Bank, are not paid Court fees but are remunerated by way of non-pensionable salary.

(2) Fees are paid only to Non-Executive Directors; a basic fee of €84,000 per annum applied up to end January 2009. Additional fees were paid to Committee chairmen, the Senior Independent Director and for Committee membership. On 1 February 2009, the Governor, Deputy Governor and all Non-Executive Directors agreed to reduce their salary (in the case of the Governor and Deputy Governor) and their fees (in the case of all other Non-Executive Directors) by 25%.

(3) Payments under the performance bonus scheme, are linked to individual performance and overall Group performance versus pre determined targets for the financial year. No bonuses were awarded for the financial year 2008/09.

(4) The figures include a taxable cash allowance in lieu of pension foregone for those Executives whose contractual pension promise would exceed the pensions'cap' introduced by the Finance Act 2006 together with the value of awards under the Employee Stock Issue Scheme and car allowances.

(5) In the case of BJ Goggin, D Crowley and D Donovan their pension accrual is now 'capped' at the increase in thresholds set out in the Finance Act each year, and as a result, a release back to the fund of previously funded benefits arises on an annual basis.

All pension amounts at (4) and (5) have been determined by Watson Wyatt, the Group's actuary, and approved by the Group Remuneration Committee.

(6) B J Goggin resigned as a Director in Feburary 2009 and left the employment of the Group in March 2009. As per his contractual notice period arrangements, he received 12 months pay in lieu of notice.

Stock options held by Directors and Secretary (Audited)

(a) Executive stock options

Options Granted between 2006 and 2007

The exercise of options granted in 2006 and 2007 is conditional upon underlying earnings per share achieving a cumulative growth of at least 5% per annum compounded above the increase in the Consumer Price Index over the three year performance period. If this performance condition is not achieved, the option's lapse (see also note 41 on page 178).

Options Granted in 2008

For options granted in 2008, 25% will become capable of exercise if the Group's underlying earnings per share growth is 3% per annum compounded over the three year performance period. 100% of options granted in 2008 will become capable of exercise if the Group's underlying earnings per share growth is 6% compounded over the three year performance period. A scaled level of vesting will occur between these two targets, with options lapsing if the minimum target of underlying earnings per share of 3% per annum compounded is not achieved over the three year performance period.

Options granted in 2005 vested in 2008 and became capable of exercise. The options granted in 2006, which are due to mature on 4 July 2009 will not vest as the performance conditions will not be achieved. This confirms the strong link between returns to stockholders and the remuneration of executives.

Business Review
Governance
Financial Statements
General Information

	Date of grant	Earliest exercise date	Expiry date	Exercise price €	Options at 1 April 2008 or date of appointment if later	Granted in year	Exercised in year	Lapsed*	Market price at exercise date €	Options at 31 March 2009
R Boucher	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76	26,000					26,000
	21 Jun 2005	21 Jun 2008	21 Jun 2015	12.85	23,000					23,000
	4 Jul 2006	4 Jul 2009	4 Jul 2016	14.00	30,500			30,500		-
	12 Jun 2007	12 Jun 2010	12 Jun 2017	15.45	33,950					33,950
	3 Jun 2008	3 Jun 2011	3 Jun 2018	8.10		71,600				71,600
	Total				**113,450**	**71,600**		**30,500**		**154,550**
D Crowley	21 May 2001	21 May 2004	21 May 2011	11.05	25,000					25,000
	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	25,000					25,000
	18 Jun 2003	18 Jun 2006	18 Jun 2013	10.77	50,000					50,000
	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76	35,000					35,000
	21 Jun 2005	21 Jun 2008	21 Jun 2015	12.85	32,500					32,500
	4 Jul 2006	4 Jul 2009	4 Jul 2016	14.00	30,500			30,500		-
	12 Jun 2007	12 Jun 2010	12 Jun 2017	15.45	33,950					33,950
	3 Jun 2008	3 Jun 2011	3 Jun 2018	8.10		68,800				68,800
	Total				**231,950**	**68,800**		**30,500**		**270,250**
D Donovan	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	30,000					30,000
	18 Jun 2003	18 Jun 2006	18 Jun 2013	10.77	50,000					50,000
	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76	35,000					35,000
	21 Jun 2005	21 Jun 2008	21 Jun 2015	12.85	32,500					32,500
	4 Jul 2006	4 Jul 2009	4 Jul 2016	14.00	30,500			30,500		-
	12 Jun 2007	12 Jun 2010	12 Jun 2017	15.45	33,950					33,950
	3 Jun 2008	3 Jun 2011	3 Jun 2018	8.10		81,450				81,450
	Total				**211,950**	**81,450**		**30,500**		**262,900**
B J Goggin	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	25,000					25,000
	18 Jun 2003	18 Jun 2006	18 Jun 2013	10.77	50,000					50,000
	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76	92,000					92,000
	21 Jun 2005	21 Jun 2008	21 Jun 2015	12.85	77,500					77,500
	4 Jul 2006	4 Jul 2009	4 Jul 2016	14.00	78,500			78,500		-
	12 Jun 2007	12 Jun 2010	12 Jun 2017	15.45	74,750			74,750		-
	3 Jun 2008	3 Jun 2011	3 Jun 2018	8.10		146,250		146,250		-
	Total				**397,750**	**146,250**		**299,500**		**244,500**
J O'Donovan	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	25,000					25,000
	18 Jun 2003	18 Jun 2006	18 Jun 2013	10.77	50,000					50,000
	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76	35,000					35,000
	21 Jun 2005	21 Jun 2008	21 Jun 2015	12.85	32,500					32,500
	4 Jul 2006	4 Jul 2009	4 Jul 2016	14.00	30,500			30,500		-
	12 Jun 2007	12 Jun 2010	12 Jun 2017	15.45	33,950					33,950
	3 Jun 2008	3 Jun 2011	3 Jun 2018	8.10		67,900				67,900
	Total				**206.950**	**67,900**		**30,500**		**244,350**
Secretary	24 Jun 2002	24 Jun 2005	24 Jun 2012	12.50	10,000					10,000
J B Clifford	18 Jun 2003	18 Jun 2006	18 Jun 2013	10.77	20,000					20,000
	26 Jul 2004	26 Jul 2007	26 Jul 2014	10.76	21,500					21,500
	21 Jun 2005	21 Jun 2008	21 Jun 2015	12.85	13,000					13,000
	4 Jul 2006	4 Jul 2009	4 Jul 2016	14.00	18,700			18,700		-
	12 Jun 2007	12 Jun 2010	12 Jun 2017	15.45	13,950					13,950
	3 Jun 2008	3 Jun 2011	3 Jun 2018	8.10		23,800				23,800
	Total				**97,150**	**23,800**		**18,700**		**102,250**

** This column relates to any options which may have lapsed during 2008/09 and options which are due to lapse in July 2009 under the July 2006 grant.*

No other Directors have been granted options to subscribe for units of ordinary stock of the Bank or of other Group entities. The performance condition attached to the grant of stock options made in June 2005, under the 2004 Executive Stock Option Scheme, was met in June 2008 and the options became exercisable from that date.

The market price of ordinary stock at 31 March 2009 was €0.52 (31 March 2008: €9.42).

(b) Sharesave Scheme options 2003

Under the terms of the Sharesave Schemes offered in 2003, 2006 and 2007, options were granted to all eligible Group employees, who elected to participate, on December of each of those years. Option prices were set at a discount of 25% of the market price as permitted by the Rules in Ireland and at a discount of 20% of the market price permitted by the Rules in the UK. Under the terms of the 2003 Sharesave offer, participants could save for three or five years while under the terms of the 2006 and 2007 Sharesave offers, participants could save for three years.

The following table summarises the Sharesave Schemes operating in the Group:

Sharesave Scheme	ROI Price	UK Price	Saving Period	Maturity Date
2003	€7.84	€8.37	3 or 5 years	February 2007 (3 years)
				February 2009 (5 years)
2006	€12.28	€13.09	3 years	February 2010
2007	€6.96	€7.43	3 years	February 2011

The options held under the Sharesave schemes by the Directors and Secretary are set out below:

Name	Sharesave Scheme Date of Grant	Sharesave Options Granted	Market Value at Date of Grant	Sharesave Options held at 31 March 2009
Directors:				
	2003			
J O'Donovan	15 December 2003	2,653	€10.60	- *
	2006			
B J Goggin	22 December 2006	301	€17.33	301
R Boucher	22 December 2006	301	€17.33	301
	2007			
B J Goggin	24 December 2007	531	€10.11	531
D Crowley	24 December 2007	574	€10.11	574
Secretary				
	2006			
J B Clifford	22 December 2006	301	€17.33	301

* The 2003 5 year scheme matured on 1 February 2009 and J O'Donovan opted not to exercise his SAYE options and to take his savings (€19,200) and bonus (€1,600) in cash. Total repaid €20,800.

(c) Long Term Incentive Plan (LTIP)

Conditional awards of units of ordinary stock are made to Group Senior Executives annually since 2004 under the terms of the LTIP. These awards do not vest in the Executives unless demanding performance criteria are achieved (see description of LTIP in note 41 on page 178). Prior to the introduction of the LTIP in 2004, conditional awards of units of ordinary stock were made under the Long Term Performance Stock Plan (LTPSP).

The performance conditions attached to the award of conditional units of stock, made in June 2005, under the LTIP, were not met in June 2008 and the awards granted under the scheme lapsed.

The performance conditions attached to the award of conditional units of stock, made in July 2006 will not be achieved, and therefore this grant will lapse in July 2009.

The conditional awards of units of ordinary stock made to date to the Executive Directors and the Group Secretary are as follows:

	Date of award	No. of units conditionally held at 1 April 2008	Conditionally awarded in the year*	Vested in the year	Retained in scheme **	Lapsed ***	Matching Award**	Potential interest in stock at 31 March 2009	Original maturity date	Maturity date **
R Boucher	21 Jun 05	16,000				16,000		-	21 Jun 08	
	4 Jul 06	30,500				30,500		-	4 Jul 09	
	12 Jun 07	33,950						33,950	12 Jun 10	
	3 Jun 08		71,600					71,600	3 Jun 11	
	Total	80,450	71,600	-	-	46,500	-	105,550		
D Crowley	13 Jul 99				6,158		1,539	7,697	13 Jul 02	13 Jul 09
	25 May 00				13,079		3,269	16,348	25 May 03	25 May 10
	21 May 01				9,496		2,373	11,869	21 May 04	21 May 11
	24 Jun 02				7,070		1,767	8,837	24 Jun 05	24 Jun 12
	21 Jun 05	32,500				32,500		-	21 Jun 08	
	4 Jul 06	30,500				30,500		-	4 Jul 09	
	12 Jun 07	33,950						33,950	12 Jun 10	
	3 Jun 08		68,800					68,800	3 Jun 11	
	Total	96,950	68,800	-	35,803	63,000	8,948	147,501		
D Donovan	13 Jul 99				7,544		1,886	9,430	13 Jul 02	13 Jul 09
	25 May 00				11,494		2,873	14,367	25 May 03	25 May 10
	21 May 01				7,067		1,766	8,833	21 May 04	21 May 11
	24 Jun 02				4,714		1,178	5,892	24 Jun 05	24 Jun 12
	21 Jun 05	32,500				32,500		-	21 Jun 08	
	4 Jul 06	30,500				30,500			4 Jul 09	
	12 Jun 07	33,950						33,950	12 Jun 10	
	3 Jun 08		81,450					81,450	3 Jun 11	
	Total	96,950	81,450	-	30,819	63,000	7,703	153,922		
B J Goggin******	21 Jun 05	116,500				116,500		-	21 Jun 08	
	4 Jul 06	117,850				117,850		-	4 Jul 09	
	12 Jun 07	112,100				112,100		-	12 Jun 10	
	3 Jun 08		219,400			219,400		-	3 Jun 11	
	Total	346,450	219,400	-	-	565,850	-	-		

(c) LTIP (continued)

	Date of award	No. of units conditionally held at 1 April 2008	Conditionally awarded in the year*	Vested in the year	Retained in scheme **	Lapsed ***	Matching Award**	Potential interest in stock at 31 March 2008	Original maturity date	Maturity date **
J O'Donovan	24 Jun 02				6,034		1,508	7,542	24 Jun 05	24 Jun 12
	21 Jun 05	32,500				32,500		-	21 Jun 08	
	4 Jul 06	30,500				30,500			4 Jul 09	
	12 Jun 07	33,950						33,950	12 Jun 10	
	3 Jun 08		67,900					67,900	3 Jun 11	
Secretary	**Total**	96,950	67,900	-	6,034	63,000	1,508	109,392		
J B Clifford	13 Jul 99				7,648		1,911	9,559	13 Jul 02	13 Jul 09
	25 May 00				12,271		3,068	15,339	25 May 03	25 May 10
	21 May 01				5,764		1,440	7,204	21 May 04	21 May 11
	24 Jun 02				3,422		855	4,277	24 Jun 05	24 Jun 12
	21 Jun 05	9,500				9,500		-	21 Jun 08	
	4 Jul 06	18,700				18,700			4 Jul 09	
	12 Jun 07	9,600						9,600	12 Jun 10	
	3 Jun 08		17,000					17,000	3 Jun 11	
	Total	37,800	17,000	-	29,105	28,200	7,274	62,979		

* *Market price at date of award €7.59*

** *Only applies to awards made under the LTPSP. Minimum of 80% of the vested stock must be retained for two years from maturity of award. After the two year retention period, an additional award of 20% is made. If the award is retained for an additional 5 years, a further award of 30% is made. These additional awards are made at the maturity date as per the above table.*

*** *This column relates to any conditional grant which may have lapsed during 2008/09 and the July 2006 conditional grant which is due to lapse in July 2009.*

**** *Grants made under the LTPSP between 1999 and 2002, which had already vested, were released to B J Goggin when he left the employment of the Group, as per the rules of the plan.*

Directors' pension entitlements (Audited)

Set out below are details of the pension change in accrued benefits for the Directors during the year ended 31 March 2009.

	(a) Additional / (reduced) pension in the year €	(b) Increase / (decrease) in transfer value €	(c) Accrued pension entitlement at 31 March 2009 €
Executive Directors			
R Boucher	49,672	257,399	211,178
D Crowley*	(10,916)	(640,463)	270,866
D Donovan*	(10,820)	(809,034)	268,507
B J Goggin*	(26,202)	(1,246,008)	650,170
J O'Donovan	37,223	(54,271)	265,441

Column (a) above is the increase / (decrease) in pension during the period. Increases are after adjustment for inflation and comprise allowance for additional pensionable service; increases in pensionable earnings and any agreed adjustment in the individual's pension accrual.

Column (b) is the additional / (reduced) capital value, less each Director's contributions, of column (a) which could arise if the pension were to be transferred to another pension plan on the Director leaving the Group and is calculated using factors supplied by the actuary in accordance with actuarial guidance notes ASP PEN-2, and is based on pension benefits becoming payable at retirement date. During the year the methodology for calculating transfer values was amended by the Trustees and at 31 March 2009 no allowance is being made for discretionary pension increases, leading to a reduction in transfer value factors for all members above.

Column (c) is the aggregate pension entitlement payable at normal retirement age based on each Director's pensionable service with the Group at 31 March 2009.

*Pension entitlements increase annually in line with the increase in fund thresholds announced in the Finance Act each year. In the case of these individuals, pensions earned in 2008/09 are negative as their estimated pension entitlements at 31 March 2008, adjusted for statutory revaluation, are greater than their pension entitlements for 31 March 2009 allowing for no increase in their pension caps in 2008/09. These reductions in accrued pensions, in real terms, are also reflected in a reduction in the transfer value of pension entitlements at 31 March 2009.

Directors' interests in stock (Audited)

In addition to their interests in the ordinary stock through their holding of stock options and the conditional awards of stock under the LTPSP and LTIP as set out above, the interests of the Directors and Secretary in office at 31 March 2009, and of their spouses and minor children, in the stocks issued by the Bank are set out below:

	Units of €0.64 of ordinary stock	
	As at 31 March 2009 beneficial	**As at 1 April 2008 beneficial**
DIRECTORS		
R Boucher	33,127	30,312
R Burrows	431,487	324,219
T Considine	5,000	* 5,000
D Crowley	128,915	128,915
D Dilger	2,998	2,998
D Donovan	183,192	140,377
P Haran	8,443	2,407
D Holt	16,284	10,284
R Hynes +	25,000	25,000
J Kennedy	8,062	3,062
D McCourt	50,674	50,674
H A McSharry	11,354	7,604
G Magan	70,000	70,000
T Neill	114,300	94,300
J O'Donovan	108,326	95,511
J Walsh	10,733	* 10,733
SECRETARY		
J Clifford	138,214	135,399

** as at date of appointment*
+ held as American Depository Receipts (ADRs). One ADR equates to four units of ordinary stock.

At 31 March 2009, D Dilger also held 500,000 units of the Bank of Ireland Floating Rate Note maturing on 24 January 2017.

Apart from the interests set out above and in the previous section, the Directors and Secretary and their spouses and minor children had no other interests in the stock / securities of the Bank or its Group undertakings at 31 March 2009.

There have been no changes in the stockholdings of the above Directors and Secretary between 31 March 2009 and 18 May 2009.

End of information that forms an integral part of the audited financial statements.

Changes in the Directorate during the period (Unaudited)

	Executive Directors	**Non-Executive Directors**
Number at 31 March 2008	5	10
Changes during year	- B Goggin (resigned 25 February 2009)	+ T Considine (appointed 1 January 2009) + J Walsh (appointed 1 January 2009)
Number at 31 March 2009	4	12
Average number during 2008/09	4.9	10.5
(2007/2008)	(5.0)	(9.7)

Corporate Governance Statement

The Court of Directors is accountable to stockholders for the overall direction and control of the Group. It is committed to high standards of governance designed to protect the interests of stockholders and all other stakeholders while promoting the highest standards of integrity, transparency and accountability.

While the Directors did all in their power to respond to the financial market turmoil and economic downturns in the economies in which we compete, they deeply regret that they did not succeed in protecting stockholders from the severe impacts of the extraordinarily difficult circumstances encountered during the year, as set out in the Governor's Statement .

Arising from this experience, the Court has initiated a fundamental review of Risk Governance within the Group with a view to being better equipped to anticipate financial market and economic discontinuities and trends in the future. This is being overseen by a Committee of Non Executive Directors and is being supported by independent risk consultants. The Court is determined to implement without delay the recommendations which emerge from this review.

A key objective of our governance framework is to ensure compliance with applicable legal and regulatory requirements and with best governance practice as set out in "The Combined Code on Corporate Governance" (the Combined Code). The Directors believe that the Group has delivered on this objective and expect it to continue to do so. Specifically, the Group has complied with the provisions of the Combined Code throughout the year ended 31 March 2009 except in the case of Mr T Considine's membership of the Group Audit Committee and Mr J Walsh's membership of the Group Remuneration Committee – see comments on independence on the following page.

The Court of Directors

At 31 March 2009, the Court consisted of 16 Directors, twelve of whom were Non-Executive Directors. It held 9 scheduled and 17 additional unscheduled meetings during 2008 / 2009. The purpose of these unscheduled meetings was to develop responses to the difficult market conditions that emerged during the year and, in particular, liquidity, the Government Guarantee Scheme, and the €3.5bn capital-raising transaction undertaken. Agendas and papers are circulated prior to each meeting to provide the Directors with relevant information to enable them to discharge fully their duties.

The Court has the following schedule of matters specifically reserved for its decision:
- the determination of strategy and company values;
- overseeing the management of the business, including control systems and risk management;
- approving material acquisitions, disposals and investment decisions;
- overseeing corporate governance and succession planning;
- guarantees entered into by the Group, other than in the normal course of business; and
- changes in Group pension schemes.

Management is responsible for the execution of agreed strategy and for all operational matters.

Details of the number of scheduled meetings of the Court and its Committees and attendance by individual Directors are set out on page 93. The terms of reference of the Committees are reviewed annually by the relevant Committees and by the Court and are available on the Bank's website (www.bankofireland.com) or by request to the Group Secretary. The Non-Executive Directors meet at least once annually without the Executive Directors present.

The Bank has in place Directors and Officers liability insurance in respect of legal actions against its Directors; this insurance cover does not extend to fraudulent or dishonest behaviour.

Mr Tom Considine and Mr Joe Walsh were co-opted as Non-Executive Directors, with effect from 1 January 2009, under the terms of the Government Guarantee Scheme. Mr Richie Boucher was appointed Group Chief Executive on 25 February 2009 in succession to Mr Brian J. Goggin.

Governor and Group Chief Executive
The respective roles of the Governor, who is Chairman of the Court, and the Group Chief Executive are set out in writing and have been agreed by the Court.

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

The Group Chief Executive is responsible for execution of agreed strategy and holds delegated authority from the Court for the day to day management of the business.

Board Balance and Independence
Each of the Non-Executive Directors brings considerable business and / or professional experience, independent challenge and rigour to the deliberations of the Court of Directors. The Court has determined that each current Non-Executive Director, with the exception of Mr Considine and Mr Walsh is independent within the meaning of the Combined Code. Mr Considine and Mr Walsh were nominated by the Minister for Finance under the terms of the Government Guarantee Scheme and, under the terms of the Government's preference share investment, are not required to stand for election or regular re-election by stockholders. They are not, therefore, considered independent by reference to the terms of the Combined Code. Notwithstanding this, the Court values their judgment and the quality of their contribution to the deliberations of the Court and its Committees. They are considered independent of management in accordance with the criteria set out in the NYSE Corporate Governance Standards.

Appointments to the Court
The Group Nomination and Governance Committee is chaired by the Governor and its composition is fully compliant with the Combined Code. The Committee is responsible for leading the process for succession to the position of Group Chief Executive and for Court and key subsidiary Board non-executive appointments and renewals.

The Committee regularly reviews succession plans for the Court in the context of the Group's strategy and the skills, knowledge and experience of current Directors and makes appropriate recommendations to the Court. Prior to any appointment, the Committee approves a job specification, assesses the time involved and identifies the skills and experience required for the role. External search consultants were utilised in the process leading to the appointment of Mr Richie Boucher, Group Chief Executive.

All newly appointed Directors are provided with a comprehensive letter of appointment detailing their responsibilities as Directors, the terms of their appointments and the expected time commitment for the role. A copy of the standard terms and conditions of appointment of Non-Executive Directors can be inspected during normal business hours by contacting the Group Secretary.

In addition the Committee, with the support of the Group Secretary, monitors developments in corporate governance, assesses the implications for the Group and advises the Court accordingly. It is also charged with overseeing the Group's Corporate Responsibility Programme.

Information and Professional Development
On appointment, all Non-Executive Directors receive comprehensive briefing documents designed to familiarise them with the Group's operations, management and governance structures; these include the functioning of the Court and the role of the key Committees. In addition, new Directors undertake an induction programme, including visits to Group businesses and briefings with senior management. The Group will facilitate any major stockholder who wishes to meet with a new Non-Executive Director. On an ongoing basis briefings appropriate to the business of the Group are provided to all Non-Executive Directors.

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

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

The Court and individual Director performance evaluation process involves completion of questionnaires by Directors, one to one discussions between the Governor and each Director and presentation of the overall findings to the Court for its consideration and action as required.

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

Election / Re-Election of Directors

Directors appointed between Annual General Courts are submitted to stockholders for election at the first Annual General Court following their appointment and for re-election at intervals of not more than three years thereafter. Biographical details of all Directors are provided in this Annual Report, and the reasons why the Court believes that an individual should be elected or re-elected are provided in the Governor's Letter to Stockholders to enable stockholders to take an informed decision on their election or re-election.

At the forthcoming Annual General Court, all directors, with the exception of Mr Considine and Mr Walsh, are retiring. The Governor, Mr Burrows, has confirmed his personal decision not to seek re-election. In addition, Mr Dilger, Senior Independent Director, and Mr Magan, Deputy Governor, who will each have completed two terms this year, are retiring at the end of the AGC. With the exception of the five directors mentioned above, all other directors are offering themselves for re-election. Following formal performance evaluation, the Court has concluded that each director makes a valued contribution and continues to demonstrate commitment to the role. The Court recommends that stockholders vote in favour of their re-election in each case.

Non-Executive Directors are normally appointed for an initial three year term, with an expectation of a further term of three years assuming satisfactory performance. In the unlikely event that a Non-Executive Directoris invited to serve longer than nine years, he/she is subject to annual re-election by stockholders. In the case of Mr Considine and Mr Walsh, the requirement to stand for election and regular re-election is dispensed with for as long as the Government's recent Preference Share investment in the Bank remains in place.

Remuneration

The Remuneration Report, incorporating the responsibilities of the Group Remuneration Committee, is set out on pages 79 to 88.

A statement confirming that remuneration consultants appointed by the Group Remuneration Committee have no other connections with the Group is available on the Group's website (www.bankofireland.com) or by request to the Group Secretary. The Group's long term incentive schemes have been approved by stockholders.

Accountability and Audit

The Report of the Directors, including a going concern statement, is on pages 71 to 73.

Internal Controls

The Directors acknowledge their overall responsibility for the Group's systems of internal control and for reviewing their effectiveness. Such systems are designed to control, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. Such losses could arise because of the nature of the Group's business in undertaking a wide range of financial services that inherently involve varying degrees of risk.

The Court has obligations as a non-US registrant under US securities laws and regulations, including the requirement to comply, where applicable, with the Sarbanes-Oxley Act of 2002 (SOx). The Group has put in place a comprehensive framework to document and test its internal control structures and procedures in line with the requirements of Section 404 of SOx, which requires, among other things, certification by management regarding the effectiveness of internal controls over financial reporting. The Group's overall control systems include:

- a clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the Court, which support the maintenance of a strong control environment;
- establishment of Committees with responsibility for core policy areas;
- a comprehensive set of policies and procedures relating to financial controls, asset and liability management (including interest, currency and liquidity risk), operational risk and credit risk management (further details are given in the Risk Management section on pages 29 to 68.
- a Code of Conduct setting out the standards of behaviour expected of all directors, officers and employees. This covers arrangements, should the need arise, for the independent investigation and follow up of any concerns raised by staff regarding matters of financial reporting or other matters; and
- monthly reporting by business units which enables progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

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

The Directors confirm that the Court, through its Committees, has reviewed the effectiveness of the Group's systems of internal control for the year ended 31 March 2009. This review involved consideration of the reports of internal audit and the risk management functions, (including operational risk, regulatory risk and compliance) and establishing that appropriate action is being taken by management to address issues highlighted. In addition, the reports of the external auditors, which contain details of any material control issues identified arising from their work, are reviewed by the Group Audit Committee. After each meeting of the Group Audit Committee, its Chairman reports to the Court on all significant issues considered by the Committee and the minutes of meetings are circulated to all members of the Court.

Following the end of the financial year, the Court reviewed the Group Audit Committee's conclusions in relation to the Group's systems of internal control and the appropriateness of the structures in place to manage and monitor them. This process involved a confirmation that a system of internal control according with the Financial Reporting Council Revised Guidance on Internal Control was in place throughout the financial year and up to the date of the signing of these financial statements. It also involved an assessment of the ongoing process for the identification, evaluation and management of individual risks and of the role of the various Committees and Group risk management functions and the extent to which various significant challenges facing the Group are understood and are being addressed.

Audit Committee and Auditors

The Group Audit Committee comprises five independent Non-Executive Directors and Mr T Considine (see page 70 for details). The Court has determined that the Committee members' collective skills and recent and relevant financial experience enable it to discharge its responsibilities. The Group Audit Committee assists the Court in fulfilling its responsibilities relating to:

- the integrity of the financial statements and any related formal announcements;
- overseeing the relationship between the Group and its external auditors;
- the review of the Group's internal controls, including financial controls;
- assessment of the effectiveness of the internal audit, compliance and risk management functions;
- the review of the internal and external audit plans and subsequent findings;
- the selection of accounting policies;
- the review of the auditors' report;
- obligations under applicable laws and regulations including SOx; and
- the review of the effectiveness of the services provided by the external auditors and other related matters.

The Committee has conducted a formal evaluation of the effectiveness of the external audit process and has reported on its findings to the Court. It conducts an annual review of the procedures and processes by which non-audit services are provided by the external auditors in order to ensure, among other things, that auditor objectivity and independence are not compromised. In this regard, a key procedural control requires that any engagement of the external auditors to provide non-audit services must be pre-approved by the Committee, which also receives reports on the performance of such services.

Governor's Committee

In response to the increasing demands on the business arising from the unprecedented market disruption, the Court established the Governor's Committee on an ad hoc basis, consisting of non-executive directors, the Group Chief Executive and Chief Financial Officer. Its role was to support management in developing responses to the rapidly evolving situation. Since completion of the recapitalisation, through the issue of preference shares to the NPRF, the committee has been stood down.

Attendance at scheduled meetings during the year ended 31 March 2009

Name	Court		Group Audit Committee		Group Nomination & Governance Committee		Group Remuneration Committee	
	A	B	A	B	A	B	A	B
Richie Boucher	9	9	-	-	-	-	-	-
Richard Burrows	9	9	-	-	3	3	5	5
Tom Considine *(Appointed 1/1/2009, appointed to GAC on 15/1/09)*	3	3	2	2	-	-	-	-
Des Crowley	9	9	-	-	-	-	-	-
David Dilger *(Retired from N&G on 9/9/08)*	9	9	-	-	3	2	5	5
Denis Donovan	9	9	-	-	-	-	-	-
Brian J Goggin *(Resigned 25/2/09)*	8	8	-	-	-	-	-	-
Paul Haran *(Retired from N&G on 9/9/08)*	9	9	6	6	3	3	-	-
Dennis Holt	9	8	6	6	-	-	5	5
Rose Hynes *(appointed to Rem Com on 9/9/08)*	9	9	6	6	-	-	3	3
Jerome Kennedy	9	9	6	6	-	-	-	-
George Magan	9	8	-	-	3	3	5	5
Declan McCourt *(retired from GAC on 9/9/08; Appointed to N&G on 9/9/08)*	9	9	3	3	-	-	-	-
Heather Ann McSharry *(appointed to GAC on 9/9/08)*	9	9	3	3	3	3	-	-
Terry Neill *(retired from GAC on 9/9/08; Appointed to N&G on 9/9/08; Retired from Rem Com on 9/9/08)*	9	7	3	2	-	-	2	2
John O'Donovan	9	9	-	-	-	-	-	-
Joe Walsh *(Appointed 1/1/2009; Appointed to N&G on 15/1/09; Appointed to Rem Com on 15/1/09)*	3	3	-	-	-	-	2	2

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

Column B indicates the number of scheduled meetings attended.

In addition to the scheduled meetings of the Court, there were seventeen further meetings, often at short notice, at which attendance averaged in excess of 90%.

Likewise there were additional unscheduled meetings of each committee with similarly high attendance levels.

Court Committees

Group Risk Policy Committee – The Group Risk Policy Committee is responsible for recommending high level risk policy and risk strategy to the Court for its approval and for overseeing management of risk within approved policy parameters.

Group Investment Committee – The Group Investment Committee is responsible for evaluating all material investment / divestment / capital expenditure proposals, determining those within its authority and recommending those outside its authority to the Court for its approval. It is also responsible for monitoring the implementation of such proposals and ensuring satisfactory delivery of expected benefits.

Membership of the above committees at 31 March 2009 was as follows:

Group Risk Policy Committee	Group Investment Committee
Ronan Murphy (Chairman)	Richie Boucher * (Chairman)
Richie Boucher *	Christine Brennan
John Clifford	John Clifford
Des Crowley *	Des Crowley *
Denis Donovan *	Denis Donovan *
Vincent Mulvey	Ronan Murphy
John O'Donovan *	John O'Donovan *
Mick Sweeney	Tony Wyatt

** Court member*

Relations with Stockholders

Communication with stockholders is given high priority. The Group seeks to provide through its Annual Report a balanced, clear assessment of the Group's performance and prospects. It also uses its internet website, (www.bankofireland.com) to provide investors with the full text of the Annual and Interim reports, the Form 20-F (which is filed annually with the US Securities and Exchange Commission) and with copies of presentations to analysts and investors as they are made, so that information is available to all stockholders. Annual and interim results presentations are webcast live so that all stockholders can receive the same information at the same time. Additionally, the "Investor Information" section on the Group's website is updated with all Stock Exchange releases as they are made by the Group. The outcome of every general meeting of the Group, including detailed voting results, is published on the Group's website.

The Group has an active and well developed Investor Relations programme, which involves regular meetings by the Group Chief Executive, members of his senior executive team and the Head of Group Investor Relations with the Group's principal institutional stockholders and with financial analysts and brokers. The Directors are kept informed on investor issues through regular reports from Group Investor Relations on the outcome of these meetings; in addition, the Governor meets with major stockholders independently of the executive team. All meetings with stockholders are conducted in such a way so as to ensure that price sensitive information is not selectively divulged. The Governor also gathers the views of institutional stockholders, through the Group's brokers and advisers, and presents feedback to the Court. In addition, all Directors are encouraged and facilitated to hear the views of investors and analysts at first hand through their participation in conference calls following major announcements. The Court concluded that the objective of keeping Directors fully informed on stockholder views was achieved in 2008 / 2009.

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

The Group's policy is to make constructive use of the Annual General Court and all stockholders are encouraged to participate. Stockholders are given the opportunity to ask questions at the Annual General Court. The notice of the Annual General Court is issued at least 20 working days before the meeting, in line with the requirements of the Combined Code. At the Annual General Court separate resolutions were proposed on each substantially separate issue and voting was conducted by way of poll at the Annual

General Court in July 2008 and at the Extraordinary General Court in March 2009. The votes for, against and abstaining, on each resolution, including proxies, were posted on the Group's website following the meeting. It is usual for all Directors to attend the Annual General Court and to be available to meet stockholders and for the chairmen of the Group Audit Committee, the Group Nomination and Governance Committee and the Group Remuneration Committee to be available to answer relevant questions. In addition a 'Help Desk' facility is available at the meeting to assist stockholders to resolve any specific queries they may have.

New York Stock Exchange (NYSE) Corporate Governance Requirements

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

As an Irish incorporated company listed on the Irish and London Stock Exchanges and with an ADR listing in New York, the Group's corporate governance practices reflect Irish company law, the Listing Rules of the Irish Stock Exchange and the UK Listing Authority and the Combined Code. The Group believes there are no significant differences between its corporate governance practices and the requirements of the NYSE

Corporate Responsibility

Corporate Responsibility

In this, our sixth successive Corporate Responsibility report, we give an insight into some of the activity taking place throughout the Group that demonstrates our commitment to the principles of good Corporate Citizenship.

Playing our part in the Marketplace

Under the terms of the Government Recapitalisation, which was completed for Bank of Ireland in March 2009, the recapitalised banks have committed to the introduction of a number of marketplace initiatives to stimulate growth in the Irish economy. Bank of Ireland has committed to the following initiatives already launched or planned, including;

- A €1 billion mortgage fund for first-time buyers was launched in February 2009, re-confirming the Bank's commitment to increase its mortgage lending capacity by 30%. This new fund will enable up to 4,000 new home purchases in 2009 and is backed by a market-leading rate. Following significant promotional activity, we have already begun to see an increase in mortgage applications from first-time buyers.

- Bank of Ireland is committed to increase lending capacity to small and medium enterprises by 10% in 2009. In December 2008, BoI launched a new Business Support Fund of €250 million to provide flexible finance to small businesses and help them trade through the current climate. To date, more than 400 customers have been supported through this fund.

- A €100 million Environmental and Clean Energy Innovation Fund was established by Bank of Ireland in February 2009. Since this launch, two further environmental initiatives were introduced, namely a Small Business Green Fund for Businesses engaged in environmental improvements and a Green Loan, aimed at homeowners, for environmental home improvements. These initiatives build on the work of experienced Specialist Project Finance teams in Business Banking and Corporate Banking who have active renewable energy portfolios already in place.

- Statutory codes of practice on business lending and mortgage arrears were announced by the Financial Regulator in February 2009. Bank of Ireland is committed to the implementation of these codes within agreed timeframes.

- Bank of Ireland is continuing to improve the transparency of its customer communications. All customer-facing material is being reviewed to meet 'simple English' and transparency objectives set out in recent regulatory directives and the recapitalisation statement.

- To improve financial inclusion, work has already begun on a Basic Bank Account to meet the needs of groups of people who do not ordinarily operate a bank account. Next steps will involve an industry-wide approach as part of the National Payments Implementation Programme.

- To address the increased needs of business and personal customers in the current environment, Bank of Ireland has recently launched its web-based Financial Advice Centre. (http://www.bankofireland.ie/personal/financial_advice). Further developments on financial education will follow the conclusion of the Financial Regulator's Financial Capability Study and the publication of the Report of the Steering Group on Financial Education.

Playing our part in the Community

Give Together

Give Together is a major community investment initiative, introduced by Bank of Ireland in March 2007, which has fundamentally changed the way in which the organisation supports good causes. Central to the initiative was a desire to create an environment where volunteering is actively encouraged

Every Bank of Ireland employee is given a day to volunteer for the cause of their choice each year, to encourage those who wish to get involved in their communities, but who do not always have the time. In addition to their volunteer day, employees can avail of matched funding when they are involved in fundraising for a community or charitable organisation. Where employees are involved in team-based volunteering, they can also avail of additional funding to help get their project off the ground.

To date, over 5,200 employees have taken part in Give Together and their volunteer days amount to the equivalent of almost 7 years. With the help of Give Together, our employees have been involved in raising €8.3 million for the benefit of over 1,100 different causes.

At Bank of Ireland we believe that employee volunteering on this scale has the potential to transform corporate support for the voluntary sector. Traditionally, charities approach businesses primarily to seek financial support in the form of donations. We believe that the capacity for support is far richer through volunteering if both sides are prepared to see the potential of leveraging an individual's skills, competencies and above all goodwill. We are already seeing this transformation happening in Bank of Ireland and we have many examples of our employees using core business skills for the benefit of their selected cause.

Millennium Scholars Trust

Introduced in 2000 to mark the Millennium, the Bank of Ireland Millennium Scholars Trust is now entering its tenth and final year of awarding scholarships to students experiencing barriers to further education. To date, the Trust has committed over €8m and has supported a total of 574 students in furthering their education at third-level, with over half of these having already graduated. Bank of Ireland employees also volunteer their time to act as mentors to the scholars, which helps to develop the skills and strengths of the scholars as they progress through their studies.

Financial Education

Bank of Ireland has joined forces with Junior Achievement Ireland and will be launching a co- branded financial education programme in 2009/10 for 2nd Level schools all around Ireland. The programme will educate transition year and 5th Year school students on money management skills that they will need as they move on to their working lives and to help them understand the economics of life e.g. budgeting, understanding where credit is appropriate, how to compare credit offers, etc. The programme is made up of 5 or 6 sessions where the students are taught through role playing and scenario games. Volunteers from Bank of Ireland will present the education programme to the students in the nominated schools.

Social Finance Initiative

The Social Finance Foundation was created in 2006 with seed capital of €25 million from the Irish Banking Sector. It provides funding to Social Lending Organisations (SLO's), which in turn make microfinance available for borrowers. Bank of Ireland has worked closely with the Social Finance Initiative to help develop a sustainable model of funding over the next 3 years.

Bank of Ireland National Student Awards

For the past 14 years, The Bank of Ireland National Student Awards has provided junior and second-level schools with the opportunity to recognise and celebrate the achievement of pupils who have excelled in different categories at local, regional and national level. The awards are open to all secondary school students in Ireland and this year 42% of schools are participating. To date, Bank of Ireland has committed €240,000 to the awards and, while the financial aspect of the award is important, it is the recognition and opportunity for celebration that makes these awards memorable for the students, their schools and families alike.

All who were present will never forget the night and I thank all at the Bank of Ireland for all the great memories they have given us. Thank you for caring for us from entrants to finalists"

John J Walsh, Principal Greenhills College, Limekiln Avenue, Dublin

Playing our part in the workplace

Employee Engagement

Following six years of an Employee Engagement Programme that saw a consistent rise in levels of engagement across the Group, we have completed a strategic review of the process to ensure that the Group continues to improve and build upon what has been achieved to date. Based on this review, we remain committed to Employee Engagement and we are developing a new method of measurement, which is more meaningful and actionable for the organisation into the future.

Learning and Development

At Bank of Ireland Group we know that the capability of our staff is one of the critical pillars of future success and the ability to rapidly upskill and train staff in line with changing demands is a required organisation capability. Our Learningzone service has delivered in excess of 19,000 student days of classroom training and over 50,000 e-learning programmes during 2008/09. Through our continued investment in the development and delivery of a broad range of programmes focused on building capability in core banking, business and leadership skills, we support the development of high performing individuals and teams that meet the expectations of our customers, regulators and other key stakeholders.

Speak Up Policy

We recognise that the success of our business and our reputation depends on our employees doing the right thing. The Group has introduced a Speak Up Policy which is designed to reassure employees that it is safe and acceptable to speak up about concerns they may have. Employees are encouraged to speak to their line manager in the normal way, but it also sets out alternative routes to raise a concern, including the provision of free confidential advice from Public Concern at Work, an independent authority which seeks to ensure that concerns about malpractice are properly raised and addressed in the workplace.

Playing our part in the Environment

ISO14001

Bank of Ireland first received ISO14001 certification for its Customer Operation Centre in 2005 and has recently retained this certification following an extensive audit process completed by Certification Europe at the end of 2008. Bank of Ireland is the only financial institution in Ireland to have received this external validation for the environmental management systems in one of its buildings. The Bank continues to benefit from our participation in this programme through improved processes for managing and reducing our waste production and energy consumption in one of our main paper and energy consuming sites.

IS393

As part of the preparatory work for the ISO14001 audit, consideration was given to extending the programme to other large sites across the Group. Our review concluded that Bank of Ireland's largest single direct impact on the environment is through its purchase and usage of energy; therefore it was decided to concentrate our focus on energy management through the adoption of the IS393 energy standard. This will become the standard across all main administration locations over time. Implementation will be on a phased basis, commencing in late 2010 with the two highest consumption sites, and then extending to our other sites. This will involve communication to staff around the principles involved, actively pursuing these initiatives and strong commitment from Senior Management. As part of our participation, the goal will be to boost awareness of the initiative with employees, create a culture of continuous improvement around our energy management and encourage behaviours that will have a tangible benefit for the Group and the Environment.

Automatic Shutdown of PC's

Based on studies indicating that PCs use an average idle consumption of between 60 and 100 watts per hour, we have recently implemented the capability to automatically shut down branch network PCs at a defined time each night. This vastly reduces power consumption and carbon footprint across our branch network while also significantly reducing our costs and CO2 emissions. Plans are underway to extend this capability to remaining areas of the Group in 2009.

IBF Climate Change Principles

Bank of Ireland participated in a working group of The Irish Banking Federation (IBF) to develop a new set of Climate Change Principles. The Principles are designed to demonstrate our support for measures in Ireland which help to promote environmental sustainability and mitigate climate change. These Principles provide a broad framework within which each institution will seek, in accordance with its own commercial and other considerations, to operate its business in support of climate change mitigation and environmental sustainability.

In summary, 2008 / 09 marked further progress in the Group's Corporate Responsibility Programme. We look forward to reporting continued progress in the coming year.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and financial statements in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted by the European Union (EU) and with those parts of the Companies Acts, 1963 to 2006 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation and the European Communities (Credit Institutions: Accounts) Regulations, 1992. In preparing these financial statements, the Directors have also elected to comply with IFRS issued by the International Accounting Standards Board (IASB).

Irish company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS adopted by the EU and IFRS issued by the IASB; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements are prepared in accordance with IFRS and IFRIC interpretations endorsed by the European Union and with those parts of the Companies Acts, 1963 to 2006 applicable to companies reporting under IFRS and Article 4 of the IAS Regulation and the European Communities (Credit Institutions: Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Bank and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Irish Financial Services Regulatory Authority to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Bank's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of each Director's knowledge and belief:

- they have complied with the above requirements in preparing the financial statements;
- the financial statements, prepared in accordance with IFRS as adopted by the European Union and with IFRS as issued by the IASB, give a true and fair view of the assets, liabilities and financial position of the Group and the Bank and of the profit of the Group; and
- the management report contained in the Business Review includes a fair review of the development and performance of the business and the position of the Bank and Group, together with a description of the principal risks and uncertainties that they face.

Richard Burrows	**George Magan**	**Richie Boucher**	**John Clifford**
Governor	*Deputy Governor*	*Group Chief Executive*	*Secretary*

Independent Auditors’ Report

Independent Auditor’s Report to the Members of the Governor and Company of the Bank of Ireland

We have audited the Group financial statements and the Bank financial statements (together “the financial statements”) of the Bank of Ireland for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated and the Bank Balance Sheets, the Consolidated and the Bank Statements of Recognised Income and Expense, the Consolidated and the Bank Cash Flow Statements, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors’ responsibilities for preparing the Annual Report, in accordance with applicable Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statement of Directors’ Responsibilities on page 100.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the members of the Governor and Company of the Bank of Ireland as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union. We report to you our opinion as to whether the Bank financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2006. We also report to you whether the financial statements have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006, Article 4 of the IAS Regulation and the European Communities (Credit Institutions: Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the Bank’s balance sheet is in agreement with the books of account.

We also report to you our opinion as to:
- whether the Bank has kept proper books of account;
- whether proper returns adequate for the purposes of our audit have been received from branches of the Bank not visited by us;
- whether the Directors’ report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the Bank to convene an extraordinary general Court of the Bank; such a financial situation may exist if the net assets of the Bank, as stated in the Bank balance sheet, are not more than half of its called up share capital.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding Directors’ remuneration and Directors’ transactions is not disclosed and, where practicable, include such information in our report.

We review whether the Corporate Governance Statement reflects the Bank’s compliance with the nine provisions of the Combined Code 2006 specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the Directors’ statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group’s corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the unaudited part of the Business Review, the Report of the Directors, the unaudited part of the Remuneration Report, the Corporate Governance Statement and all other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 March 2009 and of its profit and cash flows for the year then ended;
- the Bank financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2006, of the state of the Bank's affairs as at 31 March 2009 and cash flows for the year then ended;
- the Group and the Bank financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006, Article 4 of the IAS Regulation and the European Communities (Credit Institutions: Accounts) Regulations,1992.

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

In our opinion the information given in the Report of the Directors is consistent with the financial statements.

The net assets of the Bank, as stated in the Bank balance sheet are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 March 2009 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general Court of the Bank.

Separate opinion in relation to IFRSs

As explained in the basis of preparation on page 109, the Group, in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 31 March 2009 and of its profit and cash flows for the year then ended.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

18 May 2009

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	26	(304)	-
Operating profit before impairment charges on financial assets		1,548	2,080
Impairment charges on financial assets	12	(1,513)	(232)
Operating profit	13	35	1,848
Share of (loss) / profit of associated undertakings and joint ventures (after tax)	14	(42)	46
Profit on disposal of property		-	39
(Loss) / profit before taxation		(7)	1,933
Taxation	15	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)	16	5.9c	174.6 c
Diluted earnings per unit of €0.64 ordinary stock (cent)	16	5.9c	173.9 c

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	17	125	119
Derivative financial instruments	18	8,397	4,568
Other financial assets at fair value through profit or loss	19	7,604	10,909
Loans and advances to banks	20	7,886	9,409
Available for sale financial assets	21	26,858	29,307
Loans and advances to customers	22	133,740	135,738
Interest in associated undertakings	24	22	28
Interest in joint ventures	25	151	70
Intangible assets – goodwill	26	47	293
Intangible assets – other	26	485	570
Investment properties	27	1,413	1,511
Property, plant and equipment	28	492	593
Deferred tax assets	38	560	145
Other assets	29	2,566	2,754
Retirement benefit asset	39	7	11
Assets classified as held for sale	30	24	232
Total assets		194,116	197,434
EQUITY AND LIABILITIES			
Deposits from banks	31	28,814	14,130
Customer accounts	32	83,119	86,234
Items in the course of transmission to other banks		238	254
Derivative financial instruments	18	7,554	4,322
Liabilities to customers under investment contracts	33	4,084	5,662
Debt securities in issue	34	45,133	60,842
Insurance contract liabilities	33	5,634	7,140
Other liabilities	36	3,049	3,535
Provisions	37	87	47
Deferred tax liabilities	38	50	131
Retirement benefit obligations	39	1,485	807
Subordinated liabilities	35	7,942	7,808
Liabilities classified as held for sale	30	14	-
Total liabilities		187,203	190,912
Equity			
Capital stock	41	699	664
Stock premium account	42	4,092	775
Retained earnings	43	4,761	5,670
Other reserves	44	(2,610)	(400)
Own stock held for the benefit of life assurance policyholders		(90)	(225)
Stockholders' equity		6,852	6,484
Minority interests	45	61	38
Total equity		6,913	6,522
Total equity and liabilities		194,116	197,434

Richard Burrows
Governor

George Magan
Deputy Governor

Richie Boucher
Group Chief Executive

John Clifford
Secretary

Consolidated 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	44	(96)	(29)
Net change in cash flow hedge reserve	44	(540)	(247)
Net change in available for sale reserve	44	(1,113)	(386)
Net actuarial loss on defined benefit pension funds	43	(544)	(209)
Foreign exchange translation losses	44	(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	45	(35)	5
		(2,787)	121

Richard Burrows
Governor

George Magan
Deputy Governor

Richie Boucher
Group Chief Executive

John Clifford
Secretary

Consolidated 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	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 (note 50)	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)

Richard Burrows
Governor

George Magan
Deputy Governor

Richie Boucher
Group Chief Executive

John Clifford
Secretary

Business Review

Governance

Financial Statements

General Information

Group accounting policies

Index to accounting policies

	Page
Financial statements	109
Basis of preparation	109
Adoption of new accounting standards	110
Comparatives	110
Group accounts (including subsidiaries, associates and joint ventures, minority interests and securitisations)	110
Foreign currency translation	111
Interest income and expense	112
Fee and commission income	112
Leases	112
Financial assets	113
Financial liabilities	114
Valuation of financial instruments	114
Sale and repurchase agreements and lending of securities	115
Issued debt and equity securities	115
Derivative financial instruments and hedge accounting	115
Impairment of financial assets	116
Property, plant and equipment	117
Investment property	118
Intangible assets	118
Assets classified as held for sale	119
Provisions	119
Employee benefits	119
Income taxes	120
Cash and cash equivalents	121
Capital stock	121
Life assurance operations	121
Offsetting financial instruments	122
Collateral	122
Financial guarantees	123
Segmental reporting	123
Materiality	123
Impact of new accounting standards	124

Accounting policies

The following are Bank of Ireland Group's principal accounting policies.

Financial statements

The financial statements comprise the Consolidated Income Statement, the Consolidated and Bank Balance Sheets, the Consolidated and Bank Statements of Recognised Income and Expense and the Consolidated and Bank Cash Flow Statements together with the notes to the Consolidated Financial Statements and notes to the Bank Financial Statements. The notes include:

- information contained in the Business Review on pages 38 to 56, pages 58 to 62 and 66 and 67. These disclosures are required under IAS 1 'Presentation of Financial Statements' relating to the management of capital and IFRS 7 'Financial Instruments: Disclosures' relating to the nature and management of risks. These disclosures form an integral part of the financial statements and are noted as audited on the relevant pages.
- information contained in the remuneration report as set out on pages 82 to 88 that is described as being audited.

Basis of preparation

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 parent company financial statements have been prepared in accordance with IFRS as issued by the IASB and adopted by the EU, and in accordance with Irish statute.

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. A description of the critical estimates and judgements is set out on pages 126 and 127.

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 Bank and the Group have 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.

Adoption of new accounting standards

The following standards / amendments to standards have been adopted by the Group during the year ended 31 March 2009:

Amendments to IAS 39 - Financial instruments: Recognition and measurement and IFRS 7 - Financial Instruments: Disclosures - Reclassification of financial assets. The IAS 39 amendment allows the reclassification of certain financial assets previously classified as 'held for trading' or 'available for sale' to another category under limited circumstances. The amendment to IFRS 7 requires various disclosures where a reclassification has been made. The Group has reclassified certain assets as permitted by the above amendments, the impact of which is set out in note 21.

Both of the above amendments are effective from 1 July 2008, with reclassifications made on or after 1 November 2008 taking effect prospectively from the date of the reclassification.

Details of those IFRS pronouncements which will be relevant to the Group but which were not effective at 31 March 2009 and which have not yet been adopted by the Group are set out on pages 124 and 125.

Comparatives

Comparative figures have been adjusted where necessary, to conform with changes in presentation where additional analysis has been provided in the current year.

Group accounts

(1) Subsidiaries
Subsidiaries, which are those companies and other entities (including Special Purpose Entities (SPE's)) in which the Group, directly or indirectly, has power to govern the financial and operating policies, generally accompanying a shareholding of more than half of its voting rights, are consolidated.

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

The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (see 'Intangible Assets' for the accounting policy on goodwill).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. In addition, foreign exchange gains and losses which arise on the retranslation to functional currency of intercompany monetary assets and liabilities are not eliminated.

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Upon adoption of IFRS, the Group availed of the exemption not to restate the Group financial statements for any acquisitions or business combinations that took place prior to 1 April 2004.

(2) Associates and Joint Ventures
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint ventures are contractual arrangements whereby the Group and another party undertake an economic activity that is subject to joint control.

Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognised at cost. Under this method, the Group's share of the post acquisition profits or losses of associates and joint ventures is recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associate / joint venture; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment losses) on acquisition.

Accounting policies of the associate / joint venture have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

(3) Minority Interests
Transactions with minorities where the Group has control over the entity are accounted for using the "Economic entity model". This accounting model requires that any surplus or deficit that arises on any transaction(s) with minorities to dispose of or to acquire additional interests in the entity are settled through equity.

(4) Securitisations
Certain Group undertakings have entered into securitisation transactions in order to finance specific loans and advances to customers. All financial assets continue to be held on the Group balance sheet, and a liability recognised for the proceeds of the funding transaction, unless:
- the rights to the cash flows have expired or been transferred;
- substantially all the risks and rewards associated with the financial instruments have been transferred outside the Group, in which case the assets are derecognised in full; or
- a significant portion, but not all, of the risks and rewards have been transferred outside the Group. In this case, the asset is derecognised entirely if the transferee has the ability to sell the financial asset, otherwise the asset continues to be recognised only to the extent of the Group's continuing involvement.

Where the above conditions apply to a fully proportionate share of all or specifically identified cash flows, the relevant accounting treatment is applied to that proportion of the asset.

Foreign currency translation

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro, which is the functional and presentation currency of the parent.

Foreign currency transactions are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items such as equities classified as available for sale are included in the available for sale reserve in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency have been translated into the presentation currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transactions); and
- all resulting exchange differences are categorised as a separate component of equity.

The Group availed of the exemption to deem all accumulated balances arising from translation of foreign subsidiaries to be nil on transition to IFRS on 1 April 2004.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are taken directly to a separate component of stockholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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

Interest income and expense

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment loss.

Fees and commission income

Fees and commissions which are not an integral part of the effective interest rate are generally recognised on an accrual basis when the service has been provided. Commissions and fees arising from negotiating, or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts usually on a time apportionate basis. Asset management fees related to investment funds are recognised rateably over the period the service is provided. The same principle is applied for wealth management, financial planning and custody services that are continuously provided over an extended period of time. Loan commitment fees for loans that are likely to be drawn down, are deferred (together with related direct costs) and recognised as an adjustment to the effective yield on the loan once drawn.

Leases

(1) A Group company is the lessee

The total payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in long term payables. The interest element of the finance costs is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(2) A Group company is the lessor
When assets are held under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is included within net interest income and is recognised over the term of the lease reflecting a constant periodic rate of return on the net investment in the lease.

Financial assets

(1) Classification, Recognition and Measurement:
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held to maturity investments, and available for sale financial assets. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss can either be held for trading, if acquired principally for the purpose of selling in the short term, or designated at fair value through profit or loss at inception.

A financial asset may be designated at fair value through profit or loss only when:
(i) it eliminates or significantly reduces a measurement or recognition inconsistency, “an accounting mismatch”, that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis; or
(ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with documented risk management or investment strategy; or
(iii) a contract contains one or more embedded derivatives that significantly changes the cash flows of the contract and the separation of the embedded derivative(s) is not prohibited.

The principal category of assets designated at fair value through profit or loss are those held by the Group's life assurance business, which are managed on a fair value basis.

Purchases and sales of financial assets at fair value through profit or loss are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Thereafter they are carried on the balance sheet at fair value, with all changes in fair value included in the income statement.

Financial assets may not be transferred out of this category, except for non-derivative financial assets held for trading, which may be transferred out of this category from 1 July 2008 where:
(i) in rare circumstances, they are no longer held for the purpose of selling or repurchasing in the short term; or
(ii) they are no longer held for trading, they meet the definition of loans and receivables at the date of reclassification and the Group has the intention and ability to hold the assets for the foreseeable future or until maturity.

(b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans are recorded at fair value plus transaction costs when cash is advanced to the borrowers. They are subsequently accounted for at amortised cost using the effective interest method.

(c) Held to maturity
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group’s management has the positive intention and ability to hold to maturity. Were the Group to sell other than an insignificant amount of held to maturity assets, the entire category would be tainted and would need to be reclassified as available for sale.

Purchases and sales of held to maturity investments are recorded on trade date. They are initially recognised at fair value plus transaction costs and are subsequently accounted for at amortised cost using the effective interest method.

(d) Available for sale
Available for sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of available for sale financial assets are recognised on trade date. They are initially recognised at fair value plus transaction costs and subsequently accounted for at fair value with all measurement gains or losses recognised in equity. Interest is calculated using the effective interest method and is recognised in the income statement.

If an available for sale financial asset is derecognised or impaired the cumulative gain or loss previously recognised in equity is removed from equity and included in the income statement.

Dividends on available for sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

Available for sale financial assets that would have met the definition of loans and receivables may be reclassified to loans and receivables if the Group has the intention and ability to hold the asset for the foreseeable future or until maturity.

(2) Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

(3) Shares in Group Entities
The Bank's investments in its subsidiaries are stated at cost less any impairment.

Financial liabilities

The Group has two categories of financial liabilities — those that are carried at cost and those that are carried at fair value through profit or loss. Financial liabilities are initially recognised at fair value, (normally the issue proceeds i.e. fair value of consideration received) less, in the case of financial liabilities subsequently carried at amortised cost, transaction costs. For liabilities carried at amortised cost, any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement using the effective interest method.

Preference shares which carry a mandatory coupon are classified as financial liabilities. The dividends on these preference shares are recognised in the income statement as interest expense using the effective interest method.

A liability may be designated as at fair value through profit or loss only when:
(i) it eliminates or significantly reduces a measurement or recognition inconsistency, "an accounting mismatch", that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis; or
(ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with documented risk management or investment strategy; or
(iii) a contract contains one or more embedded derivatives that significantly changes the cash flows of the contract and the separation of the embedded derivative(s) is not prohibited.

The Group designates certain financial liabilities at fair value through profit or loss as set out in note 47 to the financial statements.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

Valuation of financial instruments

The Group recognises trading securities, other financial assets and liabilities designated at fair value through profit or loss, derivatives and available-for-sale financial assets at fair value in the balance sheet. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of financial assets and liabilities traded in active markets are based on unadjusted bid and offer prices respectively. If an active market does not exist, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. To the extent possible, these valuation techniques use observable market data. Where observable data does not exist, the Group uses estimates based on the best information available.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique which primarily uses observable market inputs. When such evidence exists, the initial valuation of the instrument may result in the Group recognising a profit on initial recognition. In the absence of such evidence, the instrument is initially valued at the transaction price.

For liabilities designated at fair value through profit or loss, the fair values reflect changes in the Group's own credit spread.

The fair values of the Group's financial assets and liabilities are disclosed within note 47 on pages 186 to 189 together with a description of the valuation technique used for each asset or liability category. For assets or liabilities recognised at fair value on the balance sheet, a description is given of any inputs into valuation models that have the potential to significantly impact the fair value, together with an estimate of the impact of using reasonably possible alternative assumptions.

Sale and repurchase agreements and lending of securities

Securities sold subject to repurchase agreements (repos) are retained on the balance sheet and reclassified as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits by banks or customer accounts, as appropriate. Securities purchased under agreements to resell ('reverse repos') are treated as collateralised loans and recorded as loans and advances to banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained on the balance sheet.

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

Issued debt and equity securities

The classification of instruments as a financial liability or an equity instrument is dependent upon the substance of the contractual arrangement. Instruments which carry a contractual obligation to deliver cash or another financial asset to another entity are classified as financial liabilities. The coupons on these instruments are recognised in the income statement as interest expense. Where the Group has discretion in relation to the payment of coupons and repayment of principal, the instrument is classified as equity and the payments are classified as preference dividends.

If the Group purchases its own debt, it is removed from the balance sheet and the difference between the carrying amount of the liability and the consideration paid is included in net trading income.

Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date on which the contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss.

Fair value gains or losses on derivatives are normally recognised in the income statement. However where they are designated as hedging instruments, the treatment of the fair value gains and losses depends on the nature of the hedging relationship.

The Group designates certain derivatives as either: (1) hedges of the exposure to changes in the fair value of recognised assets or liabilities that is attributable to a particular risk (fair value hedge); or (2) hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecast transaction (cash flow hedge). Hedge accounting is applied to these derivatives provided certain criteria are met. The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the criteria for hedge accounting cease to be met, no further adjustments are made to the hedged item for fair value changes attributable to the hedged risk. The cumulative adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity using the effective interest method.

(b) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the income statement when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Impairment of financial assets

Assets carried at amortised cost
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:
(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Group granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider;
(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(v) the disappearance of an active market for that financial asset because of financial difficulties; or
(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
   - adverse changes in the payment status of borrowers in the group; or
   - national or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and advances or held to maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held to maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement. When a loan is uncollectible, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the charge for loan impairment in the income statement.

Available for sale financial assets
The Group assesses at each balance sheet date whether there is objective evidence that an available for sale financial asset is impaired. In addition to the factors set out above, a significant or prolonged decline in the fair value of an investment in an available for sale equity instrument below its cost is considered in determining whether an impairment loss has been incurred. If an impairment loss has been incurred, the cumulative loss measured as the difference between the original cost and the current fair value, less any impairment loss on that asset previously recognised, is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Property, plant and equipment

Freehold land and buildings are initially recognised at cost, and subsequently are revalued annually to open market value by independent external valuers. Revaluations are to be made with sufficient regularity to ensure that the carrying amount does not differ materially from the open market value at the balance sheet date.

All other property, plant and equipment, including freehold and leasehold adaptations, are stated at historical cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on the revaluation of land and buildings are credited to revaluation reserve in stockholders' equity. Decreases that offset previous increases on the same asset are charged against revaluation reserve; all other decreases are charged to the income statement.

The Directors consider that residual values of freehold and long leasehold property based on prices prevailing at the time of acquisition or subsequent valuation are such that depreciation is not material.

Depreciation is calculated on the straight line method to write down the carrying value of assets to their residual values over their estimated useful lives as follows:

Adaptation works on freehold and leasehold property	15 years, or the remaining period of the lease
Computer and other equipment	Maximum of 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimated recoverable amount is the higher of the asset's fair value less costs to sell or its value in use.

Gains and losses on the disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax. If the asset being disposed of had previously been revalued then any amount in the revaluation reserve relating to that asset is transferred to retained earnings on disposal.

Investment property

Property held for long term rental yields and capital appreciation is classified as investment property. Investment property comprises freehold and long leasehold land and buildings. It is carried at fair value in the balance sheet based on annual revaluations at open market value and is not depreciated. Changes in fair values are recorded in the income statement. Rental income from investment properties is recognised as it becomes receivable over the term of the lease.

Intangible assets

(a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or joint venture at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates or joint ventures is included in 'investments in associates' and 'investments in joint ventures' as appropriate. The carrying amount of goodwill in the Irish GAAP balance sheet as at 31 March 2004 has been brought forward without adjustment on transition to IFRS.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units (CGU) for the purpose of impairment testing. The CGU is considered to be the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The Group impairment model compares the recoverable amount of the CGU with the carrying value at the review date. An impairment loss arises if the carrying value of the CGU exceeds the recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell or its value in use, where the value in use is the present value of the future cash flows expected to be derived from the CGU.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Computer software
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives, which is normally five years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight line method over their useful lives, which are normally five years.

Computer software is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimated recoverable amount is the higher of the asset's fair value less costs to sell or its value in use.

(c) Other intangible assets
Other intangible assets are amortised on a straight line basis over their useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimated recoverable amount is the higher of the asset's fair value less costs to sell or its value in use.

Assets classified as held for sale

An asset or a disposal group is classified as held for sale if the following conditions are met:
- its carrying amount will be recovered principally through sale rather than continuing use;
- it is available for immediate sale;
- the sale is highly probable within the next twelve months.

When an asset (or disposal group) is initially classified as held for sale, it is measured at the lower of its carrying amount or fair value less costs to sell at the date of reclassification. Prior period amounts are not reclassified.

Impairment losses subsequent to classification of assets held for sale are recognised in the income statement. Increases in fair value less costs to sell of assets that have been classified as held for sale are recognised in the income statement to the extent that the increase is not in excess of any cumulative impairment loss previously recognised in respect of the asset.

Where the above criteria cease to be met, the assets (or disposal groups) are reclassified out of held for sale and included in the appropriate balance sheet headings

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision is made for the anticipated costs of restructuring, including related redundancy costs, when an obligation exists. An obligation exists when the Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless the probability of their occurrence is remote.

Employee benefits

(a) Pension obligations
The Group companies operate various pension schemes. The schemes are funded and the assets of the schemes are held in separate trustee administered funds. The Group has both defined contribution and defined benefit plans. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The asset / liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for unrecognised past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited directly to reserves through the statement of recognised income and expense. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the vesting period.

For defined contribution plans, once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Equity compensation benefits
The Group has a number of equity settled share based payment schemes. The fair value at the date of grant of the employee services received in exchange for the grant of the options or shares is recognised as an expense. The total amount to be expensed over the vesting period is determined on the date the options or shares are granted by reference to their fair value, excluding the impact of any non-market vesting conditions (for example, growth in EPS). Non-market vesting conditions are included in assumptions about the number of options or shares that are expected to vest. At each balance sheet date, the Group revises its estimate of the number of options or shares that are expected to vest. It recognises the impact of the revision of the original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

Where new shares are issued, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors.

Upon transition to IFRS, the Group availed of the exemption only to apply IFRS 2 to share based payments which were granted on or after 7 November 2002 that had not yet vested by 1 January 2005.

(c) Short term employee benefits
Short term employee benefits, such as salaries and other benefits, are accounted for on an accruals basis over the period in which the employees' service is rendered. Bonuses are recognised where the Group has a legal or constructive obligation to employees that can be reliably measured.

(d) Termination payments
Termination payments are recognised as an expense when the Group is demonstrably committed to a formal plan to terminate employment before the normal retirement date. Termination payments for voluntary redundancies are recognised where an offer has been made by the Group, it is probable that the offer will be accepted and the number of acceptances can be reliably estimated.

Income taxes

(a) Current income tax
Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses are utilised.

(b) Deferred income tax
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates / joint ventures, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax related to fair value remeasurement of available for sale financial assets and cash flow hedges, or related to the revaluation of land and buildings, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and balances with central banks and post office banks which can be withdrawn on demand. It also comprises balances with an original maturity of less than three months.

Capital stock

(1) Stock issue costs
Incremental external costs directly attributable to the issue of new equity stock or options or to the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds.

(2) Dividends on ordinary stock
Dividends on ordinary stock are recognised in equity in the period in which they are approved by the Bank's stockholders. Dividends for the year which are declared after the balance sheet date are dealt with in note 49.

(3) Treasury stock
Where the Bank or its subsidiaries purchases the Bank's equity capital stock, the consideration paid is deducted from total stockholders' equity as treasury stock until they are cancelled. Where such stock is subsequently sold or reissued, any consideration received is included in stockholders' equity. Any changes in the value of treasury stock held are recognised in equity at the time of the disposal and dividends are not recognised as income or distributions.

This is particularly relevant in respect of Bank of Ireland stock held by Bank of Ireland Life for the benefit of policyholders. The Group believes that this treatment, while required by IFRS, creates an artificial profit or loss and does not present fairly the legal and economic consequences of these transactions.

Life assurance operations

In accordance with IFRS 4, the Group classifies all life assurance products as either insurance or investment contracts for accounting purposes.

Insurance contracts are those contracts that transfer significant insurance risk. These contracts are accounted for using an embedded value basis.

Investment contracts are accounted for in accordance with IAS 39. All of the Group's investment contracts are unit linked in nature. These contracts are accounted for as financial liabilities whose value is contractually linked to the fair value of the financial assets within the policyholders' unit linked funds. The value of the unit linked financial liabilities is determined using current unit prices multiplied by the number of units attributed to the contract holders at the balance sheet date. Their value is never less than the amount payable on surrender, discounted for the required notice period where applicable.

Non unit linked insurance liabilities are calculated using either a gross premium or net premium method of valuation. The assumptions are also set in accordance with the guidelines in the Insurance Regulations and contain a margin for adverse development. The key assumptions used in the valuation of insurance contract liabilities are:

Interest rate	The interest rates are derived in accordance with the guidelines in the Insurance Regulations. Margins for risk are allowed for in the derived interest rates.
Mortality and morbidity	The mortality and morbidity assumptions, which include an allowance for improvements in longevity for annuitants, are set with regard to the Group's actual experience and / or relevant industry data.
Maintenance expenses	Allowance is made for future policy costs and expense inflation explicitly.

The Group will recognise an asset for deferred acquisition costs relating to investment contracts. Up front fees received for investment management services are deferred. These amounts are amortised over the period of the contract.

The Group recognises the value of in force life assurance business asset as the present value of future profits expected to arise from contracts classified as insurance under IFRS 4. The asset is determined by projecting the future statutory surpluses attributable to stockholders estimated to arise from insurance contracts. The surpluses are projected using appropriate assumptions as to future investment returns, persistency, mortality and expense levels and include consideration of guarantees and options. These surpluses are then discounted at a risk adjusted rate. Thus, the use of best estimate assumptions in the valuation of the value of in force asset ensures that the net carrying amount of insurance liabilities less the value of in force assets is adequate.

The value of in force asset in the consolidated balance sheet and movements in the asset in the income statement are presented on a gross of tax basis. The tax charge comprises both current and deferred tax expense and includes tax attributable to both stockholders and policyholders for the period.

Premiums and claims
Premiums receivable in respect of non unit linked insurance contracts are recognised as revenue when due from policyholders. Premiums received in respect of unit linked insurance contracts are recognised in the same period in which the related policyholder liabilities are created. Claims are recorded as an expense when they are incurred.

Reinsurance
Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group are dealt with as insurance contracts, subject to meeting the significant insurance risk test in IFRS 4. Outward reinsurance premiums are accounted for in accordance with the contract terms when due for payment.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right of set off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Collateral

The Group enters into master agreements with counterparties, to ensure that if an event of default occurs, all amounts outstanding with those counterparties will be settled on a net basis.

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future liabilities. The collateral is, in general, not recorded on the Group balance sheet.

The Group also receives collateral in the form of cash or securities in respect of other credit instruments, such as stock borrowing contracts and derivative contracts, in order to reduce credit risk. Collateral received in the form of securities is not recorded on the balance sheet. Collateral received in the form of cash is recorded on the balance sheet with a corresponding liability. These items are assigned to deposits received from banks and other counterparties in the case of cash collateral received. Any interest payable arising is recorded as interest expense.

In certain circumstances, the Group will pledge collateral in respect of liabilities or borrowings. Collateral pledged in the form of securities or loans and advances continues to be recorded on the balance sheet. Collateral paid away in the form of cash is recorded in loans and advances to banks or customers. Any interest receivable arising is recorded as interest income.

Financial guarantees

Financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities ('facility guarantees'), and to other parties in connection with the performance of customers under obligations related to contracts, advance payments made by other parties, tenders, retentions and the payment of import duties. Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee is given. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned over the period, and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantees at the balance sheet date.

Any increase in the liability relating to guarantees is taken to the income statement in provisions for undrawn contractually committed facilities and guarantees.

Segmental reporting

The segmental analysis of the Group's results and financial position is set out in note 1 by business class and by geographic segment. The Group has five business classes that reflect the internal financial and management reporting structure. The analysis of results by business class 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.

The geographical segmental analysis provides financial information on products and services within a particular economic environment that is subject to risks and rewards that are different to those operating in other economic environments.

Materiality

In its assessment of materiality, the Group considers the impact of any misstatements based on both:

- the amount of the misstatement originating in the current year income statement; and
- the effects of correcting the misstatement existing in the balance sheet at the end of the current year irrespective of the year in which the misstatement occurred.

Impact of new accounting standards

The following standards, interpretations and amendments to standards will be relevant to the Group but were not effective at 31 March 2009 and have not been applied in preparing these financial statements. The full impact of these accounting changes is being assessed by the Group, however, the initial view is that none of these pronouncements are expected to cause any material adjustments to reported numbers in the financial statements.

Pronouncement	Nature of change	Effective date	Impact
IFRIC 13 – Customer Loyalty Programmes	This interpretation deals with accounting for customer loyalty award schemes, hence it is not expected to have a material impact on the Group.	Annual periods beginning on or after 1 July 2008	Not significant
Amendments to IFRIC 9 and IAS 39 Embedded Derivatives *	The amendments clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.	Annual periods beginning on or after 1 July 2008	None expected
IFRIC 16 – Hedges of a net investment in a foreign operation *	Provides guidance on accounting for hedges of net investments in foreign operations.	Annual periods beginning on or after 1 October 2008	None expected
IFRS 8 – Operating Segments	This standard replaces IAS 14 - Segmental Reporting and requires an entity to base their segmental reporting on the information that is reported internally to management.	Annual periods beginning on or after 1 January 2009	Not significant
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	This interpretation deals with accounting for refunds in contributions and minimum funding requirements.	Annual periods beginning on or after 1 January 2009	Not significant
Amendment to IAS 1 - Presentation of Financial Statements	This amendment revises the requirements for the presentation, structure and content of financial statements.	Annual periods beginning on or after 1 January 2009	Not significant
Amendment to IFRS 2 - Share-based payments: Vesting Conditions and Cancellations	This amendment clarifies the accounting treatment of cancellations and vesting conditions.	Annual periods beginning on or after 1 January 2009	Not significant
Amendment to IAS 23 - Borrowing Costs	This amendment requires an entity to capitalise borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.	Annual periods beginning on or after 1 January 2009	Not significant
Amendment to IAS 32 – Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations arising on Liquidation	This amendment changes the classification from liabilities to equity of (a) some puttable financial instruments and (b) some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity.	Annual periods beginning on or after 1 January 2009	None expected

** Awaiting EU endorsement*

Pronouncement	Nature of change	Effective date	Impact
Amendment to IFRS 7 - Improving Disclosures about Financial Instruments *	The amendment increases the disclosure requirements about fair value measurement, introducing a three-level hierarchy for fair value measurement disclosure, with some specific quantitative disclosures required for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk.	Annual periods beginning on or after 1 January 2009 with no comparatives required for the first year of application	The Group will be required to provide the additional disclosures prescribed by this amendment
IFRIC 15 – Agreements for construction of real estates *	This deals with the recognition of revenue in relation to the construction of real estate and hence is not expected to impact on the Group.	Annual periods beginning on or after 1 January 2009	None expected
Amendment to IFRS 1 First time adoption of IFRS and IAS 27 - Consolidated and separate financial statements on the Cost of an investment in a subsidiary, jointly controlled entity or associate	This amendment allows first time adopters of IFRS to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements on transition to IFRS. The amendment also removes the definition of the cost method from IAS 27 and has replaced it with a requirement to present dividends as income in the separate financial statements of the investor.	Annual periods beginning on or after 1 January 2009	None expected
IFRS 3 Revised - Business Combinations *	This standard deals with how an acquirer recognises, measures and discloses in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The significant changes from existing practice as a result of this revised standard are in relation to acquisitions that are achieved in stages and acquisitions where less than 100% of the equity is acquired. All transaction costs on acquisitions will also be expensed.	Annual periods beginning on or after 1 July 2009	The impact on the Group will be dependent on the nature of any future acquisition
Amendment to IAS 27 - Consolidated and Separate Financial Statements *	This revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in profit or loss.	Annual periods beginning on or after 1 July 2009	Not significant
Amendment to IAS 39 - Financial Instruments: Recognition and measurement on eligible hedged items*	This amendment prohibits designating inflation as a hedgeable component of fixed rate debt and prohibits including time value in the one sided hedged risk when designating options as hedges.	Annual periods beginning on or after 1 July 2009	None expected
IFRIC 17 – Distributions of non-cash assets to owners *	This clarifies how an entity should measure distributions of assets, other than cash, when it pays dividends to its owners. It is not expected to impact on the Group.	Annual periods beginning on or after 1 July 2009	None expected
IFRIC 18 - Transfer of assets from customers *	Clarifies the accounting for arrangements where an item of property, plant and equipment, which is provided by the customer, is used to provide an ongoing service.	Transfers of assets on or after 1 July 2009	None expected

** Awaiting EU endorsement*

Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment charges on financial assets

The Group reviews its loan portfolios at least on a quarterly basis to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group or national or local economic conditions that correlate with defaults on assets in the group.

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio, when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The use of historical loss experience is supplemented with significant management judgment to assess whether current economic and credit conditions are such that the actual level of inherent losses is likely to differ from that suggested by historical experience. In normal circumstances, historical experience provides objective and relevant information from which to assess inherent loss within each portfolio. In other circumstances, historical loss experience provides less relevant information about the inherent loss in a given portfolio at the balance sheet date, for example, where there have been changes in economic conditions such that the most recent trends in risk factors are not fully reflected in the historical information. In these circumstances, such risk factors are taken into account when calculating the appropriate levels of impairment allowances, by adjusting the impairment loss derived solely from historical loss experience.

The estimation of impairment losses is subject to uncertainty and is highly sensitive to factors such as the level of economic activity, unemployment rates, bankruptcy trends, property price trends, and interest rates. The assumptions underlying this judgement are highly subjective. The methodology and the assumptions used in calculating impairment losses are reviewed regularly in the light of differences between loss estimates and actual loss experience. See note 23 for more information.

(b) Fair value of financial instruments

The Group measures certain of its financial instruments at fair value in the balance sheet. This includes trading securities, other financial assets and liabilities at fair value through profit or loss, all derivatives and available for sale financial assets. The fair values of financial instruments are determined by reference to observable market prices where available and an active market exists. Where market prices are not available or are unreliable, fair values are determined using valuation techniques including discounted cash flow models which, to the extent possible, use observable market inputs.

Where valuation techniques are used they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are calibrated to ensure that outputs reflect actual data and comparable market prices. Using valuation techniques may necessitate the estimation of certain pricing inputs, assumptions or model characteristics such as credit risk, volatilities and correlations and changes in these assumptions could affect reported fair values.

The fair value movement on assets and liabilities held at fair value through profit or loss, including those held for trading, are included in net trading income. Fair values in respect of financial assets and liabilities are disclosed in note 47.

As detailed in that note, the Group does not have a significant exposure to the assumptions used in valuation of financial assets using unobservable market data. The Group has debt securities in issue and subordinated liabilities with a fair value of €795 million which are measured at fair value through profit or loss and the fair value of which is based on valuation techniques incorporating significant unobservable market data. Using reasonably possible alternative assumptions to value those liabilities would decrease their fair value by up to €58 million or increase their fair value by up to €11 million, with a corresponding impact on the income statement.

(c) Retirement benefits

The Group operates a number of defined benefit pension schemes. In determining the actual pension cost, the actuarial values of the liabilities of the schemes are calculated. This involves modelling their future growth and requires management to make assumptions as to price inflation, dividend growth, salary and pensions increases, return on investments and employee mortality. There are acceptable ranges in which these estimates can validly fall. The impact on the results for the period and financial position could be materially different if alternative assumptions were used. See note 39 on retirement benefit obligations for more information.

(d) Life assurance operations

The Group accounts for the value of the stockholders' interest in long term assurance business using the embedded value basis of accounting. Embedded value is comprised of the net tangible assets of Bank of Ireland Life and the present value of its in force business. The value of in force business is calculated by projecting future surpluses and other net cash flows attributable to the shareholder arising from business written up to the balance sheet date and discounting the result at a rate which reflects the stockholders' overall risk premium, before provision has been made for taxation.

Future surpluses will depend on experience in a number of areas such as investment returns, lapse rates, mortality and investment expenses. Surpluses are projected by making assumptions about future experience, having regards to both actual experience and forecast long term economic trends. Changes to these assumptions may cause the present value of future surpluses to differ from those assumed at the balance sheet date and could significantly affect the value attributed to the in force business. The value of in force business could also be affected by changes in the amounts and timing of other net cash flows (principally annual management charges and other fees levied upon the policyholders) or the rate at which the future surpluses and cashflows are discounted. In addition, the extent to which actual experience is different from that assumed will be recognised in the income statement for the period. See note 55 for more information on the Life Assurance business.

(e) Taxation

The taxation charge accounts for amounts due to fiscal authorities in the various territories in which the Group operates and includes estimates based on a judgement of the application of law and practice in certain cases to determine the quantification of any liabilities arising. In arriving at such estimates, management assesses the relative merits and risks of tax treatments assumed, taking into account statutory, judicial and regulatory guidance and, where appropriate, external advice (see note 36).

(f) Goodwill

The Group capitalises goodwill arising on the acquisition of businesses, as disclosed in the accounting policies. The carrying value of goodwill as at 31 March 2009 was €47 million (31 March 2008: €293 million). Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units expected to benefit from the combination. Goodwill impairment testing involves the comparison of the carrying value of a cash generating unit with its recoverable amount. The recoverable amount is the higher of the unit's fair value or its value in use. Value in use is the present value of expected future cash flows from the cash generating unit. Fair value is the amount obtainable for the sale of the cash generating unit in an arm's length transaction between knowledgeable, willing parties.

Impairment testing inherently involves a number of judgemental areas: the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting; the assessment of the discount rate appropriate to the business; estimation of the fair value of cash generating units; and the valuation of the separable assets of each business whose goodwill is being reviewed. See note 26 for further information.

Notes to the consolidated financial statements

Index to the notes to the consolidated financial statements

		Page
1	Segmental reporting	129
2	Interest income	132
3	Interest expense	132
4	Net insurance premium income	132
5	Fee and commission income / expense	132
6	Net trading expense	133
7	Life assurance investment income and losses	133
8	Other operating income	134
9	Insurance contract liabilities and claims paid	134
10	Other operating expenses	135
11	Auditors' remuneration	136
12	Impairment charges on financial assets	136
13	Operating profit	136
14	Share of (loss) / profit of associated undertakings and joint ventures (after tax)	136
15	Taxation	137
16	Earnings per share	138
17	Trading securities	138
18	Derivative financial instruments	139
19	Other financial assets at fair value through profit or loss	142
20	Loans and advances to banks	142
21	Available for sale financial assets	143
22	Loans and advances to customers	144
23	Credit risk exposures	145
24	Interest in associated undertakings	151
25	Interest in joint ventures	151
26	Intangible assets	152
27	Investment properties	154
28	Property, plant and equipment	155
29	Other assets	157
30	Assets and liabilities classified as held for sale	158
31	Deposits from banks	159
32	Customer accounts	159
33	Liabilities to customer under investment and insurance contracts	159
34	Debt securities in issue	161
35	Subordinated liabilities	161
36	Other liabilities	164
37	Provisions	164
38	Deferred tax	165
39	Retirement benefit obligations	166
40	Contingent liabilities and commitments	171
41	Capital stock	172
42	Stock premium account	181
43	Retained earnings	181
44	Other reserves	182
45	Minority interests	183
46	Liquidity risk	184
47	Fair values of financial assets and liabilities	186
48	Measurement basis of financial assets and liabilities	190
49	Dividend per unit of ordinary stock	192
50	Cash and cash equivalents	192
51	General	192
52	Related party transactions	193
53	Principal undertakings	195
54	Other subsidiaries	196
55	Life assurance business	199
56	Irish Government Guarantee Scheme	200
57	Post balance sheet events	200
58	Approval of financial statements	200

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, fees and commissions 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	BoI 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

Capital expenditure comprises additions to property, plant and equipment (note 28) and intangible assets (note 26) including additions resulting from acquisitions through business combinations.

Eliminations represent inter segment transactions which are eliminated upon consolidation.

1 Segmental reporting (continued)

Business segments

31 March 2008	Retail Republic of Ireland €m	BoI 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	(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

31 March 2009	**Retail Republic of Ireland €m**	**BoI Life €m**	**Capital Markets €m**	**UK Financial Services €m**	**Group Centre €m**	**Eliminations €m**	**Group €m**
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	Retail Republic of Ireland €m	BoI Life €m	Capital Markets €m	UK Financial Services €m	Group Centre €m	Eliminations €m	Group €m
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
(Loss) / profit 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

	Ireland €m	United Kingdom €m	Rest of World €m	Eliminations €m	Total €m
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

Business Review
Governance
Financial Statements
General Information

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 (see note 44).

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

IFRS 7 requires the separate disclosure of trust and other fiduciary fees. Other includes trading fees and commissions not captured by the headings above and certain wholesale fees and commissions.

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. Refer to note 56 for further details on this Scheme. 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. It also includes €65 million (31 March 2008: €28 million) in relation to net gains arising from foreign exchange.

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).

See notes 47 and 48 for details of the assets and liabilities designated at fair value through profit or loss.

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)

Life assurance investment income and losses comprise the investment return, realised gains and losses, and unrealised gains and losses which accrue to the Group, on all investment assets held by BoI Life, other than those held for the benefit of policyholders whos contracts are considered to be investment contracts.

IFRS requires that Bank of Ireland stock held by the Group, including those held by BoI Life for the benefit of policyholders, are reclassified as treasury stock and accounted for as a deduction from equity. Changes in the value of any treasury stock held are recognised in equity at the time of disposal and dividends are not recognised as income or distributions.

7 Life assurance investment income and losses (continued)

The impact on the Group income statement of applying this accounting treatment is that life assurance investment losses of €1,635 million (31 March 2008: €924 million) have been reduced by €65 million (31 March 2008: €98 million), which is the loss incurred on stock held under insurance contracts. Other operating income (see note 8) has been increased by €66 million (31 March 2008: €91 million) which is the loss incurred on stock held under investment contracts. The effect of the combined adjustment, increasing the Group's income, of €131 million (31 March 2008: €189 million) can be seen in note 1.

8 Other operating income

	2009 €m	2008 €m
Elimination of investment return on treasury stock held for the benefit of policyholders (see note 7)	66	91
Other insurance income	23	91
Transfer from available for sale reserve on asset disposal (note 44)	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 in 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 (note 26)	132	87
- Property, plant and equipment (note 28)	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 (note 39)	173	130
Retirement benefit costs – defined contribution plans	7	4
Share based payment schemes (note 44)	3	13
Other	58	32
Staff costs	1,181	1,235

Depreciation of intangible assets includes a one off 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 equivalents 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
BoI 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 equivalents 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 number of full time equivalents 31 March 2009)

11 Auditors' remuneration

	Notes	RoI €m	Overseas (i) €m	2009 Total €m	2008 Total €m
Audit and assurance services (including VAT)					
Statutory audit (including expenses)		3.2	1.1	4.3	4.9
Other audit and assurance services	(ii)	4.4	0.6	5.0	4.8
		7.6	1.7	9.3	9.7
Other services (including VAT)					
Taxation services		0.5	0.3	0.8	1.1
Auditors remuneration		8.1	2.0	10.1	10.8

The figures in the above table relate to fees paid to PricewaterhouseCoopers (PwC). The Group Audit Committee has reviewed the level of fees and is satisfied that it has not affected the independence of the auditors.

(i) Fees to overseas auditors principally consist of fees to PwC in the UK
(ii) Other audit and assurance services consist primarily of fees in connection with reporting to regulators, letters of comfort, reporting on Sarbanes Oxley and accounting matters.

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

12 Impairment charges on financial assets

	2009 €m	2008 €m
Loans and advances to customers (note 23)	1,435	227
Available for sale financial assets (note 21)	76	5
Loans and advances to banks (note 20)	2	-
	1,513	232

13 Operating profit

Operating profit includes the Group's earnings from ongoing activities after impairment charges and before share of profit or loss on associated undertakings and joint ventures (after tax). Items which would distort the measurement of the Group's performance such as profit or loss on the disposal of business activities or property are generally excluded unless they are of an operating nature.

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

	2009 €m	2008 €m
First Rate Exchange Services (note 25)	39	47
Property unit trust (note 25)	(63)	-
Paul Capital Investments (note 25)	(11)	-
Associated undertakings (note 24)	(7)	(1)
	(42)	46

15 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 (note 38)	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)
BoI 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 charge	41	(229)

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 BoI 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%.

Business Review
Governance
Financial Statements
General Information

16 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 ordinary stock in issue excluding treasury stock and own stock held for the benefit of life assurance policyholders.

	2009 €m	2008 €m
Basic		
Profit attributable to stockholders	69	1,699
Dividends on other equity interests (note 43)	(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 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 (note 43)	(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

The calculation of diluted earnings per share excludes a weighted average of 20 million units of potential ordinary stock (31 March 2008: 6 million units) which are anti-dilutive.

17 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).

18 Derivative financial instruments

The Group's use, objectives and policies on managing the risks that arise in connection with derivatives, including the policies for hedging, are included in the Risk Management section from page 60. The notional amounts of certain types of financial instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit risk. The derivative instruments become assets or liabilities as a result of fluctuations in market rates or prices relative to their terms.

The fair values and notional amounts of derivative instruments held are set out in the following tables:

31 March 2009	Contract / notional amount €m	Fair Values Assets €m	Fair Values Liabilities €m
Derivatives held for trading			
Foreign exchange derivatives			
Currency forwards	34,697	571	362
Currency swaps	819	34	58
Over the counter currency options	1,715	15	16
Total foreign exchange derivatives held for trading	37,231	620	436
Interest rate derivatives			
Interest rate swaps	146,569	2,653	2,546
Cross currency interest rate swaps	16,402	1,155	1,123
Forward rate agreements	15,544	28	31
Over the counter interest rate options	10,582	154	141
Total interest rate derivatives held for trading	189,097	3,990	3,841
Equity and commodity contracts			
Equity index linked contracts held	5,500	141	191
Total derivative assets / liabilities held for trading	231,828	4,751	4,468
Derivatives held for hedging			
Derivatives designated as fair value hedges			
Interest rate swaps	20,125	783	609
Cross currency interest rate swaps	1,119	119	2
Total designated as fair value hedges	21,244	902	611
Derivatives designated as cash flow hedges			
Interest rate swaps	69,576	1,754	2,357
Cross currency interest rate swaps	2,674	10	38
Currency forwards	6,628	81	80
Currency swaps	2,470	899	-
Total designated as cash flow hedges	81,348	2,744	2,475
Total derivative assets / liabilities held for hedging	102,592	3,646	3,086
Total derivative assets / liabilities	334,420	8,397	7,554

18 Derivative financial instruments (continued)

31 March 2008	Contract / notional amount €m	Fair values Assets €m	Fair values Liabilities €m
Derivatives held for trading			
Foreign exchange derivatives			
Currency forwards	55,078	906	835
Currency swaps	756	71	24
Over the counter currency options	2,561	74	78
Total foreign exchange derivatives held for trading	58,395	1,051	937
Interest rate derivatives			
Interest rate swaps	147,174	940	960
Cross currency interest rate swaps	29,999	893	1,268
Forward rate agreements	11,919	5	4
Over the counter interest rate options	8,873	50	50
Total interest rate derivatives held for trading	197,965	1,888	2,282
Equity and commodity contracts			
Equity index linked contracts held	7,051	446	259
Total derivative assets / liabilities held for trading	263,411	3,385	3,478
Derivatives held for hedging			
Derivatives designated as fair value hedges			
Interest rate swaps	16,115	256	190
Cross currency interest rate swaps	1,195	122	-
Total designated as fair value hedges	17,310	378	190
Derivatives designated as cash flow hedges			
Interest rate swaps	83,950	585	654
Cross currency interest rate swaps	4,370	220	-
Total designated as cash flow hedges	88,320	805	654
Total derivative assets / liabilities held for hedging	105,630	1,183	844
Total derivative assets / liabilities	369,041	4,568	4,322

18 Derivative financial instruments (continued)

The Group designates certain derivatives as hedging instruments in either fair value or cash flow hedge relationships.

Fair value hedges
Certain interest rate and cross currency interest rate derivatives are designated as hedging instruments. These are primarily used to reduce the interest rate and foreign exchange exposure on the Group's fixed rate debt held and debt issued portfolios.

Cash flow hedges
The Group designates certain interest rate and currency derivatives in cash flow hedge relationships in order to hedge the exposure to variability in future cash flows arising from variable assets and liabilities. See note 44 for the movement in the cash flow hedge reserve.

The periods in which the hedged cash flows are expected to occur are shown in the table below.

2009	**Up to 1 year €m**	**Between 1 to 2 years €m**	**Between 2 to 5 years €m**	**More than 5 years €m**	**Total €m**
Forecast receivable cash flows	3,470	298	1,021	921	5,710
Forecast payable cash flows	(7,865)	(2,704)	(3,681)	(1,137)	(15,387)

2008	Up to 1 year €m	Between 1 to 2 years €m	Between 2 to 5 years €m	More than 5 years €m	Total €m
Forecast receivable cash flows	616	553	1,373	656	3,198
Forecast payable cash flows	(2,458)	(2,292)	(4,594)	(1,001)	(10,345)

The hedged cash flows are expected to impact the income statement in the following periods, excluding any hedge accounting adjustments that may be applied:

2009	**Up to 1 year €m**	**Between 1 to 2 years €m**	**Between 2 to 5 years €m**	**More than 5 years €m**	**Total €m**
Forecast receivable cash flows	3,903	309	1,014	484	5,710
Forecast payable cash flows	(12,920)	(586)	(1,168)	(713)	(15,387)

2008	Up to 1 year €m	Between 1 to 2 years €m	Between 2 to 5 years €m	More than 5 years €m	Total €m
Forecast receivable cash flows	726	541	1,335	596	3,198
Forecast payable cash flows	(2,750)	(2,173)	(4,472)	(950)	(10,345)

The Group had applied hedge accounting to a forecast future borrowing of €252 million on a forward commitment transaction of which €62 million is no longer expected to occur. The Group recognised a €1 million cumulative gain in the income statement on the portion of the transaction no longer anitcipated that was previously deferred in reserves.

19 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

A portion of the Group's life assurance business takes the legal form of investment contracts, under which legal title to the underlying investment is held by the Group, but the inherent risks and rewards in the investments is borne by the investors. Due to the nature of these contracts, the carrying value of the assets is always the same as the value of the liabilities due to policyholders and any change in the value of the assets results in an equal but opposite change in the value of the amounts due to policyholders.

At 31 March 2009, such assets amounted to €7,195 million (31 March 2008: €10,460 million), while the remaining €409 million (31 March 2008: €449 million) relates to other Group businesses. The associated liabilities are included in liabilities to customers under investment contracts and insurance contract liabilities on the balance sheet.

20 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

The Group has entered into transactions to purchase securities with agreement to resell, and has accepted collateral that it is permitted to sell or repledge in the absence of default by the owner of the collateral. The fair value of this collateral at 31 March 2009 was nil (31 March 2008: €160 million).

21 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 at 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
Allowance for impairment (note 12)	(76)	(5)
Reclassification	(419)	-
At 31 March	26,858	29,307

In accordance with the amendment to IAS 39 disclosed in the accounting policies section on page 110, the Group reclassified available for sale financial assets with a carrying amount and fair value of €419 million to loans and advances to customers, with effect from 31 March 2009. At the date of this reclassification, the Group had the intention and ability to hold these assets for the foreseeable future or until maturity.

At the date of reclassification, the effective interest rate on reclassified assets ranged from 0.73% to 7.12% with expected recoverable cash flows of €753 million. During the year a fair value loss of €252 million (31 March 2008: loss of €57 million) has been recognised in the available for sale reserve within shareholders' equity in relation to these reclassified assets.

22 Loans and advances to customers

	2009 €m	2008 €m
Loans and advances to customers	132,522	132,575
Finance leases and hire purchase receivables (see analysis below)	2,999	3,759
	135,521	136,334
Less allowance for impairment charges on loans and advances to customers (note 23)	(1,781)	(596)
Loans and advances to customers	133,740	135,738

Loans and advances to customers include finance leases and hire purchase receivables, which are analysed as follows:

	2009 €m	2008 €m
Gross investment in finance leases:		
Not later than 1 year	1,339	1,512
Later than 1 year and not later than 5 years	1,932	2,565
Later than 5 years	36	104
	3,307	4,181
Unearned future finance income on finance leases	(308)	(422)
Net investment in finance leases	2,999	3,759
The net investment in finance leases is analysed as follows:		
Not later than 1 year	1,215	1,359
Later than 1 year and not later than 5 years	1,751	2,303
Later than 5 years	33	97
	2,999	3,759

Securitisations

Loans and advances to customers include balances that have been securitised but not derecognised, comprising both residential mortgages and commercial loans. In general, the assets, or interests in the assets, are transferred to Special Purposes Entities (SPE's), which then issue securities to third party investors or to other entities within the Group. All of the Group's Securitisation SPE's are consolidated.

Refer to note 54 for further details on these SPE's, including details of which entities have issued liabilities internal to the Group and thus are capable of being pledged to monetary authorities.

23 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.

The following tables should be read in conjunction with the credit risk information contained in the Risk Management section on pages 38 to 52.

	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 (note 20)	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 (note 22)	133,740	135,738
Total loans and advances	141,626	145,147
Financial assets at fair value through profit or loss		
- Trading securities (note 17)	125	119
- Designated at initial recognition (note 19)		
> Government bonds	1,741	2,142
> Unit trusts	894	868
> Debt securities	549	356
> Loans and advances to customers	23	59
Derivative financial instruments (note 18)	8,397	4,568
Available for sale financial assets (note 21)		
- Government bonds	2,460	1,755
- Debt securities	24,336	27,509
Central Government and other eligible bills	-	10
Other assets		
- Interest receivable (note 29)	636	900
- Reinsurance asset (note 29)	437	484
Total on balance sheet	181,224	183,917
Off balance sheet (note 40)		
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

23 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 is diversifed between Ireland 64% (31 March 2008: 75%) and UK and other 36% (31 March 2008: 25%).

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

23 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 (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 to 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+.

23 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

23 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

Impaired financial assets

Please refer to page 48 of the Risk Management section for information on the Group's approach to assessing impairment.

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

	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

23 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).

The Group had a total exposure to Collateralised Debt Obligations (CDOs) of €40 million at 31 March 2009 (31 March 2008: €43 million) all of which is classified as other financial instruments. Of this amount, €30 million (31 March 2008: €30 million) relates to the Group's own CDO vehicle, Partholon (see note 54) which is fully consolidated into the Group's financial statements.

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 quantum 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.

Repossessed 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
	74	34

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

24 Interest in associated undertakings

	2009 €m	2008 €m
At 1 April	28	26
Share of results after tax (note 14)	(7)	(1)
Increase in investments	2	3
Dividends received	(1)	-
At 31 March	22	28

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

25 Interest in joint ventures

	2009 €m	2008 €m
At 1 April	70	73
Reclassifications	175	-
Share of results after tax (note 14):	(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	151	70

The joint ventures are First Rate Exchange Services, Enterprise 2000 Fund and Paul Capital Investments LLC and a property unit trust.

The Group has a stake, through a joint venture in a property unit trust, that holds an investment in a UK retail property. This interest, initially acquired by the Group to sell onto 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.

Business Review Governance Financial Statements General Information

26 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 (note 10)	-	(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

The impairment of intangible assets is discussed in further detail below.

	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 (note 10)	-	(9)	(70)	(8)	(87)
At 31 March 2008	-	(211)	(401)	(41)	(653)
Net Book Value at 31 March 2008	293	56	406	108	863

26 Intangible assets (continued)

Impairment review - Goodwill and other intangible assets
Goodwill is reviewed annually for impairment or more frequently if events or circumstances indicate that impairment may have occurred, by comparing the carrying value of goodwill to its recoverable amount. An impairment charge arises if the carrying value exceeds the recoverable amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, where the value in use is the present value of the future cash flows expected to be derived from the asset.

Impairment testing of goodwill
At 31 March 2009, total goodwill on the Group balance sheet was €47 million (31 March 2008: €293 million), which is outlined in the table below:

Goodwill	Burdale €m	Guggenheim €m	Iridian €m	Other €m	Total €m
At 1 April 2008	48	72	168	5	293
Exchange adjustments	(7)	14	33	1	41
Impairment	-	(86)	(201)	-	(287)
At 31 March 2009	41	-	-	6	47

	Burdale €m	Guggenheim €m	Iridian €m	Other €m	Total €m
At 1 April 2007	56	86	199	6	347
Exchange adjustments	(8)	(14)	(31)	(1)	(54)
At 31 March 2008	48	72	168	5	293

Goodwill is allocated to cash generating units at a level which represents the smallest identifiable group of assets that generate largely independent cash flows.

The calculation of the recoverable amount of goodwill for each of these cash generating units is based upon a value in use calculation that discounts expected pretax cash flows at an interest rate appropriate to the cash generating unit. The determination of both require the exercise of judgement. The estimation of pretax cash flows is sensitive to the periods for which forecasted cash flows are available and to assumptions underpinning the sustainability of those cash flows. While forecasts are compared with actual performance and external economic data, expected cash flows reflect management's view of future performance.

The values assigned to key assumptions reflect past experience, performance of the business to date and management judgement. The recoverable amount calculations performed for the significant amounts of goodwill are sensitive to changes in the following key assumptions:

Cash flow forecasts
Cash flow forecasts are based on internal management information for a period of up to five years, after which a growth factor appropriate for the business is applied. Initial cash flows are based on performance in the current year and the next four years cash flows are consistent with approved plans for each business.

26 Intangible assets (continued)

Growth rates
Growth rates beyond five years are determined by reference to local economic growth, inflation projections or long term bond yields. The assumed long term growth rate for Burdale is 2.25%.

Discount rate
The discount rate applied in Burdale is the pretax weighted average cost of capital for the Group increased to include a risk premium to reflect the specific risk profile of the cash generating unit to the extent that such risk is not already reflected in the forecast cash flows. A rate of 12% has been used in the model.

Certain elements within these cash flow forecasts are critical to the performance of the business. The impact of changes in these cash flows, growth rate and discount rate assumptions has been assessed by the Directors in the review. The Directors consider that reasonable changes in key assumptions used to determine the recoverable amount of Burdale, will not result in any impairment of goodwill.

No impairment was identified in the years ended 31 March 2009 or 31 March 2008 in relation to Burdale.

Guggenheim Alternative Asset Management LLC (Guggenheim)
The deterioration in global equity markets has had an adverse impact on the business of Guggenheim which has seen a significant fall in assets under management (AUM).

An impairment review was carried out during the year and a decision was made to write down the carrying value of the business (which includes both goodwill and other intangible assets) to its recoverable amount, which is its fair value less costs to sell. Therefore the goodwill in Guggenheim of US$114 million (€86 million) and other intangibles of US$23 million (€17 million) have been impaired in full and charged to the income statement.

Iridian Asset Management LLC (Iridian)
Over the past number of months Iridian has, like many other asset managers, seen a significant fall in AUM due to the deterioration of global equity markets.

An impairment review was carried out during the year and a decision was made to write down the carrying value of the business (which includes goodwill) to its recoverable amount, which is its fair value less cost to sell. Therefore the goodwill in Iridian of US$265 million (€201 million) has been impaired in full and charged to the income statement.

The Group is currently reviewing its strategic options relating to these businesses (see note 30).

27 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

Investment properties are carried at fair value as determined by external qualified property surveyors appropriate to the variety of properties held. Fair values have been calculated using both current trends in the market and recent transactions for similar properties.

During the year certain other properties were reclassified from assets classified as held for sale to investment properties. For further information see note 30.

28 Property, plant and equipment

	Freehold land and buildings and long leaseholds (at fair value) €m	Adaptations (at cost) €m	Computer and other equipment (at cost) €m	Finance lease assets (at cost) €m	Payments on accounts and assets in the course of construction (at cost) €m	Total €m
Cost or valuation						
At 1 April 2008	380	124	658	7	35	1,204
Exchange adjustments	(10)	(3)	(19)	-	(4)	(36)
Additions	5	8	28	-	34	75
Disposals	(1)	(1)	(15)	-	-	(17)
Revaluation	(122)	-	-	-	-	(122)
Reclassifications	20	18	16	-	(42)	12
At 31 March 2009	272	146	668	7	23	1,116
Accumulated depreciation and amortisation						
At 1 April 2008	-	(55)	(550)	(6)	-	(611)
Exchange adjustments	-	3	14	-	-	17
Disposals	-	-	13	-	-	13
Charge for the year (note 10)	-	(15)	(30)	(1)	-	(46)
Reclassifications	-	-	3	-	-	3
At 31 March 2009	-	(67)	(550)	(7)	-	(624)
Net book value at 31 March 2009	272	79	118	-	23	492

The net book value of property, plant and equipment at 31 March 2009 above is held as follows:

	€m
At cost	220
At fair value	272
	492

28 Property, plant and equipment (continued)

	Freehold land and buildings and long leaseholds (at fair value) €m	Adaptations (at cost) €m	Computer and other equipment (at cost) €m	Finance lease assets (at cost) €m	Payments on accounts and assets in the course of construction (at cost) €m	Total €m
Cost or valuation						
At 1 April 2007	442	127	683	8	7	1,267
Exchange adjustments	(13)	(4)	(25)	(1)	-	(43)
Additions	-	-	23	-	31	54
Disposals / write-offs	(1)	(1)	(24)	-	-	(26)
Revaluation	(37)	-	-	-	-	(37)
Reclassifications	(11)	2	1	-	(3)	(11)
At 31 March 2008	380	124	658	7	35	1,204
Accumulated depreciation and amortisation						
At 1 April 2007	-	(42)	(553)	(7)	-	(602)
Exchange adjustments	-	2	19	1	-	22
Disposals / write-offs	-	1	18	-	-	19
Charge for the year (note 10)	-	(16)	(34)	-	-	(50)
At 31 March 2008	-	(55)	(550)	(6)	-	(611)
Net book value at 31 March 2008	380	69	108	1	35	593

The net book value of property, plant and equipment at 31 March 2008 above is held as follows:

	€m
At cost	213
At fair value	380
	593

Property

A revaluation of Group property was carried out as at 31 March 2009. All freehold and long leasehold (50 years of more unexpired) commercial properties were valued by Lisneys as external valuers, who also reviewed the valuation of all other property carried out by the Bank's professionally qualified staff. Valuations were made on the basis of open market value.

Sale and Leaseback

There were no sale and leaseback transactions during the year ended 31 March 2009. In the year ended 31 March 2008 the Group executed sale and leaseback transactions for 30 retail branches which generated a profit of €33 million.

The Group is not currently pursuing any further property disposals. Properties with a value of €11 million that were previously classified as held for sale at 31 March 2008 have been reclassified back to property, plant and equipment. See note 30 for further details.

28 Property, plant and equipment (continued)

	2009 €m	2008 €m
Future capital expenditure		
- contracted but not provided in the financial statements	17	19
- authorised by the Directors but not contracted	81	39

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

	Payable 2009 €m	Receivable 2009 €m	Payable 2008 €m	Receivable 2008 €m
Year ended 31 March				
Not later than 1 year	52	-	73	2
Later than 1 year and not later than 5 years	168	3	256	6
Later than 5 years	369	2	540	2

29 Other assets

	2009 €m	2008 €m
Sundry and other debtors	657	574
Interest receivable	636	900
Value in force of life assurance business (note 55)	468	548
Reinsurance asset	437	484
Accounts receivable and prepayments	212	248
Current tax asset	156	-
Other assets	2,566	2,754
Other assets are analysed as follows:		
Within 1 year	1,661	1,690
After 1 year	905	1,064
	2,566	2,754

30 Assets and liabilities classified as held for sale

Assets	2009 €m	2008 €m
Assets of Guggenheim	7	-
Assets of Iridian	17	-
Retail branches (note 28)	-	11
Other properties	-	221
Assets classified as held for sale	24	232

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

Due to changes in market conditions, the Group no longer believe that the retail properties will be sold within the next 12 months and have therefore reclassified these amounts to property, plant and equipment. Other amounts of €9 million, included in other properties, have also been reclassified to property, plant and equipment.

The balance of other properties have been reclassified within the balance sheet. See notes 25, 27 and 45.

The reclassification of both retail branches and other properties within the balance sheet did not have any impact on either the current or prior year income statement.

Guggenheim — The deterioration in global equity markets has had an adverse impact on the business of Guggenheim which has seen a significant fall in assets under management. The carrying value of the business (which includes both goodwill and other intangible assets) has been written down to its recoverable amount.

Iridian — The Group, through its subsidiary BIAM (US) Inc, owns 100% of Iridian. Over the past number of months Iridian has, like many other asset managers, seen a significant fall in assets under management due to the deterioration of global equity markets.

The Group is assessing the options to dispose of these businesses.

Refer to note 26 for futher information.

31 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

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.

32 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

33 Liabilities to customers under investment and insurance contracts

Investment contract liabilities	2009 €m	2008 €m
Liabilities to customers under investment contracts, at fair value	4,084	5,662

The movement in gross life insurance contract liabilities can be analysed as follows:

Insurance contract liabilities	2009 €m	2009 €m
At 1 April	7,140	7,190
New business	662	1,389
Changes in business	(2,168)	(1,439)
At 31 March	5,634	7,140

Bank of Ireland Life (BoI Life) writes the following life assurance contracts that contain insurance risk:

Non-unit linked life assurance contracts
These contracts provide the policyholder with insurance in the event of death, critical illness or permanent disability (principally mortality and morbidity risk).

Non-unit linked annuity contracts
These contracts provide the policyholder with an income until death (principally longevity and market risk).

33 Liabilities to customers under investment and insurance contracts (continued)

Linked insurance contracts
These contracts include both policies primarily providing life assurance protection and policies providing investment but with a level of insurance risk deemed to be significant (principally mortality and market risk).

Insurance contract liabilities, which consist of both unit linked and non-unit linked liabilities, are calculated in accordance with the Insurance Regulations. Unit linked liabilities reflect the value of the underlying funds in which the policyholder is invested. Non unit-linked liabilities are calculated using either a gross premium or net premium method of valuation.

The assumptions are also set out in accordance with the Insurance Regulations and contain a margin for adverse development. The key assumption used in the valuation of insurance contract liabilities are:

Interest rate:	The interest rates are derived in accordance with the guidelines in the Insurance Regulations. Margins for risk are allowed for in the derived interest rates.
Mortality and morbidity:	The mortality and morbidity assumptions, which include an allowance for improvements in longevity for annuitants, are set with regard to the Group's actual experience and / or relevant industry data.
Maintenance expenses:	Allowance is made for future policy costs and expense inflation explicitly.

Options and guarantees
BoI Life has a very limited range of options and guarantees in its business portfolio as the bulk of the business is unit linked without investment guarantees. Where investment guarantees do exist they are either hedged with an outside party or matched through appropriate investment assets.

Uncertainties associated with insurance contract cash flows and risk management activities
For life assurance contracts where death is the insured risk, the most significant factors that could adversely affect the frequency and severity of claims are the incidence of disease and general changes in lifestyle. Where the insured risk is longevity, advances in medical care are the key factor that increases longevity. The Group manages its exposures to insurance risks through a combination of applying strict underwriting criteria, asset and liability matching, transferring risk to reinsurers and the establishment of prudent insurance contract liabilities.

Credit risk
Reinsurance programmes are in place to restrict the amount of cover on any single life. The Group uses a panel of highly rated reinsurance companies to diversify credit risk.

Capital Management and Available Resources
The Group holds technical reserves to meet its liabilities to policyholders based on prudent actuarial assumptions. In addition, the Financial Regulator requires the Group's life assurance operation to hold shareholder equity that exceeds a statutory margin, the required minimum regulatory solvency margin. The table below sets out the shareholder equity held by the Group's life assurance operation compared to the required minimum regulatory margin as at 31 December 2008 which is the life subsidiary's statutory year end.

	31 December 2008 €m	31 December 2007 €m
Minimum regulatory solvency margin	178	174
Shareholder equity held for life business	290	438

34 Debt securities in issue

	2009 €m	2008 €m
Bonds and medium term notes	23,986	27,836
Other debt securities in issue	21,147	33,006
Debt securities in issue	45,133	60,842

35 Subordinated liabilities

Undated loan capital	Notes	2009 €m	2008 €m
Bank of Ireland UK Holdings plc			
€600 million 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	a, b	637	615
Stg£350 million 6.25% Guaranteed Callable Perpetual Preferred Securities	b, c	381	394
BoI Capital Funding (No 1) LP			
€600 million Fixed Rate / Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	d, e	592	590
BoI Capital Funding (No 2) LP			
US$800 million Fixed Rate / Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	e, f	674	541
BoI Capital Funding (No 3) LP			
US$400 million Fixed Rate / Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	e, g	345	270
BoI Capital Funding (No 4) LP			
Stg£500 million Fixed Rate / Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	e, h	587	602
Bank of Ireland			
Stg£75 million $13^3/_8$% Perpetual Subordinated Bonds	i	134	156
Bristol & West plc			
Stg£32.6 million $8^1/_8$% Non-Cumulative Preference Shares	j	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	k	-	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 10¾% Subordinated Bonds 2018	l	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	m	540	-
		4,557	4,599
		7,942	7,808

35 Subordinated liabilities (continued)

Undated loan capital

(a) The securities are redeemable in whole or in part at the option of the Issuer subject to the prior consent of the Financial Regulator and of the Bank, at their principal amount together with any outstanding payments on 7 March 2011 or any coupon payment date thereafter. They bear interest at a rate of 7.40% per annum to 7 March 2011 and thereafter at a rate of 3 month Euribor plus 3.26% per annum, reset quarterly.

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

(c) The securities are redeemable in whole but not in part at the option of the Issuer subject to the prior consent of the Financial Regulator and of the Bank, at their principal amount together with any outstanding payments on 7 March 2023 or any coupon date thereafter. They bear interest at a rate of 6.25% per annum to 7 March 2023 and thereafter at a rate of 6 month Stg£ Libor plus 1.70% per annum, reset semi annually.

(d) The securities are redeemable, subject to the prior approval of the Financial Regulator, on 3 March, 2010 or any distribution payment date thereafter, in whole but not in part, at the option of BoI G.P. No. 1 Limited, which is the General Partner of the Issuer, at their principal amount plus any outstanding payments due. They bear interest at a rate of 6.25% per annum to 3 March 2007 and thereafter at a variable rate of interest per annum which is the lesser of (i) the aggregate of 0.10% per annum and the annual spot 10 year EUR fixed versus 6 month Euribor swap rate and (ii) 8% per annum.

(e) The issuer will not pay any distributions and the guarantor will not make any payment in respect of distributions under the subordinated guarantee to the extent that such payment would exceed adjusted distributable reserves or even if adjusted distributable reserves are sufficient to the extent that such payment would breach or cause a breach of Capital Adequacy Regulations then applicable to the Group as determined by the Guarantor's Court of Directors; or to the extent that the Guarantor is not meeting its minimum capital requirements or is not meeting its solvency ratios; or provided a Deemed Declaration Notice has not been delivered, if the Guarantor's Court of Directors has resolved no distributions should be made; or if the Regulator has instructed the General Partner or the Guarantor not to make such payment.

The Preferred Securities, together with the subordinated guarantee, are intended to provide holders with rights on liquidation equivalent to non-cumulative Stg£1 and €1.27 preference stock of the Guarantor. Claims under the Preferred Securities in respect of any liquidation distributions will rank senior to the rights of the General Partner in respect of other partnership interests issued by the Issuer and pari passu with claims of the holders of all other preferred securities issued by the Issuer which rank pari passu with the Preferred Securities.

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

(f) The securities are redeemable, subject to the prior approval of the Financial Regulator, on 1 February 2016 or any distribution payment date thereafter, in whole but not in part, at the option of BoI G.P. No. 1 Limited, which is the General Partner of the Issuer, at the liquidation preference amount plus any additional amounts and outstanding payments due. They bear interest at a rate of 5.571% per annum to but excluding 1 February 2016 and thereafter at a floating rate of interest of 1.68% per annum above the rate for US$ Libor 3 month US dollar deposits.

(g) The securities are redeemable, subject to the prior approval of the Financial Regulator, on 4 February 2016 or on every subsequent tenth anniversary date of 4 February 2016, in whole but not in part, at the option of BoI G.P. No. 1 Limited, which is the General Partner of the Issuer, at the liquidation preference amount plus any additional amounts and outstanding payments due. They bear interest at a rate of 6.107% per annum up to but excluding 4 February 2016 and thereafter at a floating rate of interest of 1.06% per annum above the rate for US$ Libor 3 month US dollar deposits.

35 Subordinated liabilities (continued)

(h) The securities are redeemable, subject to the prior approval of the Financial Regulator, on 3 April 2017 or any distribution date thereafter, in whole but not in part, at the option of BoI G.P. No. 1 Limited, which is the General Partner of the Issuer, at the liquidation preference amount plus any additional amounts and outstanding payments due. They bear interest at a rate of 6.4295% per annum up to but excluding 3 April 2017 and thereafter at a floating rate of interest of 1.50% per annum above the rate for Stg£ Libor 3 month sterling deposits.

(i) On 1 October 2007 Bank of Ireland replaced Bristol & West plc as the issuer of the 13 $^{3}/_{8}$% Perpetual Subordinated Bonds which have a nominal value of Stg£75 million and were revalued as part of the fair value adjustments on the acquisition of Bristol & West plc.

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

Holders of the Preference Shares are entitled to receive, in priority to the holders of any other class of shares in Bristol & West plc, a non-cumulative preference dividend at a fixed rate per annum payable in equal half yearly instalments in arrears on 15 May and 15 November each year. The preference dividend on the preference shares will only be payable to the extent that payment can be made out of profits available for distribution as at each dividend payment date in accordance with the provisions of the UK Companies Acts.

On 1 October 2007 in connection with the transfer of the business of Bristol & West plc to Bank of Ireland, Bank of Ireland entered into a Guarantee and Capital Maintenance Commitment (the Guarantee) with respect to the preference shares. Under the terms of the Guarantee, the liability of Bristol & West plc in relation to the ongoing payment of dividends and any repayment of capital in relation to the preference shares that remained following the transfer of business would be protected. Under the Guarantee, Bank of Ireland agreed subject to certain conditions to (i) contribute capital to Bristol & West plc to the extent required to ensure that Bristol & West plc has sufficient distributable reserves to pay the dividends on the preference shares and to the extent required, repay the preference share capital and (ii) guarantee Bristol & West plc's obligations to make repayment of the dividends and preference share capital.

In this connection the Guarantee contains provisions to the effect that the rights of Bank of Ireland's creditors under the Guarantee are subordinated to (i) unsubordinated creditors and debtors of Bank of Ireland and (ii) subordinated creditors of Bank of Ireland other than those whose claims rank, or are expressed to rank pari passu or junior to the payments under the Guarantee.

Dated loan capital

Dated loan capital, which includes bonds and notes, constitute unsecured obligations of the Bank subordinated in right of payments to the claims of depositors and other unsubordinated creditors of the Bank and rank pari passu without any preference among themselves.

Interest rates on the floating rate and fixed rate subordinated liabilities (accommodated through swaps) are determined by reference to the relevant currency reference rate.

The table on page 161 provides a description of the dated loan capital, all of which with the exception of the issue marked (l) were issued under the Bank's Euro Note Programme.

- the currency of the issue;
- if the issue is fixed, floating or a combination of both;
- maturity.

(k) The €600 million Subordinated Floating Rate Notes due 2013 were called on the first callable date on 19 December 2008.

(l) On 1 October 2007 Bank of Ireland replaced Bristol & West plc as the issuer of the 10¾% Subordinated Bonds 2018.

(m) On 7 August 2008 the Group issued Stg£450 million dated callable Step-up Fixed / Floating Rate Subordinated Notes due September 2020

36 Other liabilities

	2009 €m	2008 €m
Accrued interest payable	929	1,052
Notes in circulation	660	744
Sundry creditors	323	497
Accruals and deferred income	229	263
Current taxation	103	102
Other	805	877
Other liabilities	3,049	3,535

Other liabilities at 31 March 2009 and at 31 March 2008 are due within 1 year.

The Bank is authorised to issue bank notes in Northern Ireland under the Bankers (Ireland) Act, 1845 and the Bankers (Northern Ireland) Act, 1928.

37 Provisions

	2009 €m	2008 €m
At 1 April	47	87
Exchange adjustments	(3)	(7)
Additional provisions charged to income statement	75	9
Utilised during the year	(27)	(33)
Unused amounts reversed during the year	(5)	(9)
At 31 March	87	47

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.

The principal assumptions underlying the provision calculation relate to the timing and cost of executing the initiatives and particularly the number, mix, timing and net cost of associated staff reductions.

The provisions are expected to be settled or recovered within 2 years of 31 March 2009.

38 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 (note 15)	(116)	(84)
Available for sale financial assets – transferred to reserves (note 44)	(162)	(54)
Cash flow hedges – transferred to reserves (note 44)	(104)	(68)
Revaluation / reclassification of property during year (note 44)	(17)	(8)
Pension	(83)	(36)
Other movements	(14)	(17)
At 31 March	(510)	(14)
Deferred tax assets and liabilities are attributable to the following items:		
Deferred tax liabilities		
Accelerated capital allowances:		
- on finance leases	40	59
- on equipment used by the Group	20	29
Property revaluation surplus	27	42
Life companies	-	68
Other temporary differences	10	10
Deferred tax liabilities	97	208
Deferred tax assets		
Pensions and other post retirement benefits	211	118
Provision for loan impairment	12	11
Other provisions	6	6
Cash flow hedge reserve	116	12
Available for sale reserve	219	57
Life companies	23	-
Other temporary differences	20	18
Deferred tax assets	607	222
Represented on the balance sheet as follows:		
Deferred tax assets	(560)	(145)
Deferred tax liabilities	50	131
	(510)	(14)

In presenting the deferred tax balances above, under IAS 12, the Group has chosen to offset deferred tax assets and liabilities where:

- an entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax liabilities have not been recognised for tax that may be payable if earnings of certain overseas subsidiaries were remitted to Ireland, as the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Unremitted earnings for overseas subsidiaries at 31 March 2009 totalled €1,455 million (31 March 2008: €1,840 million).

Deferred tax assets have not been recognised in respect of tax losses, tax credits and temporary differences in the amount of €4 million because it is not probable that the future taxable profit will be available against which the Group can utilise the benefits. These losses do not expire under current tax legislation.

38 Deferred tax (continued)

The deferred tax credit in the income statement comprises the following temporary differences:

	2009 €m	2008 €m
Accelerated tax depreciation	(37)	(8)
Pensions and other retirement benefits	(9)	14
Other provisions	(2)	2
Property disposals	-	(13)
Life companies	(92)	(81)
Other temporary differences	(2)	2
Prior year adjustment	26	-
Total deferred tax	(116)	(84)

39 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 and 31 March 2008.

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

39 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

39 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		
31 March 2009	**RoI %**	**UK %**	**Market Value €m**	RoI %	UK %	Market Value €m
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 mainly 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).

The following table sets out the components of the cost of the defined benefit schemes for the years ended 31 March 2009 and 31 March 2008.

Components of pension expenses	**2009 €m**	2008 €m
Current service cost	150	169
Past service cost	8	6
Expected return on retirement benefit scheme assets	(262)	(296)
Interest cost on pension scheme liabilities	277	251
Cost of providing defined retirement benefits (note 10)	173	130

Actual return on scheme assets	**2009 €m**	2008 €m
Expected return on scheme assets	262	296
Actuarial loss on scheme assets	(1,176)	(823)
Actual return on scheme assets	(914)	(527)

39 Retirement benefit obligations (continued)

Movement in defined benefit obligations during the year	2009 €m	2008 €m
Defined benefit obligation at 1 April	4,762	5,092
Current service cost	150	169
Actual member contributions	16	16
Past service cost	8	6
Interest cost on pension scheme liabilities	277	251
Actuarial gain on scheme liabilities	(470)	(486)
Benefits paid	(137)	(130)
Currency gain	(125)	(156)
Defined benefit obligation at 31 March	4,481	4,762

Movement in the fair value of scheme assets during the year	2009 €m	2008 €m
Fair value of scheme assets at 1 April	3,967	4,505
Expected return	262	296
Actual member contributions	16	16
Actuarial loss on scheme assets	(1,176)	(823)
Contributions by employer	114	166
Benefits paid	(137)	(130)
Currency loss	(43)	(63)
Fair value of scheme assets at 31 March	3,003	3,967

Analysis of the amount recognised in the Statement of Recognised Income and Expense (SORIE)	2009 €m	2008 €m
Actuarial loss on scheme assets	(1,176)	(823)
Experience gain / (loss) on scheme liabilities	63	(58)
Gain on change of assumptions (financial and demographic)	407	544
Currency gain	82	93
Total loss recognised in the SORIE during the year before adjustment of tax	(624)	(244)
Cumulative amount of losses recognised in SORIE to 31 March	(986)	(362)

History of experience gains and losses	2009 €m	2008 €m	2007 €m	2006 €m	2005 €
Actuarial (loss) / gain on scheme assets:					
Amount	(1,176)	(823)	144	401	114
Percentage of scheme assets	(39.2%)	(20.7%)	3.2%	9.9%	3.3%
Experience gain / (loss) on scheme liabilities:					
Amount	63	(58)	(126)	(46)	4.3
Percentage of scheme liabilities	1.4%	(1.2%)	(2.5%)	(0.9%)	1.0%
Total actuarial (loss) / gain recognised in SORIE:					
Amount	(624)	(244)	213	131	(462)
Percentage of scheme liabilities	(13.9%)	(5.1%)	4.2%	2.7%	(10.6%)

39 Retirement benefit obligations (continued)

Defined benefit pensions	2009 €m	2008 €m	2007 €m	2006 €m	2005 €m
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 deficit at 31 March 2009 includes a deficit of €1,311 million (31 March 2008: €696 million) relating to the defined benefit schemes in the Bank.

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.

Additional information For year ending:	**31 March 2010 €m**	**31 March 2009 €m**	**31 March 2008 €m**
Expected employer contributions	110	114	111
Expected employee contribution	16	17	14

Sensitivity analysis for each of the assumptions used to measure the scheme liabilities at 31 March 2009

Factor	Change in assumption	BSPF Impact on actuarial liabilities
Discount rate	Decrease 0.1%	Increase 1.9%
Rate of inflation	Increase 0.1%	Increase 1.9%
Rate of salary growth	Increase 0.1%	Increase 0.7%
Life expectancy	Increase by 1 year	Increase 2.1%

While the table above shows the impact of an individual assumption change, a change in one assumption could impact on other assumptions due to the relationship between assumptions.

40 Contingent liabilities and commitments

The table 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
	2,568	2,915
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
	26,919	36,881

41 Capital stock

	2009	2008
Authorised		
€	**€m**	€m
2,000 (2008: 1,500) million units of €0.64 of ordinary stock	1,280	960
100 million units of non-cumulative preference stock of €1.27 each	127	127
100 million units of undesignated preference stock of €0.25 each	25	25
3.5 billion units of non-cumulative preference stock (2009 preference stock) of €0.01 each	35	-
Stg£	**£m**	£m
100 million units of non-cumulative preference stock of Stg£1 each	100	100
100 million units of undesignated preference stock of Stg£0.25 each	25	25
US$	**$m**	$m
8 million units of non-cumulative preference stock of US$25 each	200	200
100 million units of undesignated preference stock of US$0.25 each	25	25

Allotted and fully paid	**2009 €m**	2008 €m
994.1 (2008: 980.5) million units of €0.64 of ordinary stock	636	628
32.1 (2008: 45.7) 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	-
	699	664

Ordinary stock

The weighted average ordinary stock in issue at 31 March 2009, used in the earnings per share calculation, excludes the treasury stock which does not represent ordinary stock in issue. Treasury stock does not rank for dividend. While own stock held for the benefit of life assurance policyholders legally rank for dividend, this dividend does not accrue in the Group financial statements.

	Ordinary		**Treasury**	
Movements in ordinary and treasury stock (units)	**2009**	2008	**2009**	2008
At 1 April	980,482,472	955,356,605	45,734,778	70,192,621
Stock option schemes	-	378,386	-	(52,000)
Sharesave scheme	8,429	3,035,654	-	(2,708,545)
Long term incentive plan (LTIP)	-	247,373	-	(232,844)
Employee stock issue scheme	4,157,268	2,599,085	(4,157,268)	(2,599,085)
Stock alternative scheme	-	11,379,394	-	(11,379,394)
Stock sold / purchased and held for the benefit of life assurance policyholders	9,458,833	7,485,975	(9,458,833)	(7,485,975)
At 31 March	994,107,002	980,482,472	32,118,677	45,734,778

41 Capital stock (continued)

At an Extraordinary General Court of the Bank of Ireland held on 27 March 2009, the authorised ordinary stock was increased from 1,500 million units to 2,000 million units at a par value of €0.64 per unit to facilitate the issue of the warrants as part of the National Pensions Reserve Fund Commission (NPRFC) investment as described below.

During the year ended 31 March 2009 the total ordinary stock in issue increased from 980,482,472 units of nominal value of €0.64 each to 994,107,002 units of nominal value of €0.64 each as a result of:

- 8,429 units of ordinary stock were issued to Sharesave option holders on the exercise of their options under the terms of the SAYE Scheme at prices of €7.43, €7.84, €8.37 and €13.09, by the issue of new ordinary stock.

- 4,157,268 units of ordinary stock were issued to employees under the Employee Stock Issue Scheme at prices of €4.51 and €5.23 per unit, by the reissue of units of treasury stock.

- 19,563,276 units of ordinary stock held by the Group's life assurance company as at 31 March 2008 were categorised as 'own shares'. 9,458,833 units of ordinary stock were disposed of by the life assurance company during the year ended 31 March 2009. At 31 March 2009 the Group's life assurance company held 10,104,443 units of ordinary stock as 'own shares'.

All units of ordinary stock in issue carry the same voting rights. All issued stock is fully paid.

Preference Stock – Stg£1 each and €1.27 each

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

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

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

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

As at 31 March 2009 and 31 March 2008, 1,876,090 units of Sterling preference stock and 3,026,598 units of euro preference stock were in issue.

2009 Preference Stock

Conditions in global financial markets, which had been difficult for some time, deteriorated markedly in September 2008, following the collapse of Lehman Brothers. This resulted in the collapse, nationalisation or consolidation of a range of long established financial institutions across the world.

Arising from this, risk aversion increased and the availability of funding on the wholesale markets decreased significantly, resulting in severe liquidity constraints for banks globally. This prompted widespread interventions by governments and monetary authorities which have provided a range of guarantees, liquidity and capital support to financial institutions with the objective of limiting the impact of the financial crisis on the global economy. As a result of such intervention the market expectations for capital ratios increased.

It was against the backdrop of both higher market expectations for capital ratios and the Bank's revised estimates for loan impairment charges that the Government announced on 11 February 2009 its decision to invest in the Bank of Ireland. This was achieved by the issue of and subscription by the NPRFC for 3.5 billion units of 2009 preference stock and by the issue of warrants to the NPRFC on 31 March 2009.

41 Capital stock (continued)

Application of the €3.5 billion proceeds of 2009 preference stock and warrants

	€m
Capital Stock	35
Stock Premium (note 42)	3,317
Other equity reserves:	
Core tranche warrants	50
Secondary tranche warrants	60
Transaction expenses	38
	3,500

Of the €38 million in transaction expenses €30 million was paid to the NPRFC.

Principal rights

The 2009 preference stock is perpetual.

The 2009 preference stock entitles the NPRFC to receive a non-cumulative cash dividend at a fixed rate of 8 per cent of the issue price per annum, payable annually in arrears on 20 February at the discretion of the Bank. If a cash dividend is not paid by the Bank, the Bank shall issue units of ordinary stock to the NPRFC.

The number of units of ordinary stock that the Bank would be required to issue in the event of non-payment of a cash dividend will be calculated by dividing the amount of the unpaid dividend by the Thirty Day Average Price[1]. These units will be settled on a day determined by the Bank, in its sole discretion, provided that this must occur no later than the day on which the Bank subsequently redeems or repurchases or pays a dividend on the 2009 preference stock or any class of capital stock.

If the dividend on the 2009 preference stock is not paid in any particular year, the Bank is precluded from paying any dividend on ordinary stock until the Bank resumes the payment of dividends on the 2009 preference stock in cash. The Bank will also be precluded from paying any dividend on ordinary stock where the payment of such dividend would reduce the distributable reserves of the Bank to such an extent that the Bank would be unable to pay the next dividend due for payment on the 2009 preference stock.

The repayment of the capital paid up (inclusive of premium) on the 2009 prefrence stock ranks pari passu with the repayment of the paid up nominal value (excluding premium) of the ordinary stock on a winding up or other return of capital of the Bank.

The 2009 preference stock ranks ahead of ordinary stock as regards dividends and the repayment of premium on the ordinary stock on a winding up or other return of capital of the Bank. It ranks pari passu as regards dividends with other stock or securities which constitute core tier 1 capital of the Bank (other than ordinary stock and other than dividends to Minority Interests).

The 2009 preference stock is transferable in minimum lots of 50,000 units. If transferred to a person who is not a Government Entity[1], it will cease to carry any voting rights or the right to appoint Directors to the Court referred to below.

The 2009 preference stock may be repurchased at the option of the Bank, in whole or in part, at a price per unit equal to the issue price of €1.00 per unit within the first five years from the date of issue and thereafter at a price per unit of €1.25, provided in either case that the consent of the Financial Regulator to the repurchase of the 2009 preference stock is obtained. The 2009 preference stock is not capable of being repurchased if it would breach or cause a breach of Irish banking capital adequacy requirements from time to time applicable to the Bank. It may be repurchased from profits available for distribution or from the proceeds of any issue of stock or securities that constitute core tier 1 capital. Unless repurchased prior to 31 December 2009, any repurchase or redemption of the 2009 preference stock will have no impact on the Warrants (see “The Warrants” below).

[1] *Defined in Capital Stock and Government Guarantee - Defined Terms, section of Other Information, page 233.*

41 Capital stock (continued)

While the 2009 preference stock is held by a Government Entity, the Minister for Finance[1] will have the right to directly appoint 25 per cent of the Directors of the Bank (such 25 per cent to include any Directors nominated by the Minister for Finance pursuant to the Government Guarantee Scheme[1]).

If the ordinary stock to be issued in the event of non-payment of cash dividends on the 2009 preference stock is not settled on the dividend payment date to which it relates, the NPRFC is entitled to exercise the voting rights of that as yet unissued ordinary stock from the dividend payment date (although such voting rights will have no effect on the Bank's unfettered discretion in respect of (i) the payment of dividends on the 2009 preference stock or any other securities of the Bank ranking pari passu with, or junior to, the 2009 preference stock, or the issuance of ordinary stock in the event of non-payment of cash dividends on the 2009 preference stock; or (ii) the redemption or repurchase of the 2009 preference stock or any other securities of the Bank ranking pari passu with, or junior to, the 2009 preference stock).

The 2009 preference stock carries voting rights equivalent to 25 per cent of the total voting rights on any resolution proposed at a General Court of the Bank in relation to the appointment or removal of a Director of the Bank (inclusive of any voting rights that the NPRFC or any Government Entity may have through any holding of ordinary stock obtained through or in relation to the investment by the NPRFC and any voting rights obtained through the as yet unissued ordinary stock (as defined above)).

The 2009 preference stock carry voting rights equivalent to 25 per cent of the total voting rights in relation to any Control Resolution[1] (exclusive of any voting rights that the NPRFC or any Government Entity may have through any holding of ordinary stock obtained through or in relation to the Investment by the NPRFC).

While the NPRFC or a Government Entity holds the 2009 preference stock or (if later) until the Warrants are exercised, the implementation of any existing, or the adoption of any proposed, Capital Stock Resolution[1] shall be subject to the prior written consent of the Minister for Finance.

In connection with the investment by the NPRFC the Bank has agreed to implement a Banks Customer Package, including:
(a) Increasing Credit Capacity to SME and first-time buyers.
(b) Establishing an Environmental and Clean Energy and Innovation Fund.
(c) Complying with new Codes of Practice in relation to lending to SME and Mortgage Arrears.
(d) Engaging with the Financial Regulator in relation to improving customer communications and financial education.
(e) Participating in an independent review of credit availability.
(f) Working with the IDA, Enterprise Ireland and with State agencies to ensure the supply of appropriate finance to contractors engaged on major projects sponsored by those agencies.
(g) Proving additional funds for venture capital.
(h) Ensuring prompt payment arrangements in future customer contracts.

For further information refer to www.finance.gov.ie

The Warrants

The Bank also entered into a Warrant Instrument on 31 March 2009 pursuant to which the Bank issued 334,737,148 Warrants to the NPRFC. Under the terms of the Warrants, the NPRFC are entitled to subscribe for units of ordinary stock on the basis of one unit of ordinary stock for each individual Warrant.

The Warrants, if exercised in full, will entitle the NPRFC to acquire 334,737,148 units of ordinary stock, equivalent to 25 per cent of the existing stock, as enlarged by the ordinary stock issuable on exercise of the Warrants.

The NPRFC shall be entitled to exercise no more than 50 per cent of the voting rights attaching to any units of ordinary stock which are issued as a result of the exercise of the Warrants.

The Warrants will be exercisable on the earlier of (i) at any time between the fifth and tenth anniversary of the date of issue of the new preference stock (31 March 2009); and (ii) any offer (within the meaning of the Takeover Panel Act 1997) for the Bank or other change of Control event in respect of the Bank.

[1] *Defined in Capital Stock and Government Guarantee - Defined Terms, section of Other Information, page 233.*

41 Capital stock (continued)

The exercise price per unit of ordinary stock issued pursuant to the Warrants will be €0.52 for 177,213,784 units of ordinary stock (“the core tranche warrants”) and €0.20 for 157,523,364 units of ordinary stock (“the secondary tranche warrants”). Any difference between the exercise price and the nominal value of the ordinary stock (being €0.64) shall be paid up from the Bank’s undistributable reserves (including the Stock Premium Account) or (subject to there being no contravention of the rights of other stockholders) from the Bank’s distributable reserves.

If the units of ordinary stock issued on exercise of the Warrants are transferred to any third party (other than a Government Entity), full voting rights will attach to those units.

If the Bank raises new core tier 1 capital (other than from a Government Entity) of up to €1.5 billion on or before 31 December 2009 and uses the proceeds of this capital raised to redeem up to €1.5 billion of the 2009 preference stock, the number of secondary tranche Warrants held by the NPRFC will be reduced pro rata.

Other than in the event of the Bank raising new core tier 1 capital (other than from a Government Entity) on or before 31 December 2009, the proceeds of which are used to repurchase units of new preference stock, the Warrants shall remain unaffected by any repurchase of the 2009 preference stock.

The number of units of ordinary stock which may be acquired pursuant to the exercise of the Warrants are subject to anti-dilution protection in line with market norms for warrants. Accordingly, the Warrants will be proportionately adjusted for any increase or decrease in the number of outstanding units of ordinary stock in issue resulting from a subdivision or consolidation of units of ordinary stock. The Warrants will also be proportionally adjusted for any capital distributions by the Bank and for certain bonus issues or rights issues by the Bank.

The Warrants shall not be transferable, other than to a Government Entity.

The exercise of the Warrants will result in the dilution of existing ordinary stockholders’ proportionate ownership and voting interests in the Bank.

Use of ordinary stock in employee schemes

(a) Employee Stock Issue Scheme

At the 2006 Annual General Court the stockholders approved the establishment of a new Employee Stock Issue Scheme to replace the scheme originally approved by the stockholders in 1997. Under this scheme, which has an Irish and a UK version in order to conform with the relevant revenue legislation in both jurisdictions, all employees in Ireland and the UK are eligible to participate provided that they have been employed by the Group in one of the schemes’ participating companies for the previous financial year and are still employed by the Group on the date the annual results are announced. Each year the Court may set aside an element of Group profit before taxation for allocation to the trustees of the scheme to enable them to acquire units of ordinary stock on behalf of the scheme participants.

Currently the amount set aside is related to overall Group performance. The maximum award permitted under the scheme is 6% of a participant’s salary. To date, annual distributions under the schemes have ranged between nil and 6% of each participants salary.

In addition, if an employee elects for the free stock award, they become eligible to purchase additional stock at market price from gross salary subject to Revenue Commissioners and HM Revenue & Customs rules respectively.

(b) Sharesave Scheme (SAYE Scheme)

At the 1999 Annual General Court the stockholders approved the establishment of an SAYE Scheme. Under this scheme, which has an Irish and UK version in order to conform with the relevant revenue legislation in both jurisdictions, all employees in Ireland and the UK are eligible to participate provided that they are employed by the Group on the invitation to participate date and they are still in the employ of the Group on the date that the options are granted. The table below shows the option price for each year, and what discount this represented of the market price at that time.

41 Capital stock (continued)

Grant Dates		SAYE 2007	SAYE 2006	SAYE 2003
Option Price	RoI	€6.96	€12.28	€7.84
	UK	€7.43	€13.09	€8.37
Discount ROI	RoI	25%	25%	25%
	UK	20%	20%	20%

The difference between Irish and UK option prices reflects the maximum discounts permitted under Revenue Commissioners and HM Revenue & Customs rules respectively.

As at 31st March 2009, there are outstanding options under the scheme over 5,031,735 units of ordinary stock of the issued ordinary capital. These options are ordinarily exercisable, provided the participant's savings contracts are complete between February 2009 and August 2011.

2009	RoI			UK			
	2003 5yr	2006 3yr	2007 3yr	2003 5yr	2006 3yr	2007 3yr	Total
Outstanding at beginning of period	2,030,540	2,032,877	3,950,984	343,844	436,755	801,947	9,596,947
Granted	-	-	-	-	-	-	-
Exercised *	(2,682)	-	-	(5,625)	(68)	(54)	(8,429)
Lapsed	(384,756)	(1,397,820)	(1,989,510)	(55,032)	(282,388)	(447,277)	(4,556,783)
Outstanding at end of period	1,643,102	635,057	1,961,474	283,187	154,299	354,616	5,031,735
Weighted average exercise price	€7.84	€12.28	€6.96	€8.37	€13.09	€7.43	€8.22

* The weighted average market price on the date the options were exercised was €8.16 (2008 €15.75).

41 Capital stock (continued)

(c) Stock Option Scheme

Options to subscribe for units of ordinary stock are granted under the terms of the Stock Option Scheme. The scheme was approved by the stockholders at the Annual General Court in 1996 - the "Bank of Ireland Group Stock Option Scheme – 1996", and its successor scheme, the "Bank of Ireland Group Executive Stock Option Scheme - 2004" which was approved by stockholders at the Annual General Court held in 2004. Key executives may participate in the current scheme at the discretion of the Remuneration Committee. Under the current scheme, the total value of options granted may not exceed 100% of an executive's salary. The subscription price per unit of stock shall not be less than the market value of the stock at the date of grant.

The exercise of options granted between 2004 and 2007 is conditional upon underlying earnings per share achieving a cumulative growth of at least 5% per annum compound above the increase in the Consumer Price Index over the three year performance period, commencing with the period in which the options are granted. If this performance condition is not achieved, the options lapse. For options granted in 2008, 25% will become capable of exercise if the Group's underlying earnings per share growth is 3% per annum compounded, commencing with the period in which the options are granted. The performance conditions for options granted in 1996 up to and including 2005 have been satisfied. Options may not be transferred or assigned and may be exercised only between the third and tenth anniversaries of their grant.

	March 2009		March 2008	
	Number of options	**Weighted average exercise price (€)**	Number of options	Weighted average exercise price (€)
Outstanding at beginning of period	7,575,585	12.26	7,016,309	11.55
Granted during period	2,642,600	7.01	1,151,782	15.20
Exercised during period	-	-	(378,386)	7.88
Expired during period	(850,218)	11.48	(214,120)	11.63
Outstanding at end of period	9,367,967	10.85	7,575,585	12.26
Exercisable at end of period	4,714,080	10.94	3,980,149	10.58

No options were exercised in the year to 31 March 2009. (The weighted average market price on the date the options were exercised for the year to 31 March 2008 was €13.64).

Exercise Price Range (€)	**Number of options**
1.22 - 9.75	3,045,782
10.54 - 10.77	2,266,999
11.05 - 13.68	1,918,431
14.00 - 17.16	2,136,755
Total	9,367,967

Outstanding options under the Stock Option Scheme are exercisable at the price ranges set out above. The weighted average remaining contractual life of the outstanding options under the Stock Option Scheme is 2 years.

(d) Long Term Incentive Plan

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

Each year selected senior executives participating in the plan receive a conditional award of a number of units of ordinary stock. The maximum award, for Executive Directors and Group Executive Committee members, cannot exceed 100% (150% for the Group CEO) of their annual salary at the time of the award.

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

41 Capital stock (continued)

The Bank's total shareholder return performance relative to the Comparator Companies	% of units of stock subject to an award which may be issued or transferred
Equal to or better than the company ranked second	100%
Between the company ranked median and the company ranked second	Greater than 35% and less than 100% (Pro rata based on the Bank's performance relative to the Comparator Companies)
Equal to the median	35%
Below median	nil

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

Under the LTPSP, a minimum of 80% of the vested stock must be retained for two years from maturity of award. After the two year retention period, an additional award of 20% is made. If the award is retained for an additional five years, a further award of 30% is made.

	March 2009		March 2008	
	Number of conditional units	**Weighted average grant price (€)**	Number of conditional units	Weighted average grant price (€)
Outstanding at beginning of period	1,989,005	13.96	2,104,333	12.73
Granted during period	1,616,200	6.57	602,226	14.87
Vested during period	-	-	(247,373)	10.88
Expired during period	(1,117,043)	12.40	(470,181)	11.22
Outstanding at end of period	2,488,162	9.86	1,989,005	13.96

Outstanding conditional units of stock under the LTIP were awarded at prices ranging between €1.215 to €17.16.

The weighted average remaining contractual life of the outstanding options under the LTIP Scheme is 2 years (the potential matching awards of 30% on the previous LTPSP schemes are excluded from this calculation).

41 Capital stock (continued)

(e) Options Pricing Model

The binomial lattice option valuation model is used to estimate the value of the options granted. The following table details the assumptions used and the resulting fair values provided by the options pricing model. The volatility assumption has been set with reference to the average volatility (based on monthly price changes) measured over a five year period to the date of grant, and our adopted approach is to round this assumption to the nearest 5%, as it represents a subjective long term view of the stability of the business and therefore should not deviate constantly to reflect market fluctuations.

	Stock Option Scheme		LTIP	
	2009	2008	**2009**	2008
Volatility	20%	20%	20%	20%
Dividend yield	5.7%	3.4%	5.7%	3.4%
Risk free rate	4.4%	4.6%	N/A	N/A
Implied term	10 years	9.4 years	3 years	3 years
Fair value	€0.89	€3.06	€2.76	€6.00
Exercise price	€7.01	€15.45	nil	nil
No. of options (000's)	2,642.6	1,151.8	1,616.2	580.4
Vesting period	3 years	3 years	3 years	3 years

	SAYE (RoI)		SAYE (UK)	
	3 Year 2007	3 Year 2006	**3 Year 2007**	3 Year 2006
Volatility	20%	20%	20%	20%
Dividend yield	4.2%	3.3%	4.2%	3.3%
Risk free rate	4.1%	3.8%	4.1%	3.8%
Implied term	3 years	3 years	3 years	3 years
Fair value	€2.94	€5.10	€2.62	€4.55
Exercise price	€6.96	€12.28	€7.43	€13.09
No. of options (000's)	3,967.8	2,311.0	811.3	513.6
Vesting period	3 years	3 years	3 years	3 years

	SAYE (RoI)	SAYE (UK)
	5 Year 2003	**5 Year 2003**
Volatility	30%	30%
Dividend yield	3.3%	3.3%
Risk free rate	3.6%	3.6%
Implied term	5 years	5 years
Fair value	€3.54	€3.31
Exercise price	€7.84	€8.37
No. of options (000's)	2,209.2	450.9
Vesting period	5 years	5 years

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

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

42 Stock premium account

	2009 €m	2008 €m
At 1 April	775	771
Premium on issue of stock	-	4
Premium on issue of 2009 preference stock (note 41).	3,317	-
At 31 March	4,092	775

For further information on the issue of the 2009 preference stock see note 41.

43 Retained earnings

	2009 €m	2008 €m
At 1 April	5,670	4,672
Profit for period attributable to stockholders	69	1,699
Equity dividends (note 49)	(387)	(611)
Dividends on other equity interests	(10)	(14)
Transfer to / from capital reserves (note 44)	39	(101)
Profit retained	(289)	973
Reissue of treasury stock	(83)	189
Transfer from revaluation reserve (note 44)	4	41
Transfer from share based payments reserve (note 44)	3	4
Pension fund obligations (note 39)	(544)	(209)
At 31 March	4,761	5,670

44 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 reserve	224	114
Closing balance	(2,610)	(400)

Other reserves are analysed as follows:

	2009 €m	2008 €m
Capital reserve		
At 1 April	530	429
Transfer (to) / from retained earnings (note 43)	(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.

	2009 €m	2008 €m
Share based payments reserve		
At 1 April	33	24
Charge to the income statement (note 10)	3	13
Transfer to retained earnings (note 43)	(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.

	2009 €m	2008 €m
Revaluation reserve		
At 1 April	182	252
Transfer to retained earnings on sale of property (note 43)	(4)	(41)
Revaluation of property	(113)	(37)
Deferred tax on revaluation of property (note 38)	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.

44 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 (note 38)	162	54
Transfer to income statement on asset disposal	(5)	(34)
At 31 March	(1,532)	(419)

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

	2009 €m	2008 €m
Cash flow hedge reserve		
At 1 April	(52)	195
Net changes in fair value	121	128
Transferred to income statement		
- Net interest income (note 2)	(93)	(185)
- Net trading expense (foreign exchange)	(672)	(258)
Deferred tax on reserve movements (note 38)	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 instructions. This will be transferred to the income statement when the hedged transactions impact the Groups 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 (note 42)	-	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 NPRFC (see note 41).

45 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

46 Liquidity risk

The tables below analyse the financial assets and financial liabilities (excluding those arising from insurance and investment contracts in BoI Life) of the Group and the Bank into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The Group does not manage liquidity risk on the basis of contractual maturity. Instead, the Group manages liquidity risk based on expected cash flows. The Group's approach to liquidity risk management is outlined in the Risk Management section on pages 52 to 57.

As at 31 March 2009

Maturities of financial assets and liabilities	**Demand €m**	**Up to 3 months €m**	**3-12 months €m**	**1-5 years €m**	**Over 5 years €m**	**Equity Shares €m**	**Total €m**
Assets							
Cash and balances at central banks	3,224	-	-	-	-	-	3,224
Trading securities	-	12	27	70	16	-	125
Derivative financial instruments	922	688	857	2,860	3,070	-	8,397
Other financial assets at fair value through profit or loss	696	169	204	606	1,532	4,397	7,604
Loans and advances to banks	4,100	2,990	770	23	3	-	7,886
Available for sale financial assets	-	1,930	3,555	18,480	2,831	62	26,858
Loans and advances to customers (pre provisions)	3,799	8,070	14,126	40,876	68,650	-	135,521
Total	12,741	13,859	19,539	62,915	76,102	4,459	189,615
Liabilities							
Deposits from banks	755	25,478	1,560	716	305	-	28,814
Customer accounts	32,823	36,004	11,039	2,904	349	-	83,119
Derivative financial instruments	941	361	541	3,092	2,619	-	7,554
Debt securities in issue	15	15,909	8,214	13,968	7,027	-	45,133
Subordinated liabilities	-	-	747	-	7,195	-	7,942
Total	34,534	77,752	22,101	20,680	17,495	-	172,562

As at 31 March 2008

Maturities of financial assets and liabilities	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Equity Shares €m	Total €m
Assets							
Cash and balances at central banks	484	-	-	-	-	-	484
Central Government and other eligible bills	10	-	-	-	-	-	10
Trading securities	-	-	16	94	9	-	119
Derivative financial instruments	1,093	819	555	1,078	1,023	-	4,568
Other financial assets at fair value through profit or loss	-	402	289	719	1,147	8,352	10,909
Loans and advances to banks	4,861	4,432	37	34	45	-	9,409
Available for sale financial assets	-	5,061	3,808	16,025	4,370	43	29,307
Loans and advances to customers (pre provisions)	3,963	7,880	11,553	40,981	71,957	-	136,334
Total	10,411	18,594	16,258	58,931	78,551	8,395	191,140
Liabilities							
Deposits from banks	1,738	10,594	796	915	87	-	14,130
Customer accounts	51,055	28,599	3,382	2,686	512	-	86,234
Derivative financial instruments	1,058	830	310	1,034	1,090	-	4,322
Debt securities in issue	232	22,213	13,096	12,068	13,233	-	60,842
Subordinated liabilities	-	-	-	767	7,041	-	7,808
Total	54,083	62,236	17,584	17,470	21,963	-	173,336

46 Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities (Excluding those arising from insurance and investment contracts in BoI Life) at 31 March 2009 and 31 March 2008 based on contractual undiscounted repayment obligations. Unit linked investment liabilities and unit linked insurance liabilities with a carrying value of €4,084 million and €5,634 million respectively (31 March 2008: €5,662 million and €7,140 million respectively) are excluded from this analysis as their repayment is linked directly to the financial assets backing these contracts. The Group does not manage liquidity risk on the basis of contractual maturity. Instead the Group manages liquidity risk based on expected cash flows. The balances will not agree directly to consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal and interest payments.

As at 31 March 2009

	Demand €m	**Up to 3 months €m**	**3-12 months €m**	**1-5 years €m**	**Over 5 years €m**	**Total €m**
Deposits from banks	788	25,530	1,590	760	429	29,097
Customer accounts	32,849	36,214	11,527	3,415	1,351	85,356
Debt securities in issue	-	16,170	8,709	15,387	13,589	53,855
Subordinated liabilities	-	44	1,103	1,305	8,460	10,912
Contingent liabilities	2,568	-	-	-	-	2,568
Commitments	18,138	-	-	8,781	-	26,919
Total	54,343	77,958	22,929	29,648	23,829	208,707

Derivative financial instruments	**Demand €m**	**Up to 3 months €m**	**3-12 months €m**	**1-5 years €m**	**Over 5 years €m**	**Total €m**
Gross settled derivative liabilities - outflows	-	15,886	5,885	7,084	950	29,805
Gross settled derivative liabilities - inflows	-	(15,631)	(5,481)	(6,146)	(910)	(28,168)
Gross settled derivative liabilities - net flows	-	255	404	938	40	1,637
Net settled derivative liabilities	26	508	1,766	3,242	1,154	6,696
Total	26	763	2,170	4,180	1,194	8,333

As at 31 March 2008

	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Deposits from banks	1,740	10,673	836	951	142	14,342
Customer accounts	51,112	28,868	3,579	3,044	708	87,311
Debt securities in issue	234	22,856	14,140	15,420	21,172	73,822
Subordinated liabilities	2	87	281	1,572	7,416	9,358
Contingent liabilities	2,915	-	-	-	-	2,915
Commitments	26,649	-	-	10,232	-	36,881
Total	82,652	62,484	18,836	31,219	29,438	224,629

46 Liquidity risk (continued)

31 March 2008

Derivative financial instruments	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Gross settled derivative liabilities - outflows	-	39,124	7,140	13,677	8,351	68,292
Gross settled derivative liabilities - inflows	-	(37,660)	(6,389)	(12,098)	(6,593)	(62,740)
Gross settled derivative liabilities - net flows	-	1,464	751	1,579	1,758	5,552
Net settled derivative liabilities	-	360	312	1,091	402	2,165
Total	-	1,824	1,063	2,670	2,160	7,717

47 Fair values of financial assets and liabilities

The Group’s accounting policy on valuation is set out on pages 114 to 115, while page 126 gives details on the critical accounting estimates and judgements made by management in relation to the fair value of financial instruments. The fair value of a financial instrument is defined as the amount for which an asset could be exchanged, or a liability settled, in an arms length transaction between knowledgeable willing parties.

Where possible, the Group calculates fair value using observable market prices. Where market prices are not available, fair values are determined using valuation techniques which may include discounted cash flow models or comparisons to instruments with characteristics either identical or similar to those of the instruments held by the Group.

These techniques are subjective in nature and involve assumptions which are based upon management's view of market conditions at year end which may not necessarily be indicative of any subsequent fair value. Furthermore, minor changes in the assumptions used could have a significant impact on the resulting estimated fair values, and, as a result, readers of these financial statements are advised to use caution when using this data to evaluate the Group's financial position.

The concept of fair value assumes realisation of financial instruments by way of a sale. However, in many cases, particularly in respect of loans and advances to customers, the Group intends to realise assets through collection over time. As such the fair values calculated do not represent the value of the Group as a going concern at 31 March 2009 or 31 March 2008.

Financial assets and liabilities recognised and subsequently measured at fair value

All financial instruments are initially recognised at fair value. The Group subsequently measures trading securities, other financial assets and liabilities designated at fair value through profit or loss, derivatives and available for sale financial assets at fair value in the balance sheet. These instruments are shown as “at fair value through profit or loss (FVTPL)” or “at fair value through equity” in note 48 on the measurement basis of financial assets and liabilities. A description of the methods and assumptions used to calculate fair values of these assets and liabilities is set out below.

Financial assets held for trading
These instruments are valued using observable market prices where available. Trading securities quoted in an active market are valued directly from observable market prices through a recognised pricing source or an independent broker or investment bank.

For the small number of trading securities where observable market prices are unavailable, fair value is calculated using discounted cash flow models. Using reasonably possible alternative assumptions would not change the fair value of these securities significantly.

Other financial assets at fair value through profit or loss
These consist of assets designated at fair value through profit or loss, which are predominantly held for the benefit of unit linked policyholders, with any changes in valuation accruing to the policyholders. These assets consist principally of bonds, equities and unit trusts, which are traded on listed exchanges, are actively traded and have readily available prices. The remaining assets are valued using valuation techniques which use observable market data.

47 Fair values of financial assets and liabilities (continued)

Derivative financial instruments
The Group's derivative financial instruments are valued using valuation techniques commonly used by market participants. These consist of discounted cash flow and options pricing models, which incorporate observable market data, principally interest rates, basis spreads, foreign exchange rates, equity prices and counterparty credit.

Available for sale financial assets
For available for sale financial assets for which an active market exists, fair value has been determined directly from observable market prices or yields through a recognised pricing source or an independent broker, price-provider or investment bank.

A small number of bonds have been valued using vendor prices, which are not considered to represent observable market data. Using reasonably possible alternative assumptions would not change the fair value of these bonds significantly.

Customer accounts
Customer accounts designated at fair value through profit or loss consist of deposits which contain an embedded derivative (typically an equity option). These instruments are valued using valuation techniques which use observable market data. The impact of changes in the Group's own credit spread is not significant to the fair value of these deposits.

Liabilities to customers under insurance and investment contracts
The accounting policy for these instruments is set out on pages 121 and 122. In accordance with the accounting policy, the fair value of liabilities to customers under both insurance and investment unit linked contracts is contractually linked to the fair value of the financial assets within the policyholders' unit linked funds. The value of the unit linked financial liabilities is determined using current unit prices multiplied by the number of units attributed to the contract holders at the balance sheet date. Their value is never less than the amount payable on surrender, discounted for the required notice period where applicable.

Debt securities in issue and subordinated liabilities
These instruments consist of structured debt securities, the fair value of which incorporates the effect of changes in the Group's own credit spread. They are valued using observable market data, with the exception of the Group's credit spread, which is derived from quotations obtained from investment banks or from the Group's CDS spread.

Using reasonably possible alternative assumptions to value these liabilities would decrease their fair value by up to €58 million or increase their fair value by up to €11 million, with a corresponding impact on the income statement.

Fair value hierarchy
As set out in the note on the impact of new accounting standards on pages 124 and 125, amendments to IFRS7 which will be effective for annual period beginning on or after 1 January 2009 will introduce a three-level hierarchy for fair value measurement disclosures, for all financial assets and liabilities. While the Group has chosen not yet to adopt those amendments to IFRS7, the table below shows, for the Group's financial assets and liabilities that are recognised and subsequently measured at fair value only, their classification within that three-level hierarchy.

Business Review

Governance

Financial Statements

General Information

47 Fair values of financial assets and liabilities (continued)

Fair value hierarchy	Quoted market prices (Level 1) €m	Valuation techniques using observable market data (Level 2) €m	Valuation techniques using non-observable market data (Level 3) €m	Total €m
Financial assets held at fair value				
Trading securities	97	21	7	125
Derivative financial instruments	-	8,397	-	8,397
Other financial assets at FVTPL	7,093	511	-	7,604
AFS financial assets	23,418	3,282	158	26,858
Financial liabilities held at fair value				
Deposits from banks	-	92	-	92
Customer accounts	-	2,006	-	2,006
Derivative financial instruments	-	7,554	-	7,554
Liabilities to customers under investment contracts	-	4,084	-	4,084
Insurance contract liabilities	-	5,634	-	5,634
Debt securities in issue	-	-	566	566
Subordinated liabilities	-	-	229	229

Financial assets and liabilities not subsequently measured at fair value

For financial assets and liabilities which are not subsequently measured at fair value on the balance sheet, the Group discloses their fair value in a way that permits them to be compared to their carrying amounts. The methods and assumptions used to calculate the fair values of these assets and liabilities are set out below.

Loans and advances to banks
The fair value of floating rate placements and overnight placings is their carrying amount. The estimated fair value of fixed interest bearing placements is based on discounted cash flows using prevailing money market interest rates for assets with similar credit risk and remaining maturity.

Loans and advances to customers
Loans and advances are carried net of provisions for impairment. The fair value of both fixed and variable rate loans and advances to customers is calculated using a valuation technique which involves the discounting of estimated future cash flows at current market rates, incorporating the impact of current credit spreads and margins. The fair value reflects both loan impairments at the balance sheet date and estimates of market participants' expectations of credit losses over the life of the loans.

Deposits from banks and customer accounts
The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits and other borrowings without quoted market prices is based on discounted cash flows using interest rates for new deposits with similar remaining maturity.

Debt securities in issue and subordinated liabilities
The fair values of these instruments are calculated based on quoted market prices where available. For those notes where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate to the Group for the remaining term to maturity. The yield curve used incorporates the effect of changes in the Group's own credit spread.

47 Fair values of financial assets and liabilities (continued)

The carrying amount and the fair value of the Group's financial assets and liabilities as at 31 March 2009 and 31 March 2008 are set out in the table below.

	2009		2008	
	Carrying amount €m	**Fair values €m**	Carrying amount €m	Fair values €m
Financial instruments held for trading				
Debt securities [1]	125	125	119	119
Derivative financial instruments - trading				
Foreign exchange contracts [1]	184	184	114	114
Interest rate contracts [1]	149	149	(394)	(394)
Equity and commodity contracts [1]	(50)	(50)	187	187
Non-trading financial instruments				
Assets				
Cash and balances at central banks [1]	3,224	3,224	484	484
Items in course of collection from other banks [1]	515	515	683	683
Central Government and other eligible bills [1]	-	-	10	10
Loans and advances to banks	7,886	7,879	9,409	9,409
Loans and advances to customers	133,740	128,938	135,738	134,902
Available for sale financial assets [1]	26,858	26,858	29,307	29,307
Other financial assets at fair value through profit or loss [1]	7,604	7,604	10,909	10,909
Liabilities				
Deposits from banks	28,814	28,742	14,130	14,118
Customer accounts	83,119	83,001	86,234	86,259
Items in the course of transmission to other banks [1]	238	238	254	254
Debt securities in issue	45,133	44,375	60,842	60,030
Liabilities to customers under investment contracts [1]	4,084	4,084	5,662	5,662
Insurance contract liabilities [1]	5,634	5,634	7,140	7,140
Subordinated liabilities	7,942	4,089	7,808	6,655
Derivative financial instruments - hedging				
Interest rate contracts and foreign exchange contracts [1]	560	560	339	339

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

48 Measurement basis of financial assets and liabilities

The table below analyses the carrying amounts of the financial assets and liabilities by accounting treatment and by balance sheet heading.

	At fair value through profit or loss			At fair value through equity				
31 March 2009	Derivatives designated as fair value hedging instruments €m	Held for trading €m	Designated upon initial recognition €m	Available for sale €m	Cash flow hedge derivatives €m	Loans and advances / Held at amortised cost €m	Insurance contracts €m	Total €m
Financial assets								
Cash and balances at central banks	-	-	-	-	-	3,224	-	3,224
Items in the course of collection from other banks	-	-	-	-	-	515	-	515
Trading securities	-	125	-	-	-	-	-	125
Derivative financial instruments	915	4,720	27	-	2,735	-	-	8,397
Other financial assets at fair value through profit or loss	-	-	7,604	-	-	-	-	7,604
Loans and advances to banks	-	-	-	-	-	7,886	-	7,886
Available for sale financial assets	-	-	-	26,858	-	-	-	26,858
Loans and advances to customers	-	-	-	-	-	133,740	-	133,740
Total financial assets	915	4,845	7,631	26,858	2,735	145,365	-	188,349
Financial liabilities								
Deposits from banks	-	-	92	-	-	28,722	-	28,814
Customer accounts	-	-	2,006	-	-	81,113	-	83,119
Items in course of transmission to other banks	-	-	-	-	-	238	-	238
Derivative financial instruments	611	4,468	-	-	2,475	-	-	7,554
Liabilities to customers under investment contracts	-	-	4,084	-	-	-	-	4,084
Debt securities in issue	-	-	566	-	-	44,567	-	45,133
Insurance contract liabilities	-	-	-	-	-	-	5,634	5,634
Subordinated liabilities	-	-	229	-	-	7,713	-	7,942
Total financial liabilities	611	4,468	6,977	-	2,475	162,353	5,634	182,518

48 Measurement basis of financial assets and liabilities (continued)

31 March 2008	At fair value through profit or loss: Derivatives designated as fair value hedging instruments €m	At fair value through profit or loss: Held for trading €m	At fair value through profit or loss: Designated upon initial recognition €m	At fair value through equity: Available for sale €m	At fair value through equity: Cash flow hedge derivatives €m	Loans and advances / Held at amortised cost €m	Insurance contracts €m	Total €m
Financial assets								
Cash and balances at central banks	-	-	-	-	-	484	-	484
Items in the course of collection from other banks	-	-	-	-	-	683	-	683
Central government and other eligible bills	-	-	-	10	-	-	-	10
Trading securities	-	119	-	-	-	-	-	119
Derivative financial instruments	378	3,385	-	-	805	-	-	4,568
Other financial assets at fair value through profit or loss	-	-	10,909	-	-	-	-	10,909
Loans and advances to banks	-	-	-	-	-	9,409	-	9,409
Available for sale financial assets	-	-	-	29,307	-	-	-	29,307
Loans and advances to customers	-	-	-	-	-	135,738	-	135,738
Total financial assets	378	3,504	10,909	29,317	805	146,314	-	191,227
Financial liabilities								
Deposits from banks	-	-	282	-	-	13,848	-	14,130
Customer accounts	-	-	2,524	-	-	83,710	-	86,234
Items in course of transmission to banks	-	-	-	-	-	254	-	254
Derivative financial instruments	190	3,478	-	-	654	-	-	4,322
Liabilities to customers under investment contracts	-	-	5,662	-	-	-	-	5,662
Debt securities in issue	-	-	971	-	-	59,871	-	60,842
Insurance contract liabilities	-	-	-	-	-	-	7,140	7,140
Subordinated liabilities	-	-	242	-	-	7,566	-	7,808
Total financial liabilities	190	3,478	9,681	-	654	165,249	7,140	186,392

The fair value and contractual amount due on maturity of financial liabilities designated at fair value upon initial recognition are shown in the table below.

	31 March 2009		31 March 2008	
	Fair values €m	**Contractual amount due on maturity €m**	Fair values €m	Contractual amount due on maturity €m
Deposits from banks	92	92	282	282
Customer accounts	2,006	2,085	2,524	2,682
Liabilities to customers under investment contracts	4,084	4,084	5,662	5,662
Debt securities in issue	566	526	971	979
Subordinated liabilities	229	240	242	246
Financial liabilities designated at fair value through profit or loss	6,977	7,027	9,681	9,851

For financial assets and liabilities which are recognised and subsequently measured at fair value through profit or loss or through equity, a description of the methods and assumptions used to calculate those fair values is set out in note 47.

49 Dividend per unit of ordinary stock

No dividend on ordinary stock was declared nor will be paid in respect of the year ended 31 March 2009. 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.

A dividend of 39.4c per unit of ordinary stock (€387 million) was paid in July 2008 in relation to the year ended 31 March 2008. The total dividend in respect of the year ended 31 March 2008 was 63.6c per unit of ordinary stock (€621 million).

50 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprises the following balances:

	2009 €m	2008 €m
Cash and balances at central banks	3,224	484
Loans and advances to banks (with an original maturity of less than 3 months)	4,035	7,153
Central government and other eligible bills	-	10
Cash and cash equivalents	7,259	7,647

51 General

(a) The Bank is domiciled in the Republic of Ireland.

(b) The Bank has given a letter of comfort to the regulatory authority of the Isle of Man in respect of its banking subsidiary Bank of Ireland (IOM) Limited for the protection of the depositors of that subsidiary.

(c) The Bank has provided a guarantee under Section 17 of the Companies (Amendment) Act, 1986 for the following companies: Premier Direct Management Limited, Premier Direct Insurance Services Limited, Tustin Limited, Hill Wilson Secretarial Limited, Bank of Ireland Insurance Services Limited, Bank of Ireland Asset Management (US) Limited, Bank of Ireland Asset Management Limited, Bank of Ireland Car Loans Limited, Bank of Ireland Commercial Finance Limited, Bank of Ireland International Finance Limited, Bank of Ireland Outsourcing Services Limited, Bank of Ireland Unit Trust Managers Limited, Bushfield Leasing Limited, Clonvern Limited, Edendork Leasing Limited, First Rate Enterprises Limited, Florenville Limited, IBI Corporate Finance Limited, Nerling Limited, Nestland Limited.

(d) Bank income statement
In accordance with Section 148(8) of the Companies Act, 1963 and Section 7(1A) of the Companies (Amendment) Act, 1986, the Bank is availing of the exemption of presenting its individual income statement to the Annual General Court and from filing it with the Registrar of Companies. The Bank's profit for the financial year determined in accordance with IFRS is €209 million (31 March 2008: €1,385 million).

52 Related party transactions

The parent company of the Group is the Governor and Company of the Bank of Ireland (refered to throughout as the "Bank"), which is a corporation established in Ireland in 1783 under Royal Charter with primary listings on both the Irish and London Stock Exchanges. A number of banking transactions are entered into between the Governor and Company and its subsidiaries in the normal course of business. These include loans, deposits and foreign currency transactions; the volumes outstanding at the year end are set out in notes d, f, l and m of the Bank financial statements.

(a) Associated undertakings and joint ventures

The Group provides and receives from its associated undertakings and joint ventures certain banking and financial services on similar terms to third party transactions which are not material to the Group. These include loans, deposits and foreign currency transactions; the volumes outstanding at the year end are set out in notes d, f, l and m of the Bank financial statements.

(b) Irish Government

During the year ended 31 March 2009, the Irish Government through both the Bank's participation in the Government Guarantee Scheme and the recapitalisation through the NPRFC became a related party of the Bank. For further details on the Government Guarantee Scheme see note 56 and on the recapitalisation see note 41. In addition, the Bank provides a range of banking services on normal commercial terms to the Government. The volume and diversity of such transactions are such that disclosure of their amounts is impractical.

(c) Pension funds

The Group provides a number of normal banking and financial services to various pension funds operated by the Group for the benefit of its employees (principally for the Bank Staff Pension Fund ("BSPF")), which are conducted on similar terms to third party transactions and which are not material to the Group. Further details on retirement benefit obligations are set out in note 39.

The Group occupies a number of premises owned by the Group's various pension schemes; the total value of these properties at 31 March 2009 is €28 million (31 March 2008: €46 million).

During the year the BSPF sold a property to the Bank on agreed terms for €1.9 million supported by an independent valuation by Lisneys.

(d) Transactions with key management personnel

For the purposes of IAS 24 Related Party Disclosures, "key management personnel" (KMP) comprises the Directors of the Court, the members of the Group Executive Committee (GEC), the Group Secretary and the Group Legal Adviser. In addition to the Executive Directors, the GEC comprises the Group Chief Risk Officer, the Head of Group HR and the Director, Group Manufacturing.

Directors' emoluments are set out in the Remuneration Report on pages 79 to 88 and details of compensation paid to key management personnel are provided below.

Key management personnel hold products with Group companies in the ordinary course of business. All loans to Non-Executive Directors are made in the ordinary course of business on normal commercial terms. Loans to key management personnel other than Non-Executive Directors are made on terms similar to those available to staff generally and / or in the ordinary course of business on normal commercial terms.

The aggregate amounts outstanding and the number of persons concerned, in respect of all loans, quasi-loans and credit transactions between the Bank and its key management personnel, as defined above, including members of their close families and entities controlled by them together with the disclosure of the year end balances and highest amounts outstanding during the year are shown in the table on the following page.

52 Related party transactions (continued)

Key management personnel	Aggregate highest * amounts outstanding 2008 / 2009 €'000	Aggregate loans outstanding 31 March 2009 €'000	Aggregate loans outstanding 31 March 2008 €'000	Number of persons 31 March 2009	Number of persons 31 March 2008
Directors	10,917	6,515	9,661	15	12
Other KMP	2,031	1,812	2,024	5	4
Total	12,948	8,327	11,685	20	16

* These figures do not include credit card exposures. However, in all cases key management personnel have not exceeded their approved credit limits. The maximum approved credit limit on any credit card held by key management personnel is €40,000.

The maximum outstanding balance during the year ended 31 March 2009 for any individual Director did not exceed €2.6 million and for any other key management personnel did not exceed €1 million.

The comparative figure for 2008 for loans to other key management personnel, who are not Directors of the Court, has been adjusted from €1.473 million to €2.024 million. This relates to a loan for €0.551 million which was not included in the prior year comparative.

Included in the above figures, are loans to key management personnel (other than Non-Executive Directors), on terms similar to those available to staff generally, amounting to €1.113 million (31 March 2008: €1.19 million).

No impairment charges or provisions have been recognised in respect of any of the above loans or facilities.

Guarantees amounting to €0.85 million in favour of the Group have been entered into by two Directors and the Group has entered into a guarantee in favour of one Director amounting to €0.05 million. There were no calls on these guarantees during 2008 / 2009.

In addition to the loans detailed above, the aggregate amounts of deposits and credit balances outstanding for key management personnel in office at 31 March 2009 amounted to €14.6 million (31 March 2008: €12.7 million).

(e) Compensation of key management personnel	2009 €'000	2008 €'000
Remuneration		
Salaries and other short term benefits (1)	9,951	14,894
Post employment benefits (2)	876	634
Payment in lieu of notice	1,462	-
Termination benefits	-	1,426
Equity compensation benefits (3)	1,973	3,139
Total remuneration	14,262	20,093

(1) Comprises salary, fees, bonus, cash in lieu of pension, car allowance, profit share schemes and other short term benefits paid in the year.
(2) Employer contributions to pension funds.
(3) Value of awards made under the Group's executive share option scheme, Save As You Earn schemes, LTIP, Staff Stock Issue in Ireland and Stock Incentive Plan in UK which are described in note 41.

53 Principal undertakings

The principal Group undertakings at 31 March 2009 were:

Name	Principal activity	Country of incorporation	Statutory year end
Bank of Ireland International Finance Limited*	International asset financing	Ireland	31 March
Bank of Ireland (IOM) Limited	Retail banking	Isle of Man	31 March
Bank of Ireland Life Holdings plc*	Life assurance and pensions	Ireland	31 December
Bank of Ireland Mortgage Bank*	Mortgage lending and mortgage covered securities	Ireland	31 March
First Rate Enterprises (UK) Limited[1]	Foreign exchange	England	31 March
ICS Building Society*	Building society	Ireland	31 December
Midasgrange Limited (t/a Post Office Financial Services, POFS)[2]	Retail financial Services	England	31 March

* *Direct subsidiary of the Governor and Company of Bank of Ireland*
[1] *This entity is a joint venture with the UK Post Office, in which the Group holds 50% of the equity of the business.*
[2] *This is a joint venture with Post Office Limited in the UK in which the Group holds 50.1% of the equity of the business.*

All the Group undertakings are included in the consolidated accounts. Unless stated otherwise, the Group owns 100% of the equity of the principal Group undertakings and 100% of the voting shares of all these undertakings and in the case of ICS Building Society, 100% of the investment shares.

The addresses of the above undertakings are given on pages 238 to 241.

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

Bank of Ireland Mortgage Bank (BoIMB)

BoIMB's principal activities are the issuance of Irish residential mortgages and mortgage covered securities in accordance with the Asset Covered Securities Act 2001 and the Asset Covered Securities (Amendment) Act 2007. Such loans may be made directly by the Bank or may be purchased from Bank of Ireland and other members of the Group or third parties.

At 31 March 2009, the total amount outstanding in respect of mortgage covered securities issued was €10 billion (31 March 2008: €6.9 billion). At 31 March 2009, the total amount of principal outstanding in the mortgage covered pool including mortgage assets and cash was €12.7 billion (31 March 2008: €8.7 billion).

From time to time, BoIMB issues other debt securities comprising the BoIMB's obligation to the Central Bank and Financial Services Authority of Ireland (CBFSAI) under the terms of the Mortgage Backed Promissory Note (MBPN) programme. At 31 March 2009 there were €3 billion such debt securities in issue (31 March 2008: nil). These obligations had been secured by way of a first floating charge to the CBFSAI over all its right, title, interest and benefit, in a relevant amount of loans and advances to customers. The bank had pledged under the terms of the floating charge to maintain the assets so charged free from any encumbrance and otherwise than in the ordinary course of business not to sell, transfer, lend or otherwise dispose of any part of the charged assets without prior written consent of the CBFSAI. The deed of floating charge was executed by BoIMB and dated 5 July 2004 in favour of the Central Bank and Irish Financial Services Regulatory Authority. The mortgages in the MBPN programme were secured by a floating charge over Irish Residential Mortgage Credit Assets which were not in the covered assets pool.

54 Other subsidiaries

The Group has a number of subsidiaries where it does not own more than half of the voting power in the company but which are consolidated. Details of these subsidiaries are listed below.

a) Partholon CDO 1 plc
The Group has sold a pool of leveraged acquisition finance loan assets to Partholon CDO 1 plc (Partholon), which is incorporated under the Irish Companies Acts, 1963 to 2006 and is registered and operates in the Republic of Ireland. Partholon has issued a series of loan notes to finance this purchase. The Group holds 25% of the subordinated loan notes but does not own, directly or indirectly, any of the share capital of Partholon, which is owned by a charitable trust. The Group also holds €30 million of AAA rated loan notes in Partholon, which it intends to hold until maturity. This investment is eliminated on consolidation.

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

b) Kildare Securities Limited
Kildare Securities Limited (Kildare) is a special purpose entity which was established for the purpose of acquiring mortgage loans or other financial assets and for issuing asset backed securities. No new securities were issued by Kildare during the year ended 31 March 2009.

At 31 March 2009 the aggregate balance of mortgages backing the securities issued by Kildare was €2.1 billion (31 March 2008: €2.4 billion).

These mortgages, which are included on the consolidated balance sheet at 31 March 2009, are collateral for the obligations of Kildare. The creditors of Kildare have no recourse to the general credit of the Group.

c) Liberator Securities No.1 plc
Liberator Securities No. 1 plc (Liberator) is a special purpose entity which was established for the purpose of acquiring mortgage loans or other financial assets and for issuing mortgage backed securities. During the year ended 31 March 2009, the mortgages were sold to the Bank of Ireland Mortgage Bank (BoIMB) and scheduled redemption of the notes took place. At 31 March 2009 the aggregate balances of the mortgages backing the securities in Liberator was nil (31 March 2008: €126 million).

The creditors of Liberator have no recourse to the general credit of the Group

d) Brunel Residential Mortgage Securitisation No.1 plc
Brunel Residential Mortgage Securitisation No. 1 plc (Brunel) is a special purpose company which was established for the purpose of acquiring mortgage loans or other financial assets and issuing for asset backed securities. Aggregate balances of the mortgages at issue were Stg£5.5 billion (€8 billion), equal to the value of asset backed securities issued. At 31 March 2009 the aggregate balances of the mortgages at issue were Stg£3.0 billion (€3.3 billion).

These mortgages, which are included on the consolidated balance sheet at 31 March 2009, are collateral for the obligations of Brunel. The creditors of Brunel have no recourse to the general credit of the Group.

e) Colston No. 1 plc
Colston No. 1 plc is a special purpose company which was established for the purpose of acquiring mortgage loans or other financial assets and for issuing mortgage backed securities. Aggregate balances of the mortgages at issue on 17 December 2007 were Stg£5.1 billion (€7.1 billion), in excess of the value of asset backed securities issued (€6.4 billion). At 21 January 2009 the mortgage backed securities were redenominated from euros at their then value of €5.2 billion into sterling value Stg£3.8 billion. At 31 March 2009, the aggregate balances of the mortgages backing securities issued by Colston No. 1 plc were Stg£4.2 billion (€4.5 billion).

These mortgages, which are included on the consolidated balance sheet at 31 March 2009, are collateral for the obligations of Colston No. 1 plc. The creditors of Colston No. 1 plc have no recourse to the general credit of the Group.

54 Other subsidiaries (continued)

f) Colston No. 2 plc

Colston No. 2 plc is a special purpose company which was established for the purpose of acquiring mortgage loans or other financial assets and for issuing mortgage backed securities. Aggregate balances of the mortgages at issue on 5 June 2008 were Stg£5.0 billion (€6.4 billion), in excess of the value of asset backed securities issued (€5.7 billion). At 21 January 2009 the mortgage backed securities were redenominated from euros at their then value of €5.3 billion into sterling value Stg£4.2 billion. At 31 March 2009, the aggregate balances of the mortgages backing securities issued by Colston No. 2 plc were Stg£4.6 billion (€4.9 billion).

These mortgages, which are included on the consolidated balance sheet at 31 March 2009, are collateral for the obligations of Colston No. 2 plc. The creditors of Colston No. 2 plc have no recourse to the general credit of the Group.

g) Colston No. 3 plc

Colston No. 3 plc is a special purpose company which was established for the purpose of acquiring mortgage loans or other financial assets and for issuing mortgage backed securities. Aggregate balances of the mortgages at issue on 29 October 2008 were Stg£4.6 billion (€5.9 billion), in excess of the value of asset backed securities issued (€5.3 billion). At 21 January 2009 the mortgage backed securities were redenominated from euros at their then value of €5.3 billion into sterling value Stg£4.1 billion. At 31 March 2009, the aggregate balances of the mortgages backing securities issued by Colston No. 3 plc were Stg£4.6 billion (€4.9 billion).

These mortgages, which are included on the consolidated balance sheet at 31 March 2009, are collateral for the obligations of Colston No. 3 plc. The creditors of Colston No. 3 plc have no recourse to the general credit of the Group.

h) Colston No. 4 plc

Colston No. 4 plc is a special purpose company which was established for the purpose of acquiring mortgage loans or other financial assets and for issuing mortgage backed securities. Aggregate balances of the mortgages at issue on 8 December 2008 were Stg£4.4 billion (€5.3 billion), in excess of the value of asset backed securities issued (€4.5 billion). At 21 January 2009 the mortgage backed securities were redenominated from euros at their then value of €4.5 billion into sterling value Stg£3.7 billion. At 31 March 2009, the aggregate balances of the mortgages backing securities issued by Colston No. 4 plc were Stg£4.4 billion (€4.7 billion).

These mortgages, which are included on the consolidated balance sheet at 31 March 2009, are collateral for the obligations of Colston No. 4 plc. The creditors of Colston No. 4 plc have no recourse to the general credit of the Group.

i) Bank of Ireland Covered Bonds LLP

Bank of Ireland Covered Bonds LLP is a special purpose company which was established for the purpose of acquiring mortgage loans or other financial assets and for guaranteeing mortgage backed securities issued by Bank of Ireland. Aggregate balances of the mortgages at issue on 22 September 2008 were Stg£5.1 billion (€6.5 billion), in excess of the value of asset backed securities issued (Stg£4.0 billion (€5.1 billion)). On 22 March 2009 a further Stg£0.7 billion (€0.7 billion) of mortgages were acquired for the issue by Bank of Ireland of an additional tranche of asset backed securities for €0.5 billion. At 31 March 2009, the aggregate balances of the mortgages backing securities guaranteed by Bank of Ireland Covered Bonds LLP were Stg£5.4 billion (€5.9 billion).

These mortgages, which are included on the consolidated balance sheet at 31 March 2009, are collateral for the obligations of Bank of Ireland Covered Bonds LLP.

j) Avondale Securities S.A.

Avondale Securities S.A. (Avondale) is a special purpose entity, which was principally established for the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding instruments. The aggregate balance of notes issued and outstanding by Avondale on 31 March 2009 consists of €376.5 million (31 March 2008: €400 million) of Emergence Offset Notes (EONs), which referenced the embedded value in certain insurance policies originated by BoI Life. The investors in the EONs have no recourse to BoI Life or the rest of the Group if surplus does not emerge from the embedded value.

k) Pirus Securities Limited

Pirus Securities Limited (Pirus) is a special purpose entity which was established for the purpose of acquiring mortgage loans or other financial assets and for issuing mortgage backed securities. Aggregate balances of the mortgages at issue on 17 December 2008 were €2 billion, in excess of the value of asset backed securities issued, €1.8 billion. At 31 March 2009, the aggregate balances of the mortgage backing securities issued by Pirus were €2 billion.

54 Other subsidiaries (continued)

l) Melepard CDO I Ltd (Melepard)

Melepard is a special purpose entity which was incorporated in the Republic of Ireland for the purpose of acquiring a pool of loan assets totalling €1.2 billion. Melepard has issued a series of loan notes to finance this purchase. The Group holds 100% of the senior and subordinated loan notes but does not own, directly or indirectly, any of the share capital of Melepard, which is owned by a charitable trust.

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

m) Morrigan CMBS I plc (Morrigan I)

Morrigan I is a special purpose entity which was incorporated in the Republic of Ireland for the purpose of acquiring a pool of commercial mortgage backed loan assets totalling €1.8 billion. Morrigan I has issued a series of loan notes to finance this purchase. The Group holds 100% of the senior and subordinated loan notes but does not own, directly or indirectly, any of the share capital of Morrigan I, which is owned by a charitable trust.

Under the terms of separate agreements the Group manages the assets of Morrigan I, including the provision of additional facilities and the refinanciing of certain transactions sold to the special purpose entity at closing, for which it receives fees.

n) Morrigan CMBS II plc (Morrigan II)

Morrigan II is a special purpose entity which was incorporated in the UK for the purpose of acquiring a pool of commercial mortgage backed loan assets totalling Stg£775 million. Morrigan II has issued a series of loan notes to finance this purchase. The Group holds 100% of the senior and subordinated loan notes but does not own, directly or indirectly, any of the share capital of Morrigan II, which is owned by a charitable trust.

Under the terms of separate agreements the Group manages the assets of Morrigan II, including the provision of additional facilities not the refinancing of certain transactions sold to the special purpose entity at closing, for which it receives fees.

55 Life assurance business

Value of In Force Life Assurance Business	**2009 €m**	2008 €m
At 1 April	548	580
Income statement movement in value of in force (gross of tax)	(80)	(32)
At 31 March	468	548

The Group recognises as an asset the value of in force assurance business in respect of insurance contracts. The value of in force asset, which is presented gross of attributable tax, represents the present value of future profits expected to arise from these contracts. It is determined by projecting future surpluses and other cash flows arising from insurance contracts written by the balance sheet date. The useful life of the asset is based on the length of the underlying individual policies upon which the asset is calculated. This useful life is expected to be 6.83 years (31 March 2008: 6.76 years).

The key economic assumptions used in the calculation of the value of in force business are set out below:

	2009	2008
Risk discount rate	9.0%	8.0%
Unit growth rate	7.25%	6.25%
Shareholder tax rate	12.5%	12.5%

The process used in determining the key economic and experience assumptions is set out below:

Risk discount rate: The risk discount rate is the rate used to discount the surpluses that will arise on insurance business in the long term fund. The rate reflects the yield available on Government bonds of appropriate duration plus a risk margin.

Unit growth rate: The unit growth rate is the assumed rate of return on the Company's unit linked assets before taxation and management fees in future years. The growth rate reflects the mix of assets held.

Shareholder tax rate: The current rate of corporation tax is assumed to be maintained over the term of the business. Deferred tax is allowed for on the release of retained surplus in the life business.

Mortality and morbidity: Mortality and morbidity assumptions, which include allowances for improvements in longevity for annuitants, are set by reference to the Group's actual experience and / or relevant industry data.

Persistency: Persistency rates refer to the rate of policy termination for insurance policies. These rates are based on historical experience and management's views on future experience.

Maintenance expenses: Allowance is made for future policy costs by reference to current and expected future costs. Explicit allowance is made for future expense inflation.

Sensitivities

The table below indicates the stand alone impact of changes in the key assumptions on profit after tax and shareholder equity.

	2009	2008
1% increase in risk discount rate	(€24 million)	(€25 million)
1% decrease in risk discount rate	€26 million	€27 million
10% improvement in mortality	€12 million	€14 million
10% deterioration in persistency	(€17 million)	(€22 million)
5% improvement in renewal expenses	€6 million	€6 million
1% increase in equity markets	€2 million	€2 million

While the table above shows the impact of an individual assumption change, a change in one assumption could impact on other assumptions due to the relationship between assumptions.

56 Irish Government Guarantee Scheme

On 24 October 2008, four of the Group's entities elected to participate in the Guarantee Scheme announced by the Irish Government. Under the Scheme the Irish Government has guaranteed relevant deposits and debt securities raised by irish covered institutions[1] until 29 September 2010. The entities participating are the Governor and Company of the Bank of Ireland, Bank of Ireland Mortgage Bank, ICS Building Society and Bank of Ireland (IOM) Limited.

The following are the specific liabilities covered as set out in the Scheme rules:

- All retail and corporate deposits (to the extent not covered by existing deposit protection schemes in Ireland or any other jurisdiction);
- Interbank deposits;
- Senior unsecured debt;
- Covered bonds (including asset covered securities); and
- Dated subordinated debt (Lower Tier 2).

Any intergroup borrowing and any debt due to the European Central Bank arising from Eurosystem monetary operations are excluded.

Under the Scheme, the Minister for Finance[1] has the power to nominate up to two non-executive Directors to the Board of a covered institution. Tom Considine and Joe Walsh have been appointed as Directors by the Court pursuant to the nominations of the Minister for Finance under this Scheme.

Commercial conduct and reporting requirements

A number of conditions have been imposed on covered institutions under the Government Guarantee Scheme including inter alia, conditions that regulate the commercial conduct of their business, having regard to capital ratios, market share and balance sheet growth. This is in order to minimise any potential competitive distortion that may arise and to avoid any abuse of the guarantee or any use in a manner irreconcilable with the purpose of the guarantee. These conditions are set out in the Scheme.

Covered institutions will be subject to particular reporting requirements to enable the Financial Regulator and the Minister for Finance to monitor compliance with the Scheme and the achievement of its purposes.

A quarterly charge is payable to the Irish Government under the scheme. This amounted to €66 million for the year ended 31 March 2009.

57 Post balance sheet events

On 7 April 2009, the Minister for Finance announced that a National Asset Management Agency (NAMA) will be established on a statutory basis, under the aegis of the National Treasury Management Agency. Assets, principally, land and development loans, will be transferred from the covered institutions to the new National Asset Management Agency with the purpose of strenghening the banks' capital position, reduce uncertainty over bank's balance sheets and improve liquidity. Details on how NAMA will operate and the valuation at which these assets will transfer to NAMA have not yet been determined.

58 Approval of financial statements

The Court of Directors approved the financial statements on 18 May 2009.

[1]Defined in Capital Stock and Government Guarantee. Defined Terms, Section of Other Information.

Index to the Bank financial statements

	page
Bank balance sheet	202
Bank statement of recognised income and expense	203
Bank cash flow statement	204

Notes:

a	Trading securities	206
b	Derivative financial instruments	206
c	Other financial assets at fair value through profit or loss	208
d	Loans and advances to banks	209
e	Available for sale financial assets	209
f	Loans and advances to customers	210
g	Shares in Group undertakings	211
h	Credit Risk exposures	211
i	Intangible assets	215
j	Property, plant and equipment	216
k	Other assets	218
l	Deposits from banks	218
m	Customer accounts	218
n	Debt securities in issue	219
o	Subordinated liabilities	219
p	Other liabilities	219
q	Provisions	220
r	Deferred tax	220
s	Contingent liabilities and commitments	221
t	Capital stock	221
u	Stock premium account	222
v	Retained earnings	222
w	Other reserves	223
x	Liquidity risk	225
y	Cash and cash equivalent	227
z	General	227

Bank balance sheet

as at 31 March 2009

	Notes	31 March 2009 €m	31 March 2008 €m
ASSETS			
Cash and balances at central banks		3,190	462
Items in the course of collection from other banks		515	683
Trading securities	a	125	119
Derivative financial instruments	b	7,511	4,653
Other financial assets at fair value through profit or loss	c	22	59
Loans and advances to banks	d	33,269	32,052
Available for sale financial assets	e	28,223	27,053
Loans and advances to customers	f	110,798	114,873
Shares in Group undertakings	g	1,309	1,262
Intangible assets – other	i	376	418
Property, plant and equipment	j	421	481
Deferred tax assets	r	421	104
Other assets	k	1,149	1,098
Retirement benefit asset		7	11
Assets classified as held for sale		-	144
Total assets		187,336	183,472
EQUITY AND LIABILITIES			
Deposits from banks	l	53,353	30,860
Customer accounts	m	84,913	90,110
Items in the course of transmission to other banks		238	254
Derivative financial instruments	b	8,250	4,322
Debt securities in issue	n	27,032	45,778
Other liabilities	p	1,919	2,229
Provisions	q	85	46
Retirement benefit obligations		1,318	707
Subordinated liabilities	o	5,297	5,380
Total liabilities		182,405	179,686
Equity			
Capital stock		699	664
Stock premium account	u	4,090	775
Retained earnings	v	2,149	2,817
Other reserves	w	(2,007)	(470)
Stockholders' equity		4,931	3,786
Total equity and liabilities		187,336	183,472

Richard Burrows	***George Magan***	***Richie Boucher***	***John Clifford***
Governor	*Deputy Governor*	*Group Chief Executive*	*Secretary*

Bank statement of recognised income and expense

for the year ended 31 March 2009

	Year ended 31 March 2009 €m	Year ended 31 March 2008 €m
Net change in property revaluation reserve	(79)	(23)
Net change in cash flow hedge reserve	(525)	(247)
Net change in available for sale reserve	(753)	(249)
Net actuarial loss on defined benefit pension funds	(492)	(195)
Foreign exchange translation losses	(295)	(420)
Amount recognised in equity	(2,144)	(1,134)
Profit for the period	209	1,385
Total recognised income for the year	(1,935)	251
Attributable to:		
Equity holders of the Bank	(1,935)	251
	(1,935)	251

Richard Burrows
Governor

George Magan
Deputy Governor

Richie Boucher
Group Chief Executive

John Clifford
Secretary

Bank 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		
Profit before taxation	195	1,577
Dividend received from Group undertakings	(527)	(595)
(Profit) on disposal of property	-	(33)
Depreciation and amortisation	154	109
Impairment of financial assets	1,524	148
Net change in prepayments and interest receivable	174	(53)
Net change in accruals and interest payable	(117)	40
Loans and advances written off net of recoveries	(384)	(20)
Interest expense on subordinated liabilities and other capital instruments	297	283
Profit on disposal of available for sale financial assets	(3)	(33)
Charge for share based payments	3	13
Amortisation of premiums and discounts	(56)	(100)
Amortisation of debt issue expenses	3	3
Cash flows from operating activities before changes in operating assets and liabilities	1,263	1,339
Net change in deposits from banks	22,582	(15,599)
Net change in customer accounts	(29)	28,328
Net change in loans and advances to customers	(5,921)	(49,902)
Net change in loans and advances to banks	(4,566)	30,754
Net change in trading securities	(6)	400
Net change in derivative financial instruments	218	(463)
Net change in assets at fair value through profit or loss	34	(59)
Net change in items in the course of collection	146	114
Net change in debt securities in issue	(19,889)	4,656
Net change in other assets	(178)	146
Net change in other liabilities	43	(107)
Effect of exchange translation and other adjustments	4,425	2,939
Net cash flows from operating assets and liabilities	(3,141)	1,207
Net cash flows from operating activities before taxation	(1,878)	2,546
Taxation paid	(109)	(167)
Net cash flows from operating activities	(1,987)	2,379
Investing activities (section a)	(1,278)	1,439
Financing activities (section b)	2,766	(296)
Net change in cash and cash equivalents	(499)	3,522
Opening cash and cash equivalents	7,273	3,954
Effect of exchange translation adjustments	37	(203)
Closing cash and cash equivalents (note y)	6,811	7,273

Bank 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	(1,597)	963
Additions to tangible fixed assets	(75)	(51)
Disposal of tangible fixed assets	3	5
Additions to intangible assets	(95)	(53)
Disposal of intangible assets	8	-
Purchase of assets held for sale	-	(124)
Disposal of assets held for sale	-	104
Increase in investment in subsidiaries	(49)	-
Dividend received from Group undertakings	527	595
Cash flows from investing activities	(1,278)	1,439
(b) Financing activities		
Reissue of treasury stock	19	178
Issue of new subordinated liabilities	565	439
Reduction in subordinated liabilities	(600)	-
Interest paid on subordinated liabilities	(274)	(271)
Equity dividends paid	(394)	(628)
Dividends on other equity interests	(10)	(14)
Issue of 2009 preference stock and warrants	3,460	-
Cash flows from financing activities	2,766	(296)

Richard Burrows
Governor

George Magan
Deputy Governor

Richie Boucher
Group Chief Executive

John Clifford
Secretary

Notes to the Bank financial statements

a Trading securities

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

The Bank 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).

b Derivative financial instruments

Information on derivatives is outlined on note 18 to the consolidated financial statements.

The fair values and notional amounts of derivative instruments held are set out in the following tables:

31 March 2009	Contract / notional amount €m	Fair Values Assets €m	Fair Values Liabilities €m
Derivatives held for trading			
Foreign exchange derivatives			
Currency forwards	34,697	571	362
Currency swaps	804	34	57
Over the counter currency options	1,715	15	16
Total foreign exchange derivatives held for trading	37,216	620	435
Interest rate derivatives			
Interest rate swaps	186,437	3,149	3,115
Cross currency interest rate swaps	18,053	1,158	1,264
Forward rate agreements	15,544	28	31
Over the counter interest rate options	10,582	154	141
Total interest rate derivatives held for trading	230,616	4,489	4,551
Equity and commodity contracts			
Equity index linked contracts held	5,500	141	192
Total derivative assets / liabilities held for trading	273,332	5,250	5,178
Derivatives held for hedging			
Derivatives designated as fair value hedges			
Interest rate swaps	13,221	298	595
Cross currency interest rate swaps	1,119	119	2
Total designated as fair value hedges	14,340	417	597
Derivatives designated as cash flow hedges			
Interest rate swaps	69,576	1,754	2,357
Cross currency interest rate swaps	2,674	10	38
Currency forwards	6,628	80	80
Currency swaps	-	-	-
Total designated as cash flow hedges	78,878	1,844	2,475
Total derivative assets / liabilities held for hedging	93,218	2,261	3,072
Total derivative assets / liabilities	366,550	7,511	8,250
Amounts include:			
Due from / to Group undertakings	33,061	31	721

b Derivative financial instruments (continued)

31 March 2008	Contract / notional amount €m	Fair values Assets €m	Fair values Liabilities €m
Derivatives held for trading			
Foreign exchange derivatives			
Currency forwards	55,078	906	835
Currency swaps	754	71	24
Over the counter currency options	2,561	74	78
Total foreign exchange derivatives held for trading	58,393	1,051	937
Interest rate derivatives			
Interest rate swaps	185,720	1,333	1,274
Cross currency interest rate swaps	29,748	947	1,081
Forward rate agreements	11,919	5	4
Over the counter interest rate options	8,874	50	50
Total interest rate derivatives held for trading	236,261	2,335	2,409
Equity and commodity contracts			
Equity index linked contracts held	7,051	446	259
Total derivative assets / liabilities held for trading	301,705	3,832	3,605
Derivatives held for hedging			
Derivatives designated as fair value hedges			
Interest rate swaps	7,510	114	63
Cross currency interest rate swaps	1,195	122	-
Total designated as fair value hedges	8,705	236	63
Derivatives designated as cash flow hedges			
Interest rate swaps	83,950	585	654
Total designated as cash flow hedges	83,950	585	654
Total derivative assets / liabilities held for hedging	92,655	821	717
Total derivative assets / liabilities	394,360	4,653	4,322
Amounts include:			
Due from / to Group undertakings	31,452	338	209

b Derivative financial instruments (continued)

The periods in which the hedged cash flows are expected to occur are shown in the table below.

2009	Up to 1 year €m	Between 1 to 2 years €m	Between 2 to 5 years €m	More than 5 years €m	Total €m
Forecast receivable cash flows	3,471	298	1,021	920	5,710
Forecast payable cash flows	(6,764)	(1,779)	(1,763)	(1,118)	(11,424)

2008	Up to 1 year €m	Between 1 to 2 years €m	Between 2 to 5 years €m	More than 5 years €m	Total €m
Forecast receivable cash flows	616	553	1,373	656	3,198
Forecast payable cash flows	(1,238)	(1,209)	(1,899)	(1,001)	(5,347)

The hedged cash flows are expected to impact the income statement in the following periods, excluding any hedge accounting adjustments that may be applied:

2009	Up to 1 year €m	Between 1 to 2 years €m	Between 2 to 5 years €m	More than 5 years €m	Total €m
Forecast receivable cash flows	3,903	309	1,014	484	5,710
Forecast payable cash flows	(9,079)	(541)	(1,109)	(695)	(11,424)

2008	Up to 1 year €m	Between 1 to 2 years €m	Between 2 to 5 years €m	More than 5 years €m	Total €m
Forecast receivable cash flows	726	541	1,335	596	3,198
Forecast payable cash flows	(1,529)	(1,090)	(1,776)	(952)	(5,347)

The Bank had applied hedge accounting to a forecast future borrowing of €252 million on a forward commitment transaction of which €62 million is no longer expected to occur. The Bank recognised a €1 million cumulative gain in the income statement on the portion of the transaction no longer anticipated that was previously deferred in reserves.

c Other financial assets at fair value through profit or loss

	2009 €m	2008 €m
Loans to customers	22	59
Other financial assets at fair value through profit or loss	22	59

d Loans and advances to banks

	2009 €m	2008 €m
Placements with other banks	29,628	26,024
Mandatory deposit with central banks	2,552	3,642
Funds placed with central banks	1,091	2,218
Securities purchased with agreement to resell	-	168
	33,271	32,052
Less allowance for impairment on loans and advances to banks	(2)	-
Loans and advances to banks	33,269	32,052
Amounts include:		
Due from Group undertakings	25,824	23,014
Due from associates and joint ventures	-	-

The Group has entered into transactions to purchase securities with agreement to resell, and has accepted collateral that it is permitted to sell or repledge in the absence of default by the owner of the collateral. The fair value of this collateral at 31 March 2009 was nil (31 March 2008: €160 million).

e Available for sale financial assets

	2009 €m	2008 €m
Government bonds	2,460	1,755
Other debt securities		
– listed	20,345	19,511
– unlisted	5,417	5,785
Equity securities		
– listed	1	1
– unlisted	-	1
Available for sale financial assets	28,223	27,053
Amounts include:		
Due from Group undertakings	2,916	527

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

	2009 €m	2008 €m
At 1 April	27,053	29,700
Revaluation, exchange and other adjustments	(383)	(1,786)
Additions	29,389	21,684
Sales	(5,267)	(9,673)
Redemptions	(22,525)	(12,972)
Amortisation	56	100
Allowance for impairment	(62)	-
Reclassification	(38)	-
At 31 March	28,223	27,053

e Available for sale financial assets (continued)

In accordance with the amendment to IAS 39 disclosed in the accounting policies section on page 110, the Bank reclassified available for sale financial assets with a carrying amount and fair value of €38 million to loans and advances to customers, with effect from 31 March 2009. At the date of this reclassification, the Group had the intention and ability to hold these assets for the foreseeable future or until maturity.

At the date of reclassification, the effective interest rate on reclassified assets ranged from 4.75% to 5.75% with expected recoverable cash flows of €85 million. During the year a fair value loss of €37 million (31 March 2008: loss of €14 million) has been recognised in the available for sale reserve within shareholders' equity in relation to these reclassified assets.

f Loans and advances to customers

	2009 €m	2008 €m
Loans and advances to customers	110,967	113,770
Finance leases and hire purchase receivables	1,348	1,567
	112,315	115,337
Less allowance for impairment charges on loans and advances to customers (note h)	(1,517)	(464)
Loans and advances to customers	110,798	114,873
Amounts include:		
Due from Group undertakings	17,539	17,104
Due from associates and joint ventures	-	153

Finance leases and hire purchase receivables

Loans and advances to customers include finance leases and hire purchase receivables, which are analysed as follows:

	2009 €m	2008 €m
Gross investment in finance leases:		
Not later than 1 year	641	664
Later than 1 year and not later than 5 years	832	1,055
Later than 5 years	8	19
	1,481	1,738
Unearned future finance income on finance leases	(133)	(171)
Net investment in finance leases	1,348	1,567
The net investment in finance leases is analysed as follows:		
Not later than 1 year	582	598
Later than 1 year and not later than 5 years	758	951
Later than 5 years	8	18
	1,348	1,567

Securitisations

Loans and advances to customers include balances that have been securitised but not derecognised, comprising both residential mortgages and commercial loans. In general, the assets, or interests in the assets, are transferred to Special Purposes Entities (SPE's), which then issue securities to third party investors or to other entities in the Group. All of the Bank's Securitisation SPE's are consolidated in the Group Financial Statements.

g Shares in Group undertakings

	2009 €m	2008 €m
At 1 April	1,262	2,041
Exchange adjustments	(2)	(28)
Net change during the year	49	(751)
At 31 March	1,309	1,262
Group undertakings of which		
- Credit Institutions	635	635
- Others	674	627
	1,309	1,262

On 1 October 2007, the business of Bristol & West plc transferred to the UK branch of the Governor and Company of the Bank of Ireland, pursuant to a banking business transfer scheme under Part VII of the Financial Services and Markets Act 2000.

h Credit risk exposures

The following tables should be read in conjunction with the credit risk information contained in the Risk Management section on pages 38 to 52, and the Group credit risk exposure note 23.

	2009 €m	2008 €m
Maximum exposure to credit risk (before collateral or other credit enhancements)		
Loans and receivables		
- Gross loans and advances to banks	33,271	32,052
- Less allowance for impairment charges on loans and advances to banks	(2)	-
- Loans and advances to banks	33,269	32,052
- Loans and advances to customers		
> Mortgages	31,214	34,901
> Consumer	4,129	4,908
> Property and Construction	33,789	34,706
> Non-Property Small & Medium Enterprises (SME) and Corporate	43,183	40,822
Gross loans and advances to customers	112,315	115,337
Less allowance for impairment charges on loans and advances to customers	(1,517)	(464)
Loans and advances to customers	110,798	114,873
Total loans and advances	144,067	146,925
Financial assets at fair value through profit or loss		
- Trading securities	125	119
- Designated at initial recognition		
> Loans and advances to customers	22	59
Derivative financial instruments	7,511	4,653
Available for sale financial assets		
- Government bonds	2,460	1,755
- Debt securities	25,762	25,296
Other assets		
- Interest receivable	570	800
Total	180,517	179,607
Off balance sheet (note s)		
Contingent liabilities	2,201	2,757
Commitments	21,407	30,619
Total off balance sheet	23,608	33,376
Total maximum exposure	204,125	212,983

h Credit risk exposures (continued)

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	29,459	3,503	28,384	41,526	102,872	69,076	171,948
Financial assets past due but not impaired	1,689	306	1,892	759	4,646	-	4,646
Impaired financial assets	66	320	3,513	898	4,797	75	4,872
Total	31,214	4,129	33,789	43,183	112,315	69,151	181,466

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	33,750	4,464	33,837	40,020	112,071	63,935	176,006
Financial assets past due but not impaired	1,132	241	587	461	2,421	-	2,421
Impaired financial assets	19	203	282	341	845	-	845
Total	34,901	4,908	34,706	40,822	115,337	63,935	179,272

Refer to the narrative in the Credit risk exposures note (note 23) to the consolidated financial statements for further information.

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	29,459	2,211	2,338	24,804	58,812	65,194	124,006
Satisfactory quality	-	1,057	17,580	12,163	30,800	3,817	34,617
Acceptable quality	-	211	7,079	3,878	11,168	35	11,203
Lower quality but not past due nor impaired	-	24	1,387	681	2,092	30	2,122
Total	29,459	3,503	28,384	41,526	102,872	69,076	171,948

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	33,184	2,891	2,326	25,595	63,996	63,396	127,392
Satisfactory quality	545	1,394	27,285	12,527	41,751	463	42,214
Acceptable quality	21	170	3,887	1,685	5,763	63	5,826
Lower quality but not past due nor impaired	-	9	339	213	561	13	574
Total	33,750	4,464	33,837	40,020	112,071	63,935	176,006

h Credit risk exposures (continued)

Refer to the narrative in the Credit risk exposures note (note 23) to the consolidated financial statements for further information.

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	695	152	743	375	1,965	-	1,965
Past due 31 – 60 days	292	110	452	179	1,033	-	1,033
Past due 61 – 90 days	185	34	630	148	997	-	997
Past due more than 90 days	517	10	67	57	651	-	651
Total	1,689	306	1,892	759	4,646	-	4,646

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 Other financial instruments €m	Total €m
Past due up to 30 days	621	187	405	325	1,538	-	1,538
Past due 31 – 60 days	225	39	97	67	428	-	428
Past due 61 – 90 days	92	13	42	57	204	-	204
Past due more than 90 days	194	2	43	12	251	-	251
Total	1,132	241	587	461	2,421	-	2,421

Refer to the narrative in the Credit risk exposures note (note 23) to the consolidated financial statements for further information.

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	66	320	3,513	898	4,797	75	4,872
Allowance at beginning of year	10	173	118	163	464	-	464
Exchange adjustments	-	2	(6)	(5)	(9)	-	(9)
Amounts written off	(9)	(77)	(16)	(289)	(391)	-	(391)
Recoveries	3	2	1	1	7	-	7
Charge against income statement	46	176	749	489	1,460	64	1,524
Unwind of discounts	(1)	(4)	(6)	(3)	(14)	-	(14)
Allowance at end of year	49	272	840	356	1,517	64	1,581

h Credit risk exposures (continued)

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	19	203	282	341	845	-	845
Allowance at beginning of year	-	107	107	130	344	-	344
Exchange adjustments	-	(1)	(16)	1	(16)	-	(16)
Amounts written off	(2)	(10)	(8)	(10)	(30)	-	(30)
Recoveries	-	5	2	3	10	-	10
Transfer of provisions from subsidiary undertakings	8	-	-	-	8	-	8
Charge against income statement	4	72	33	39	148	-	148
Allowance at end of year	10	173	118	163	464	-	464

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 quantum of these loans at 31 March 2009 is €5,661 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 this time.

Repossessed collateral

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

	31 March 2009 €m	31 March 2008 €m
Residential properties		
- Ireland	-	-
- UK and other	73	34
	73	34

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

i Intangible assets

	Computer software externally purchased €m	Computer software internally generated €m	Other externally purchased intangible assets €m	Total €m
Cost				
At 1 April 2008	216	708	37	961
Exchange adjustments	(11)	(14)	(5)	(30)
Additions	30	41	24	95
Disposals / write-offs	(12)	(17)	-	(29)
Reclassification	-	2	-	2
At 31 March 2009	223	720	56	999
Accumulated amortisation				
At 1 April 2008	(163)	(367)	(13)	(543)
Exchange adjustments	5	5	2	12
Disposals / write-offs	11	10	-	21
Charge for the year	(35)	(75)	(3)	(113)
At 31 March 2009	(182)	(427)	(14)	(623)
Net book value at 31 March 2009	41	293	42	376

	Computer software externally purchased €m	Computer software internally generated €m	Other externally purchased intangible assets €m	Total €m
Cost				
At 1 April 2007	201	649	-	850
Exchange adjustments	(9)	(9)	-	(18)
Transfers to / from other Group units	16	31	37	84
Additions	8	45	-	53
Disposals / write-offs	(1)	(7)	-	(8)
Reclassification	1	(1)	-	-
At 31 March 2008	216	708	37	961
Accumulated amortisation				
At 1 April 2007	(143)	(308)	-	(451)
Exchange adjustments	3	2	-	5
Transfers to / from other Group assets	(16)	(9)	(12)	(37)
Disposals / write-offs	-	6	-	6
Charge for the year	(7)	(58)	(1)	(66)
At 31 March 2008	(163)	(367)	(13)	(543)
Net book value at 31 March 2008	53	341	24	418

j Property, plant and equipment

	Freehold land and buildings and long leaseholds (at fair value) €m	Adaptations (at cost) €m	Computer and other equipment (at cost) €m	Finance lease assets (at cost) €m	Payments on accounts and assets in the course of construction (at cost) €m	Total €m
Cost or valuation						
At 1 April 2008	291	109	583	7	34	1,024
Exchange adjustments	(3)	(3)	(21)	-	(5)	(32)
Additions	5	8	28	-	34	75
Disposals / write-offs	(1)	-	(14)	-	-	(15)
Reclassifications	20	18	22	-	(40)	20
Revaluation	(96)	-	-	-	-	(96)
At 31 March 2009	216	132	598	7	23	976
Accumulated depreciation and amortisation						
At 1 April 2008	-	(49)	(488)	(6)	-	(543)
Exchange adjustments	-	2	15	-	-	17
Disposals / write-offs	-	-	12	-	-	12
Charge for the year	-	(14)	(27)	-	-	(41)
At 31 March 2009	-	(61)	(488)	(6)	-	(555)
Net book value at 31 March 2009	216	71	110	1	23	421

The net book value of property, plant and equipment at 31 March 2009 above is held as follows:

	€m
At cost	205
At fair value	216
	421

Property
A revaluation of all Bank property was carried out as at 31 March 2009. All freehold and long leasehold (50 years of more unexpired) commercial properties were valued by Lisneys as external valuers, who also reviewed the valuation of all other property carried out by the Bank's professionally qualified staff. Valuations were made on the basis of open market value.

Sales and Leaseback
There were no sale and leaseback transactions during the year ended 31 March 2009. In the year to 31 March 2008, the Bank executed sale and leaseback transactions for 30 retail branches which generated a profit of €33 million.

The Bank is not currently pursuing any further property disposals. Properties with a value of €11 million that were previously classified as held for sale at 31 March 2008 have been reclassified back to property, plant and equipment. See note 30 to the consolidated financial statements for further information.

j Property, plant and equipment (continued)

	Freehold land and buildings and long leaseholds (at fair value) €m	Adaptations (at cost) €m	Computer and other equipment (at cost) €m	Finance lease assets (at cost) €m	Payments on accounts and assets in the course of construction (at cost) €m	Total €m
Cost or valuation						
At 1 April 2007	337	111	553	5	5	1,011
Transfers to / from other Group Units	-	1	34	2	-	37
Exchange adjustments	(4)	(3)	(17)	-	-	(24)
Additions	-	-	20	-	31	51
Disposals / write-offs	(1)	(1)	(8)	-	-	(10)
Reclassifications	(11)	1	1	-	(2)	(11)
Revaluation	(30)	-	-	-	-	(30)
At 31 March 2008	291	109	583	7	34	1,024
Accumulated depreciation and amortisation						
At 1 April 2007	-	(37)	(447)	(5)	-	(489)
Transfers to/from other Group units	-	-	(28)	(1)	-	(29)
Exchange adjustments	-	1	12	-	-	13
Disposals / write-offs	-	1	3	-	-	4
Charge for the year	-	(14)	(28)	-	-	(42)
At 31 March 2008	-	(49)	(488)	(6)	-	(543)
Net book value at 31 March 2008	291	60	95	1	34	481

The net book value of property, plant and equipment at 31 March 2008 above is held as follows:	€m
At cost	190
At fair value	291
	481

	2009 €m	2008 €m
Future capital expenditure		
- contracted but not provided in the financial statements	17	19
- authorised by the Directors but not contracted	81	39

k Other assets

	2009 €m	2008 €m
Interest receivable	570	800
Sundry debtors and other	341	163
Accounts receivable and prepayments	159	135
Current tax asset	79	-
Other assets	1,149	1,098
Other assets are analysed as follows:		
Within 1 year	1,149	1,096
After 1 year	-	2
	1,149	1,098

l Deposits from banks

	2009 €m	2008 €m
Deposits from banks	33,753	28,829
Securities sold under agreement to repurchase	19,508	1,749
Other bank borrowings	92	282
Deposits by banks	53,353	30,860
Amounts include:		
Due to Group undertakings	24,894	16,750
Due to associates and joint ventures	137	-

The Bank 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.

m Customer accounts

	2009 €m	2008 €m
Term deposits and other products	33,316	24,838
Demand deposits	27,650	35,819
Current accounts	23,947	28,282
Other short term borrowings	-	1,171
Customer accounts	84,913	90,110
Amounts include:		
Due to Group undertakings	10,074	11,959
Due to associates and joint ventures	-	131

n Debt securities in issue

	2009 €m	2008 €m
Bonds and medium term notes	14,184	18,828
Other debt securities in issue	12,848	26,950
Debt securities in issue	27,032	45,778

o Subordinated liabilities

	2009 €m	2008 €m
Undated loan capital		
Stg£75 million $13^{3}/_{8}$ % Perpetual Subordinated Bonds	134	156
	134	156
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 10¾% Subordinated Bonds 2018	95	98
€650 million Fixed / Floating Rate Subordinated Notes 2019	692	646
Stg£500 million Fixed / Floating Rate Subordinated Notes 2036	606	625
Stg£450 million Dated Callable Step-up Fixed / Floating Rate Subordinated Notes September 2020	540	-
	5,163	5,224
	5,297	5,380

Information on these bonds and notes is shown in note 35 to the consolidated financial statements.

p Other liabilities

	2009 €m	2008 €m
Accrued interest payable	639	723
Notes in circulation	660	744
Sundry creditors	160	252
Accruals and deferred income	30	54
Current taxation	-	59
Other	430	397
Other liabilities	1,919	2,229

Other liabilities at 31 March 2009 and at 31 March 2008 are due within 1 year.

The Bank is authorised to issue bank notes in Northern Ireland under the Bankers (Ireland) Act, 1845 and the Bankers (Northern Ireland) Act, 1928.

q Provisions

	2009 €m	2008 €m
As at 1 April 2008	46	50
Exchange adjustments	(3)	(1)
Additional provisions charged to income statement	73	3
Utilised during the year	(26)	(24)
Unused amounts reversed during the year	(5)	(2)
Other movements	-	20
At 31 March 2009	85	46

The Bank is in the process of aligning its structure and cost base to an environment of lower levels of new business and activity as part of a Group wide incentives. 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.

The principal assumptions underlying the provision calculation relate to the timing and cost of executing the initiatives and particularly the number, mix, timing and net cost of associated staff reductions.

The provisions are expected to be settled or recovered within 2 years of 31 March 2009.

r Deferred tax

	2009 €m	2008 €m
The movement on the deferred tax account is as follows:		
At 1 April	(104)	41
Income statement credit for year	(8)	(14)
Available for sale financial assets – transferred to reserves (note w)	(109)	(35)
Cash flow hedges – transferred to reserves (note w)	(101)	(68)
Revaluation / reclassification of property during year (note w)	(15)	(7)
Pensions	(79)	(36)
Other movements	(5)	15
At 31 March	(421)	(104)
Deferred tax assets and liabilities are attributable to the following items:		
Deferred tax liabilities		
Accelerated capital allowances:		
- on finance leases	2	5
- on equipment used by the Group	12	20
Property revaluation surplus	26	40
Other temporary differences	12	10
Deferred tax liabilities	52	75
Deferred tax assets		
Pensions and other post retirement benefits	190	105
Provision for loan impairment	12	12
Other provisions	4	3
Cash flow hedge reserve	113	12
Available for sale reserve	147	39
Other temporary differences	7	8
Deferred tax assets	473	179
Represented on the balance sheet as follows:		
Deferred tax assets	(421)	(104)
	(421)	(104)

This note should be read in conjunction with note 38 to the consolidated financial statements.

s 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	1,367	2,041
Other contingent liabilities	815	669
	2,201	2,757
Commitments		
Other commitments		
- Documentary credits and short term trade related transactions	260	413
- 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	16,384	24,361
- irrevocable with original maturity of over 1 year	4,606	5,670
	21,407	30,619

t Capital stock

	2009	2008
Authorised		
€	**€m**	€m
2,000 (2008: 1,500) million units of €0.64 of ordinary stock	1,280	960
100 million units of non-cumulative preference stock of €1.27 each	127	127
100 million units of undesignated preference stock of €0.25 each	25	25
3.5 billion units of non-cumulative preference stock (2009 preference stock) of €0.01 each	35	-
Stg£	**£m**	£m
100 million units of non-cumulative preference stock of Stg£1 each	100	100
100 million units of undesignated preference stock of Stg£0.25 each	25	25
US$	**$m**	$m
8 million units of non-cumulative preference stock of US$25 each	200	200
100 million units of undesignated preference stock of US$0.25 each	25	25

Allotted and fully paid	**2009 €m**	2008 €m
994.1 (2008: 980.5) million units of €0.64 of ordinary stock	636	628
32.1 (2008: 45.7) 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	-
	699	664

Ordinary stock

The weighted average ordinary stock in issue at 31 March 2009, used in the earnings per share calculation, excludes the treasury stock which does not represent ordinary stock in issue. Treasury stock does not rank for dividend. While own stock held for the benefit of life assurance policyholders legally rank for dividend, this dividend does not accrue in the Group financial statements.

t Capital Stock (continued)

Movements in ordinary and treasury stock (units)	Ordinary 2009	Ordinary 2008	Treasury 2009	Treasury 2008
At 1 April	980,482,472	955,356,605	45,734,778	70,192,621
Stock option schemes	-	378,386	-	(52,000)
Sharesave scheme	8,429	3,035,654	-	(2,708,545)
Long term incentive plan (LTIP)	-	247,373	-	(232,844)
Employee stock issue scheme	4,157,268	2,599,085	(4,157,268)	(2,599,085)
Stock alternative scheme	-	11,379,394	-	(11,379,394)
Stock sold / purchased and held for the benefit of life assurance policyholders	9,458,833	7,485,975	(9,458,833)	(7,485,975)
At 31 March	994,107,002	980,482,472	32,118,677	45,734,778

For further information on Capital stock refer to note 41 to the consolidated financial statements.

u Stock premium account

	2009 €m	2008 €m
At 1 April	775	771
Premium on issue of stock	-	4
Premium on issue of 2009 preference stock	3,315	-
At 31 March	4,090	775

For further information on the issue of the 2009 preference stock see note 41 to the consolidated financial statements.

v Retained earnings

	2009 €m	2008 €m
At 1 April	2,817	2,027
Profit for period attributable to stockholders	209	1,385
Equity dividends	(394)	(628)
Dividends on other equity interests	(10)	(14)
Profit retained	(195)	743
Reissue of treasury stock	19	173
Transfer from revaluation reserve (note w)	4	39
Transfer from share based payments reserve (note w)	3	4
Pension fund obligations	(492)	(195)
Reserves transferred to / from other units	(7)	26
At 31 March	2,149	2,817

w Other reserves

Other reserves are summarised as follows:

	2009 €m	2008 €m
Other reserves		
Capital reserve	48	48
Share based payments reserve	33	33
Foreign exchange reserve	(767)	(472)
Revaluation reserve	71	145
Available for sale reserve	(1,039)	(286)
Cash flow hedge reserve	(577)	(52)
Other equity reserve	224	114
Closing balance	(2,007)	(470)

Other reserves are analysed as follows:

	2009 €m	2008 €m
Capital reserve		
Opening balance	48	48
Closing balance	48	48

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

	2009 €m	2008 €m
Share based payments reserve		
Opening balance	33	24
Charge to the income statement	3	13
Transfer to retained profit	(3)	(4)
Closing balance	33	33
Foreign exchange reserve		
Opening balance	(472)	(52)
Exchange adjustments during year	(295)	(420)
Closing balance	(767)	(472)

The foreign exchange reserve represents the cumulative gains and losses on the translation of the Bank's investment in its foreign operations.

	2009 €m	2008 €m
Revaluation reserve		
Opening balance	145	216
Transfer to retained earnings on sale of property	(4)	(39)
Revaluation of property	(94)	(30)
Deferred tax on revaluation of property (note r)	15	7
Other movement	9	(9)
Closing balance	71	145

The revaluation reserve represents the cumulative gains and losses on the revaluation of the Bank's property portfolio. It includes the revaluation of property classified as property, plant and equipment and assets classified as held for sale.

w Other reserves (continued)

	2009 €m	2008 €m
Available for sale reserve		
Opening balance	(286)	(37)
Net changes in fair value	(859)	(251)
Deferred tax on fair value changes (note r)	109	35
Transfer to income statement on asset disposal	(3)	(33)
Closing balance	(1,039)	(286)

The available for sale reserve represents the unrealised change in the fair value of available for sale financial assets since initial recognition.

	2009 €m	2008 €m
Cash flow hedge reserve		
Opening balance	(52)	195
Net changes in fair value	(563)	(66)
Transferred to income statement		
- Net interest income	(120)	(249)
- Net trading expense (foreign exchange)	57	-
Deferred tax on reserve movements (note r)	101	68
Closing balance	(577)	(52)

The cash flow hedge reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be transferred to the income statement when the hedged transactions impact the Bank's profit or loss.

Other equity reserves

	US$150 million capital note €m	Core tranche warrants €m	Secondary tranche warrants €m	Total €m
Opening balance	114	-	-	114
Issue of warrants	-	50	60	110
Closing balance	114	50	60	224

The US$150 million note is an undated floating rate primary capital note which was reclassified from subordinated liabilities in accordance with IAS 32 on transition to IFRS in the year ended 31 March 2006. The core tranche warrants and secondary tranche warrants relate to the issue of the preference stock to the Government. For further information see note 41 to the consolidated Group Financial Statements.

x Liquidity risk

The tables below should be read in conjuction with note 46 of the consolidated financial statements.

As at 31 March 2009

Maturities of financial assets and liabilities	**Demand €m**	**Up to 3 months €m**	**3-12 months €m**	**1-5 years €m**	**Over 5 years €m**	**Equity Shares €m**	**Total €m**
Assets							
Cash and balances at central banks	3,190	-	-	-	-	-	3,190
Trading securities	-	12	27	70	16	-	125
Derivative financial instruments	922	688	859	2,862	2,180	-	7,511
Other financial assets at fair value through profit or loss	-	-	-	15	7	-	22
Loans and advances to banks	27,689	3,178	1,644	484	274	-	33,269
Available for sale financial assets	14	2,478	3,391	19,977	2,362	1	28,223
Loans and advances to customers (pre provisions)	7,490	19,911	10,771	32,030	42,113	-	112,315
Total	39,305	26,267	16,692	55,438	46,952	1	184,655
Liabilities							
Deposits from banks	7,508	30,906	4,981	7,098	2,860	-	53,353
Customer accounts	36,161	31,569	10,257	3,426	3,500	-	84,913
Derivative financial instruments	941	361	592	3,363	2,993	-	8,250
Debt securities in issue	-	12,230	6,150	7,981	671	-	27,032
Subordinated debt	-	-	775	-	4,522	-	5,297
Total	44,610	75,066	22,755	21,868	14,546	-	178,845

As at 31 March 2008

Maturities of financial assets and liabilities	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Equity Shares €m	Total €m
Assets							
Cash and balances at central banks	462	-	-	-	-	-	462
Trading securities	-	-	16	94	9	-	119
Derivative financial instruments	1,098	819	555	1,103	1,078	-	4,653
Other financial assets at fair value through profit or loss	-	-	-	11	48	-	59
Loans and advances to banks	24,176	5,378	615	1,277	606	-	32,052
Available for sale financial assets	3	5,124	3,693	14,867	3,364	2	27,053
Loans and advances to customers	5,641	18,107	11,881	33,811	45,897	-	115,337
Total	31,380	29,428	16,760	51,163	51,002	2	179,735
Liabilities							
Deposits from banks	3,558	16,161	1,613	4,556	4,972	-	30,860
Customer accounts	51,603	23,393	4,272	5,399	5,443	-	90,110
Derivative financial instruments	1,157	830	330	1,067	938	-	4,322
Debt securities in issue	232	22,209	13,096	9,704	537	-	45,778
Subordinated debt	-	-	-	767	4,613	-	5,380
Total	56,550	62,593	19,311	21,493	16,503	-	176,450

x Liquidity risk (continued)

31 March 2009

	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Deposits from banks	7,546	30,958	5,011	7,114	2,911	53,540
Customer accounts	36,182	31,741	10,669	3,869	3,741	86,202
Debt securities in issue	-	12,364	6,319	8,322	789	27,794
Subordinated liabilities	-	25	943	622	4,388	5,978
Contingent liabilities	2,201	-	-	-	-	2,201
Commitments	16,802	-	-	4,606	-	21,408
Total	62,731	75,088	22,942	24,533	11,829	197,123

Derivative financial instruments	**Demand €m**	**Up to 3 months €m**	**3-12 months €m**	**1-5 years €m**	**Over 5 years €m**	**Total €m**
Gross settled derivative liabilities - outflows	-	15,777	5,586	6,618	950	28,931
Gross settled derivative liabilities - inflows	-	(15,525)	(5,189)	(5,692)	(910)	(27,316)
Gross settled derivative liabilities - net flows	-	252	397	926	40	1,615
Net settled derivative liabilities	26	508	1,766	3,242	1,154	6,696
Total	26	760	2,163	4,168	1,194	8,311

31 March 2008

	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Deposits from banks	3,560	16,240	1,652	4,590	5,027	31,069
Customer accounts	51,657	23,615	4,466	5,739	5,991	91,468
Debt securities in issue	234	22,677	13,638	10,250	699	47,498
Subordinated liabilities	2	45	205	1,572	5,477	7,301
Contingent liabilities	2,757	-	-	-	-	2,757
Commitments	24,949	-	-	5,670	-	30,619
Total	83,159	62,577	19,961	27,821	17,194	210,712

Derivative financial instruments	Demand €m	Up to 3 months €m	3-12 months €m	1-5 years €m	Over 5 years €m	Total €m
Gross settled derivative liabilities - outflows	-	38,873	6,534	11,693	1,766	58,866
Gross settled derivative liabilities - inflows	-	(37,460)	(5,901)	(10,534)	(1,353)	(55,248)
Gross settled derivative liabilities - net flows	-	1,413	633	1,159	413	3,618
Net settled derivative liabilities	-	360	312	1,091	402	2,165
Total	-	1,773	945	2,250	815	5,783

y Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

	2009 €m	2008 €m
Cash and balances at central banks	3,190	462
Loans and advances to banks (with an original maturity of less than 3 months)	3,621	6,811
Cash and cash equivalents	6,811	7,273

z General

Retirement benefit obligations information on the Bank is contained in note 39 to the consolidated financial statements.

General information on the Bank is contained in note 51 to the consolidated financial statements.

Related Party information on the Bank is contained in note 52 to the consolidated financial statements.

Subsidiary information in relation to the Bank is contained in note 54 to the consolidated financial statements.

Fair value information is shown in notes 47 and 48.

Post balance sheet events are shown in note 57.

Consolidated 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 17.

	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 (3)	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%		

Consolidated 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	1,221	2.9	33,601	1,229	3.7
Foreign offices	35,686	1,552	4.3	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	3,563	3.4	95,695	4,069	4.3
Foreign offices	56,666	2,484	4.4	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	6,047	3.8	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 by 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
Total 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 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 year	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 112.

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
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	4,761	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 112.

Other disclosures

TARGET 2

1. On 15 February 2008 a first floating charge was placed in favour of the Central Bank and Financial Services Authority of Ireland (CBFSAI) over all Bank of Ireland's right, title, interest and benefit, present and future, in and to the balances now or at any time standing to the credit of Bank of Ireland's account held as a TARGET 2 participant with the CBFSAI (the Charged Property) where TARGET 2 is a real time gross settlement system for payments in euro with settlement in central bank money.

This floating charge contains a provision whereby during the subsistence of the security, otherwise than with the prior written consent of the CBFSAI, Bank of Ireland shall:

(a) not create or attempt to create or permit to arise or subsist any encumbrance on or over the charged property or any part thereof; or

(b) not, otherwise than in the ordinary course of business, sell, transfer, lend or otherwise dispose of the charged property or any part thereof or attempt or agree to do so whether by means of one or a number of transactions related or not and whether at one time or over a period of time.

2. On 15 February 2008 a first floating charge was placed in favour of the CBFSAI over all Bank of Ireland's right, title, interest and benefit, present and future, in and to certain segregated securities (the Charged Property) listed in an Eligible Securities Schedule kept by Bank of Ireland for purposes of participating in TARGET 2 where TARGET 2 is a real time gross settlement system for payments in euro with settlement in central bank money.

This floating charge contains a provision whereby during the subsistence of the security, otherwise than with the prior written consent of the CBFSAI, Bank of Ireland shall:

(a) not create or attempt to create or permit to arise or subsist any encumbrance on or over the charged property or any part thereof; or

(b) not, otherwise than in the ordinary course of business, sell, transfer, lend or otherwise dispose of the Charged Property or any part thereof or attempt or agree to do so whether by means of one or a number of transactions related or not and whether at one time or over a period of time.

Capital stock and Government Guarantee - Defined terms

Capital Stock Resolution	any resolution proposed at a General Court of the Bank to alter the capital stock of the Bank by way of: (a) an increase in the capital stock of the Bank, the reissue of treasury stock or the allotment of any unissued capital stock of the Bank save for the issue of additional preference stock pursuant to the rights attaching to existing preference stock or the issue of capital stock to fund a repurchase or redemption of the 2009 Preference Stock; or (b) the redemption, consolidation, conversion or sub-division of the capital stock of the Bank save for the repurchase or redemption of the 2009 Preference Stock; or (c) any other changes in the capital structure of the Bank;
Control Resolution	a resolution of those Stockholders who are entitled to so vote for the approval of any agreement or transaction (including a merger) whereby, or in consequence of which, Control of the Bank, or substantially all of the Bank's business, is or may be acquired by any person or persons (excluding any government concert party) acting in concert and which for the avoidance of doubt shall include any resolution to approve a scheme of arrangement pursuant to section 201 of the Companies Act 1963 pursuant to which a takeover of the Bank (within the meaning of the Irish Takeover Panel Act 1997 Takeover Rules (as amended, replaced or substituted from time to time)) would be effected or approved or a merger or division of the Bank pursuant to European Communities (Mergers And Divisions of Companies) Regulations, 1987 (Statutory Instrument 137 of 1987) or a merger of the Bank pursuant to European Communities (Cross-Border Mergers) Regulations 2008 (Statutory Instrument 157 of 2008);
Covered Institution	means a credit institution or a subsidiary of a credit institution— (a) that stands specified by order by the Minister under section 6(1) of the Credit Institutions (Financial Support) Act 2008; and (b) that has joined this Scheme in accordance with paragraph 5 of the Schedule to S.I. No. 411 of 2008.
Government	the Government of Ireland;
Government Entity	(i) the NTMA, the NPRFC, the NRPF, the Minister for Finance or any Minister or Department of the Government, in each case holding 2009 Preference Stock, but excludes any other holder of 2009 Preference Stock provided however this shall not include any occupational pension scheme approved by the Revenue Commissioners and registered with the Pension Board; and (ii) any custodian or nominee holding 2009 Preference Stock on behalf of the NPRFC, the Minister for Finance, any Minister or Department of the Government provided however that where such custodian or nominee holds 2009 Preference Stock for any other person, such holding shall be not be taken into account for the purpose of determining the voting rights of the Stockholder;
Minister for Finance	the Minister for Finance of Ireland;
Thirty Day Average Price	(i) 100 per cent. of the average daily closing price of the Ordinary Stock on the Irish Stock Exchange over the 30 dealing days immediately preceding the original scheduled dividend declaration date, (in the event that the Ordinary Stock issued in the event of non-payment of dividends on the 2009 Preference Stock is settled on the dividend payment date to which it relates); or (ii) 95 per cent. of the average daily closing price of the Ordinary Stock on the Irish Stock Exchange over the 30 dealing days immediately preceding the original scheduled dividend declaration date (in the event that the Ordinary Stock, issued in the event of non-payment of dividends on the 2009 Preference Stock, is settled after the dividend payment date to which it relates);

Stockholder information

Holders of ordinary stock

Stockholder profile	31 March 2009 % by value	31 March 2008 % by value
Ireland	11	14
UK	7	12
US	22	19
Europe / other	8	22
Retail	52	33
	100	100

Analysis of stockholdings

Stockholding range - units of stock	Number of stockholders	% of total holders	Stock held units	% of total stock
Up to 500	29,357	29.57	5,989,969	0.60
501 to 1,000	16,449	16.57	12,980,892	1.30
1,001 to 5,000	35,650	35.91	87,415,631	8.79
5,001 to 10,000	9,346	9.41	67,650,978	6.81
10,001 to 50,000	7,377	7.43	146,282,451	14.72
50,001 to 100,000	628	0.63	43,047,912	4.33
100,001 to 500,000	353	0.36	71,192,490	7.16
Over 500,000*	123	0.12	559,546,679	56.29
	99,283	100.00	994,107,002	100.00

* Excludes stockholdings held by BoI Life

Results	Year ended 31 March 2009 - announced 19 May 2009
Annual General Court of Proprietors	Friday, 3 July 2009

Listings

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

Registrar

The Bank's Registrar is:
Computershare Investor Services (Ireland) Limited,
PO Box 954,
Sandyford,
Dublin 18.
Telephone: + 353 1 247 5414,
Facsimile: + 353 1 216 3151
or
Contact via website: www.investorcentre.com/ie/contactus

Stockholders may check their accounts on the Bank's stock register by accessing the Bank's website at www.bankofireland.com, clicking on "Investor Relations" and then clicking on "Check your Stock". This facility allows stockholders to check their stockholdings and to download standard forms required to initiate changes in details held by the Registrar.

Dividend payment dates

Dividends in respect of the Bank of Ireland non-cumulative euro and Sterling preference stocks are paid half yearly on 20 February and 20 August. Dividends in respect of the 2009 Preference Stock are paid annually on 20 February. Dividends in respect of Bristol & West plc non-cumulative preference shares are paid half yearly on 15 May and 15 November.

Payment of dividends directly to your account

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

Payment of preference dividends in Sterling

In order to reduce costs to stockholders, arrangements can be made for stockholders resident in the UK to receive payment of their preference dividends in the equivalent amounts of Sterling if they so choose.

Please contact the Bank's Registrar if you wish to avail of this service.

Stockholder information

Amalgamating your stockholdings

If you have received more than one copy of this Annual Report, it may be because the Bank has more than one record of stockholdings in your name. To ensure that you do not receive duplicate mailings in future, please have all your stockholdings amalgamated into one account by contacting the Bank's Registrar.

Stockholder enquiries

All enquiries concerning stockholdings should be addressed to the Bank's Registrar.

Electronic communication

In the interests of protecting the environment stockholders are encouraged to elect for receipt of documentation online as soon as it is published on our website through our registrar (www.computershare.com/register/ie).

As well as being speedier and less bulky, you can access some or all of the information at your convenience.

Dividend withholding tax (DWT) in respect of dividends on preference shares

The following information does not constitute definitive tax advice.

Stockholders are advised to consult professional advisers if in any doubt about their own individual position. Further information on DWT may be obtained from:

DWT Section,
Office of the Revenue Commissioners,
St. Conlon's Road,
Nenagh, Co. Tipperary,
Ireland.
Telephone: +353 67 33533.
Facsimile: +353 67 33822.
Email: infodwt@revenue.ie.

Dividends paid by Irish resident companies are, with certain exceptions, subject to DWT at the standard rate of income tax. Where it applies, DWT is deducted by the Bank from all dividends paid.

In general, Irish resident individual stockholders are liable to DWT.

However, certain other classes of stockholders are not liable to DWT provided they:
- fall into any of the exempt categories* and
- complete and return the Irish Revenue Approved Universal Declaration Form.

*Examples of exempt categories include Irish resident companies, pension schemes, PRSA administrators, unit trusts, charities, certain non-resident individuals and companies – a full list of exempt entities and full details of exemptions are contained in the Universal Declaration Form which is available from the Irish Revenue or Computershare, the Bank's Registrar, at the addresses above.

If you believe that you are entitled to an exemption from DWT you must:
- complete the relevant part of the Universal Declaration Form, obtaining any relevant additional certification required, and
- return the completed Universal Declaration Form to the Bank's Registrar (or to your qualifying intermediary or authorised withholding agent) no later than one week prior to the next ensuing Dividend Payment Record Date.

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

Form 20-F

The Form 20-F for year ended 31 March 2009 will be filed with the US Securities and Exchange Commission, Washington DC. Copies will be available to download from the Bank's website (see below) or in hard copy, free of charge, on application to the Group Secretary, or on the website of the US Securities and Exchange Commission.

Holders of American Depositary Shares

American Depositary Receipts (ADRs) are negotiable securities that are used to represent, among other things, a non-US company's publicly traded ordinary share capital. ADRs are traded and dividends are distributed in US dollars just like any US security, alleviating certain obstacles associated with investing directly in the home markets of non-US companies. The Bank of New York is the Depositary Bank for the Bank of Ireland's ADR Program.

Address:
BNY Mellon Shareowner Services
PO Box 358516
Pittsburgh, PA 15252-8516

Toll Free # for Domestic Calls: 1-866-257-5729
Number for International Calls: 201-680-6825

Email: shrrelations@bnymellon.com
Website: www.adrbnymellon.com

Internet address

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

Principal Business Units & Addresses

REPUBLIC OF IRELAND

Group Head Office

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

Group Executive

Group Chief Executive and Chief Executive, Retail Financial Services Ireland	Richie Boucher
Chief Executive, Capital Markets	Denis Donovan
Chief Executive, UK Financial Services	Des Crowley
Director, Group Manufacturing	Tony Wyatt
Group Chief Financial Officer	John O'Donovan
Group Chief Risk Officer	Ronan Murphy
Head of Group HR	Christine Brennan
Group Secretary	John Clifford
Head of Group Investor Relations	Geraldine Deighan
Head of Group Corporate Communications	Dan Loughrey
Group Legal Adviser	Finbarr Murphy

RETAIL FINANCIAL SERVICES IRELAND

Branch Network

Network Offices
1st Floor, Arena, Whitestown Way, Tallaght, Dublin 24
Tel: + 353 1 460 6503
Website: www.bankofireland.ie
Director Branch Network: Tim O'Neill

Bank of Ireland Business Banking

40 Mespil Road, Dublin 4
Tel: + 353 1 665 3400, Fax: + 353 1 665 3480
Website: www.bankofireland.ie
Director: Cathal Muckian

Group Customer Operations

1 Grand Canal Quay, Dublin 1
Tel. + 353 1 4882546, Fax +353 1 4882106
Website: www.bankofireland.ie
Head of Group Customer Operations: Joe Larkin

Bank of Ireland Mortgages and Personal Lending
ICS Building Society

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

Life Assurance
Bank of Ireland Life Holdings plc
(including New Ireland Assurance Company plc)

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

New Ireland Assurance Company plc

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

General Insurance

Bank of Ireland Insurance Services Ltd
Banking Operations Centre, Cabinteely, Dublin 18
Tel. 1890 604 604, Fax +353 1 2361740
Email: info@boiinsurance.ie
Managing Director: Eamon Slevin

Bank of Ireland Finance

Colm House, 91 Pembroke Road, Ballsbridge, Dublin 4
Tel: + 353 1 614 0300, Fax: + 353 1 614 0301
Email: info@bif.ie
Website: www.bif.ie
Managing Director: Pat Creed

Bank of Ireland Private Banking Ltd

40 Mespil Road, Dublin 4
Tel: + 353 1 637 8600, Fax: + 353 1 637 8700
Email: pb_info@pb.boi.ie
Website: www.privatebanking.ie
Managing Director: Mark Cunningham

Retail Foreign Exchange

Foreign Currency Exchange Corp
7352 Greenbriar Parkway, Orlando, Florida, USA 32819
Tel: + 1 407 992 2790 and + 1 800 999 0689
Fax: + 1 407 992 2780
Website: www.FCECO.com
President & CEO: Brendan Kelly

Cards Business

33/35 Nassau Street, Dublin 2
Tel: 1850 251 251
Fax: + 353 1 679 5351
Email: boics@boimail.com
Website: www.boi.ie/cards
Managing Director: Kevin Murphy

Retail Foreign Exchange
First Rate Enterprises Ltd

3-4 South Frederick Street, Dublin 2
Tel: + 353 1 863 8500, Fax: + 353 1 863 8581
Email: maggie.heaslip@boimail.com
Managing Director: Joe Redmond

UK FINANCIAL SERVICES

Bank of Ireland UK Financial Services

PO Box 27, One Temple Quay, Bristol BS99 7AX
Tel: + 44 11 7909 0900, Fax: + 44 11 7929 3787
Website: www.boiukfs.co.uk
Chief Executive: Des Crowley

Bank of Ireland Personal Lending (UK)

PO Box 27, One Temple Quay, Bristol BS99 7AX
Tel: + 44 117 979 2222 and + 44 117 909 0900
Fax: + 44 117 929 3787
Managing Director: Richard Brown

NIB

32 Central Avenue, Bangor
Count Down BT20 3AD
Tel: +44 2891 469 415 Fax: +44 2891 461 434
Managing Director: Michael Andrews

Bank of Ireland Mortgages

Plaza West, Bridge Street
Reading RG1 2LZ
Tel: +44 118 939 3393 Fax: +44 118 958 7040
Managing Director: Mike Joyce

Post Office Financial Services

1st Floor, Eastcheap Court, 11 Philpot Lane
London EC3M 8BA
Tel: +44 845 641 8931, Fax: +44 207 332 0198
Chief Executive Officer: Patrick Waldron

Business Banking UK

Bow Bells House, One Bread Street, London EC4M 9BE
Tel: +44 203201 6000, Fax: +44 203201 6965
Website: www.bank-of-ireland.co.uk
Managing Director: David McGowan

Business Banking UK

1 Donegall Square South, Belfast, BT1 5LR
Tel: + 44 28 9043 3000, Fax: + 44 28 9043 3010
Website: www.bankofireland.co.uk
Managing Director: David McGowan

First Rate Exchange Services

Falcon House, 115-123 Staines Road, Hounslow, TW3 3LL
Tel: + 44 208 577 9393, Fax: + 44 208 814 6685
Website: www.firstrate.co.uk
Managing Director: Gordon Gourlay

Bank of Ireland First Currency Services Wholesale

Eastcheap Court, 11 Philpot Lane, London EC3M 8BA
Tel: +44 20 8814 3390 Fax: + 44 20 7623 9927
E-mail: info@boifcs.com
Managing Director: Bjorn Larsson

Bank of Ireland (IOM) Ltd

P O Box 246, Christian Road, Douglas,
Isle of Man IM99 1XF
Tel: + 44 1624 644222, Fax: + 44 1624 644298
Website: www.boioffshore.com
Managing Director: Michael McKay

CAPITAL MARKETS

CORPORATE BANKING

Bank of Ireland Corporate Banking

Lower Baggot Street, Dublin 2
Tel: + 353 1 604 4000, Fax: + 353 1 604 4005
Email: corporate.banking@boimail.com
Website: www.bankofireland.ie/corporatebanking
Chief Executive: Tom Hayes

London

Bank of Ireland Corporate Banking

Bow Bells House
1 Bread Street, London, EC4M 9BE
Tel: +44 203 201 6000
Fax: +44 207 248 6076

France

Bank of Ireland Corporate Banking

20 Avenue Franklin Roosevelt, 75008 Paris, France
Tel: +33 1 56 88 05 88, Fax: + 33 1 56 88 79 59
Head of Acquisition Finance France:
Philippe Bassouls

Germany

Bank of Ireland Corporate Banking

Bank of Ireland Corporate Banking
Taunusanlage 17
60325 Frankfurt am Main, Frankfurt
Tel: +49 69 7167 33910/20
Heads of Acquisition Finance Germany:
Ralph Betz

United States

Bank of Ireland Capital Markets U.S Branch

300 First Stamford Place,
Stamford CT06902
Tel: + 1 203 3915555
Website: www.bankofireland.ie
Country Manager: John T. Connors

Burdale Capital Finance

Bank of Ireland US Representative Office
75 Holly Hill Lane, Greenwich, CT 06830
Tel: +1 203 391 5900
Managing Director: David Grende

Bank of Ireland US Representative Office

75 Holly Hill Lane,
Greenwich, CT 06830
Tel: +1 203 391 5900
Managing Director: David Grende

Burdale Financial Limited

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

Australia

BOI Capital Australia Pty Ltd

FL40, MLC Centre
19-29 Martin Place, Sydney, NSW 2000
Tel: +612 9270 8700, Fax: +612 9270 8799
Website: www.bankofireland.ie
Head of Project Finance Asia Pacific: Alasdair Caush

TREASURY

Bank of Ireland Global Markets

Colvill House, Talbot Street, Dublin 1
Tel: + 353 1 799 3000, Fax: + 353 1 799 3035
Email: info@boigm.com
Website: www.boi.ie/capitalmarkets
Chief Executive: Austin Jennings

London

Bank of Ireland Global Markets

Bow Bells House,
1 Bread Street, London EC4M 9BE
Tel: +44 203 201 6000, Fax: +44 207 429 9190
Website: www.boi.ie/capitalmarkets
Managing Director: Peter Goshawk

Bristol

Bank of Ireland Global Markets

One Temple Quay
Bristol BS 99 7AX
Tel: + 44 117 929 1504, Fax: + 44 117 921 1607
Website: www.boi.ie/capitalmarkets
Chief Dealer: Barry Littlefield

Belfast

Bank of Ireland Global Markets

1 Donegall Square South
Belfast BT1 5LR
Tel: +44 80 0776 616, Fax: +44 28 9023 7444
Website: www.boi.ie/capitalmarkets
Head of Global Markets Belfast: Michael Burns

CORPORATE FINANCE

IBI Corporate Finance Ltd

40 Mespil Road, Dublin 4
Tel: + 353 1 637 7800, Fax: + 353 1 637 7801
Website: www.ibicorporatefinance.ie
Executive Chairman: Róisín Brennan

Bank of Ireland Corporate Finance Limited

Donegall House
1 Donegall Square South
Belfast BT1 5LR
Tel: +44 2890 433 000, Fax: +44 2890 237 921
Website: www.ibicorporatefinance.ie
Director: Sean Duffy

ASSET MANAGEMENT SERVICES

Bank of Ireland Asset Management Ltd

40 Mespil Road, Dublin 4
Tel: + 353 1 637 8000, Fax: + 353 1 637 8100
Website: www.biam.ie
Chief Executive: Mick Sweeney

Bank of Ireland Securities Services Ltd

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

United States

California

Paul Capital Investments, LLC

50 California Street, Suite 3000, San Francisco, CA 94111
Tel: + 1 415 283 4300, Fax: + 1 415 283 4301
Website: www.paulcap.com
CEO & Managing Director: David York

Business Review
Governance
Financial Statements
General Information

Index

A

Accounting
- critical accounting estimates and judgments 126
- impact of new accounting standards 124
- policies 124

Annual General Court 2
American depository receipts 235
American depository shares 235
Auditors
- independent auditors' report 101
- remuneration 136

Available for sale financial assets 143

B

Balance Sheet – Bank 202
Balance Sheet – Group
- Average balance sheet and interest rates 228
- Consolidated balance sheet (euro, US$ and Stg£) 231

Banking book 59
Basel II 68
Board balance and independence 90
Books of account 73
Branches outside the State 73
Business review - Group 8
Business risk
- definition 64
- management, measurement and reporting 64
- mitigation 65

Business segments income statement 20

C

Capital
- adequacy data 68
- adequacy requirements 67
- management 66
- collateral agreements 61
- Tier I 68
- Tier II 68
- resources 67

Capital stock
- NPRF 9
- Preference 75
- Stockholder information 234
- Substantial stockholdings 72
- Warrants 77

Cash flow statement 106
Code of Conduct 91
Consolidated banking book risk 59
Contingent Liquidity 53
Corporate Governance
- governance statement 89
- requirements 95

Corporate responsibility
- in the community 96
- in the environment 98
- in the marketplace 97
- in the workplace 98
- Give Together 96
- Student Awards 97

Counterparty Risk 29
Country/bank limits 42
Court of Directors
- appointments to the Court 90
- attendance at scheduled meetings 93
- board balance and independence 90
- biographies 69
- changes in the directorate 88
- court sub-committees 94
- election and re-election 91
- information and professional development 90
- interests 72
- interests in stock 88
- pension entitlements 87
- performance evaluation 90
- remuneration 91
- remuneration report 79
- remuneration strategy 80
- substantial stock holdings 72

Credit related commitments 41
Credit policy
- credit risk 38
- credit risk management 40
- credit risk exposure 39
- credit risk mitigation approach 44

D

Data Protection and Privacy Policy 63
Debt recovery 7
Deferred taxation 32
Derivatives 115
Directors – See Court of Directors
Discretionary expenditure 7
Discretionary market risk 58
Dividends
- dividend withholding tax 236
- final dividend on ordinary stock 68

Divisional performance
- Bank of Ireland Life 21
- Business segments income statement 27
- Capital Markets 23
- Group Centre 26
- Retail Republic of Ireland 20
- UK Financial Services 24

Index

E

Earnings per share 138
Economic capital 37
Embedded value basis 22
Employees
  Employee engagement 98
  Learning and development 98
  Speak up policy 98
Environment 98
Equity risk 61
Executive stock options 83

F

Financial Advice Centre 97
Financial statements 100
Form 20-F 192
Forward looking statement 6
Funding
  Term funding 52
  Wholesale funding 53

G

General information 227
Going concern 73
Goodwill impairment 19
Government Guarantee Scheme / Government
  Recapitalisation 30
Governor and Chief Executive 69
Group Chief Executive's review 5
Governor's statement 2
Group activities 71
Group Audit Committee 34
Group committees 34
Group risk governance framework 34
Group performance 8

I

Impairment provisions 13
Income statement 16
Internal controls 34
Internet address 237
Information and professional development 90
Insurance risk 32

K

Key risks 29

L

Lending authorisation 40
Life insurance risk
  risk management 62
  risk measurement 62
  risk mitigation 62
Limits 44
Liquidity risk
  definition 54
  risk management 54
  risk measurement 54
  risk mitigation 56
  risk reporting 55
Listings 193
Loan impairment charge 13
Loans
  challenged loans 46
  impaired loans 13
  past due not impaired 12
Loans and advances to customers 11
Long term incentive plan 81

M

Management of principal risk
  credit risk 30
  credit risk management 40
Market risk 58
Market risk arising from customer and wholesale
  banking business 58
Market risk in the life business 61
Master netting arrangements 45
Mortgage fund 97
Mortgage book 56

N

National Asset Management Agency (NAMA) 31
New York Stock Exchange (NYSE)
  Corporate governance requirements 95
Net interest income 16
Notes to the consolidated financial statements 128

O

Operating and financial review 8
Operational risk - see Risk Management
Outlook 7

Index

P

Pension risk 32
Performance evaluation 90
Performance highlights 1
Post balance sheet event 73
Political donations 73
Principal business units and addresses 238
Principal risks and uncertainties 29

R

Recapitalisation 2
Registrar 235
Regulatory and operational risk - see Risk Management
Results 103
Review of group performance 8
Risk Management
- credit risk 30
- credit consideration risk 30
- counterparty risk 29
- country risk 42
- environment 33
- legal and regulatory risk 32
- life insurance risk 32
- liquidity/funding risk 29
- market risk 58
- management approach 34
- management structure & organisation 34
- measurement 37
- reporting 38
- operational risk 32
- pension risk 32
- reputation risk 32
- risk Governance 34
- taxation risk 32
- top "5" risk identification 37
- valuation risk 31

S

Sharesave Scheme options 81
Staff – see Employees
Statement of Directors' Responsibilities 100
Statement of recognised income and expense 105
Stock
- dividend rights 74
- 2009 preference stock 6
- ordinary 74
- options 88
- treasury 121
- voting rights 74

Stockholder Equity 172
Stockholder information 234
Structural Foreign Exchange 61
Stress testing and scenario analysis 37
Structural market risk 61
Substantial stockholdings 72

T

Takeover Bids Directive 74
TARGET2 232
Taxation 137

U

UK Financial Services (UKFS) 24

W

Warrants 77

Glossary of terms

ABS	Asset Backed Securities
ACS	Asset Covered Securities
ADR	American Depository Receipts
ADS	American Depository Shares
AFS	Available for sale
AGC	Annual General Court
ALCO	Group Asset and Liability Committee
ALM	Group Asset and Liability Management
APE	Annual Premium Equivalent
BIGPF	Bank of Ireland Group Pension Fund
BIS	Bank for International Settlements
BoI	Bank of Ireland
BoIGM	Bank of Ireland Global Markets
BoI Life	Bank of Ireland Life
bps	Basis points
BSPF	Bank of Ireland Staff Pension Fund
BTL	Buy to let
CBFSAI	Central Bank and Financial Services Authority of Ireland
CDs	Certificates of deposit
CDOS	Collateralised debt obligation
CDR	EU Capital Requirements Directive
CGU	Cash generating units
CIROC	Covered Institutions Remuneration Oversight Committee
CMBS	Commercial Mortgage Backed Securities
CP	Commercial Paper
CRD	Capital Requirements Directive (European Union)
CSAs	Collateral Support Agreements
DWT	Dividend withholding tax
EAD	Exposure at default
Ecap	Economic capital
EGC	Extraordinary General Court
EPS	Earnings per share
EU	European Union
EUETS	European Union Emissions Trading Scheme
Euribor	Euro Inter Bank Offered Rate
EWMA	Exponentially Weighted Moving Average
FIRB	Foundation Internal Ratings Board
FRES	First Rate Exchange Services
FRN	Floating Rate Note
FX	Foreign Exchange
GAAP	Generally Accepted Accounting Practice
GAC	Group Audit Committee
GCC	Group Credit Committee
GCR	Group Credit Review
GCRO	Group Chief Risk Officer
GEC	Group Executive Committee
GIA	Group Internal Audit
GLC	Group Liquidity Committee
GRO	Group Risk Office
GROR	Group Regulatory and Operational Risk
GRORC	Group Regulatory and Operational Risk Committee
GRPC	Group Risk Policy Committee
HSE	Health Service Executive
ICAAP	Internal Capital Adequacy Assessment Process
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBF	Irish Banking Federation
IBNR	Incurred but not Reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IRBA	Internal Ratings Based Approach
KRAs	Key Result Areas
LGD	Loss given default
Libor	London Inter Bank Offered Rate
LTIP	Long Term Incentive Plan
LTPSP	Long Term Performance Stock Plan
MBPN	Mortgage backed promissory note
NAMA	National Asset Management Agency
NI	Northern Ireland
NPRF	National Pensions Reserve Fund
NPRFC	National Pensions Reserve Fund Commission
NYSE	New York Stock Exchange
PBT	Profit before tax
PD	Probability of default
POFS	Post Office Financial Services
PPR	Performance Planning & Review
PRC	Portfolio Review Committee
PwC	PricewaterhouseCoopers
RAROC	Risk adjusted return on economic capital
repos	repurchase agreements
RMBS	Residual Mortgage Backed Securities
RMC	Risk Measurement Committee
ROE	Return on Equity
RoI	Republic of Ireland
RWA	Risk weighted assets
SAYE	Save as you earn
SIVs	Structured investment vehicles
SME	Small Medium Enterprises
SORIE	Statement of recognised income and expense
SOx	Sarbanes Oxley Act of 2002
SPE	Special Purpose Entity
SSI	Stock Share Issue
STP	Strategic Transformation Programme
TSR	Total shareholder return
UKFS	UK Financial Services
USB	Universal Serial Bus
VaR	Value at Risk
VIF	Value in force

Designed by Design at DBA. Printed by Turner Print Group. Print managed by Design at DBA.

www.bankofireland.com

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