

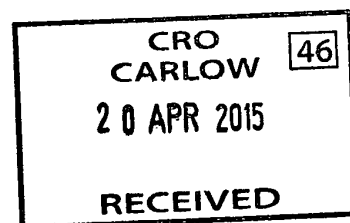
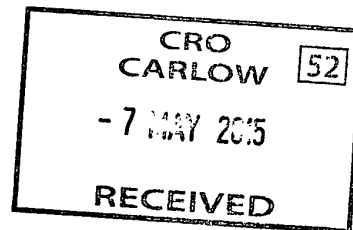


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BARCLAYS BANK IRELAND PLC

Annual Report and Financial Statements

Year Ended 31 December 2014





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DIRECTORS AND OTHER INFORMATION

Board of Directors as at 24 March 2015

David Farrow, Group Non-Executive Director

Helen Keelan, Independent Non-Executive Director

James Kelly, Chief Risk & Operating Officer

David Martin, Independent Non-Executive Director

Eoin O'Driscoll, Independent Non-Executive Director

Sasha Wiggins, Chief Executive Officer

Secretary

Pauline Gallagher

Audit Committee members:

Helen Keelan, Independent Non-Executive Director

David Martin, Independent Non-Executive Director

Eoin O'Driscoll, Independent Non-Executive Director

Board Risk Committee

All Board members as shown above are also members of the Board Risk Committee along with Michael Downes, the Chief Credit Officer of Barclays Bank Ireland PLC ('the Bank'), Jennie Power (Country Head of Compliance) and Pauline Gallagher, Head of Legal for the Bank.

Registered Office and Business Address

Two Park Place
Hatch Street
Dublin 2
Registered Number 396330

Solicitors

Matheson,
70 Sir John Rogerson's Quay, Dublin 2

Arthur Cox,
Earlsfort Court, Earlsfort Terrace, Dublin 2

Auditors

PricewaterhouseCoopers, Chartered Accountants & Statutory audit firm,
One Spencer Dock, North Wall Quay, Dublin 1



DIRECTORS' REPORT FOR THE YEAR

The Directors present their annual report and audited financial statements for the year ended 31st December 2014.

Principal Activities

The principal activity of the Bank is the provision of wholesale banking services to corporate entities and wealth management advisory services. The Bank advises, leads, underwrites and participates in debt transactions and also provides operational banking services. The Bank can also offer leveraged finance, project finance, and finance to Public Private Partnerships ("PPP") and in co-operation with fellow subsidiaries of the Barclays group, wealth management advisory services, debt capital markets and sophisticated risk management products.

The Bank is licensed by the Central Bank of Ireland and received its banking licence on 7th March 2005.

Ratings

Standard & Poor's have assigned the Bank a long-term debt and counterparty rating of 'A' with a 'negative watch' outlook, and a short term rating of 'A-1'. The long-term rating was upgraded from 'A-' to 'A' on 10 June 2014, in line with an upgrade of the Irish sovereign rating.

Standard & Poor's formally review their ratings at least annually.

Board of Directors

The names of persons who were Directors at any time during the year ended 31st December 2014, or who have been appointed since that date, are set out below.

Chris Cullen, Independent Non-Executive Director and Chairman of the Audit Committee (resigned 31 December 2014)

David Farrow, Group Non-Executive Director (appointed 16 May 2014 & appointed Chairman on 31 December 2014)

Andrew Stewart Hastings, Chief Executive Officer (resigned 27 February 2015)

Helen Keelan, Independent Non-Executive Director (appointed Chair of the Audit Committee on 31 December 2014)

James Kelly, Chief Risk & Operating Officer

David Martin, Independent Non-Executive Director (appointed 22 December 2014)

Eoin O'Driscoll, Independent Non-Executive Director (appointed 22 December 2014)

Donal Roche, Chairman and Independent Non-Executive Director (resigned 31 December 2014)

Sasha Wiggins, Chief Executive Officer (appointed 27 February 2015)



DIRECTORS' REPORT FOR THE YEAR

Risk management and control environment

In the ordinary course of business, the Directors and management of the Bank manage a variety of risks with credit, operational, market, liquidity, interest and foreign currency risks being the most significant. These risks are identified, measured and monitored through various control mechanisms across the Bank in order to price facilities and products on a risk adjusted basis and to highlight risk concentrations which require management attention. Independent checks on risk issues and key processes are undertaken by the Barclays Bank PLC internal audit function.

Credit risk

Credit risk arises because the Bank's customers, clients or counterparties may not be able or willing to fulfil their contractual obligations under loan agreements or other credit facilities. The objective of credit risk management is to create value by ensuring that the income generated by each exposure individually and in aggregate is commensurate with the risk taken.

The Bank closely monitors the credit risk of the portfolio on a number of bases including sector, geography, credit grade and security and has a range of control mechanisms in place to manage the risk.

Credit approvals are rigorously reviewed by expert credit staff and approved by a senior sub-committee of the Board of Directors under delegated authority.

Operational risk

Operational risk, which is inherent in all business activities, is the potential for financial and reputational loss arising from failures in internal controls, operational processes or the systems that support them. The Bank manages this risk through appropriate risk controls and loss mitigation actions. These actions include a balance of policies, procedures, internal controls and business continuity arrangements, including taking into account cyber security considerations.

Market and liquidity risk

Market risk is the risk of loss arising from adverse movements in the level of volatility of market prices occurring in the interest rate and foreign exchange markets.

Part of the Bank's return on financial instruments is obtained from the controlled mismatching of the dates on which the Bank's investment and customer deposits mature; it is policy that all customer term deposits greater than €10m and with a term greater than one month are matched, thus minimising any interest rate and foreign exchange risk. In addition, all surplus funds are presently placed with Barclays Bank PLC with specific maturities.

The objective of liquidity management is to ensure the availability, at all times, of sufficient funds to meet the demand of customers for additional borrowings or to repay existing deposits as they mature or are withdrawn.

Large balances mature daily from placements of surplus funds and customer deposits. A daily maturity analysis is produced thus enabling the Bank to constantly manage its liquidity position.

Foreign currency risk

The Bank provides foreign exchange capability on behalf of customers, with most deals undertaken at spot value. Forward foreign exchange deals undertaken are generally matched by corresponding positions with Barclays Bank PLC.

The currency risk on the Bank's customer accounts that are denominated in currencies other than euro is mitigated by matching asset and liability amounts in the same currency.



DIRECTORS' REPORT FOR THE YEAR

Results and dividend

The Bank's profit after tax for the year to 31 December 2014 was €18.6m (2013: €25.8m). The profit after tax for the prior year included a one-off credit of €12.8m generated from the closure of the Bank's defined benefit plan to future accrual in May 2013 and associated benefit changes. No interim dividend was paid in 2014 (2013: €75m). The Directors do not propose to make a dividend payment for the year ended 31 December 2014.

Business review

Barclays Bank Ireland PLC provides wholesale banking services to corporate entities and wealth management advisory services.

The Bank advises, leads, underwrites and participates in debt transactions and also provides operational banking, trade and treasury services. The Bank also introduces Irish companies to the debt and equity capital raising and risk management structuring capability of Barclays Investment Bank, a leader in the global investment banking market.

The Bank continues to pursue the right opportunities to grow the business and to provide a wide range of banking services to corporate entities and advisory services to wealth management clients.

The Bank's common equity tier one ratio remains strong at 13.7% as at 31 December 2014 (2013: 12.9%), a ratio that is well in excess of the minimum 4.5% regulatory capital requirement. The Bank's solvency ratio was 16.0% as at 31 December 2014 (2013: 17.1%), also in excess of the minimum 8% regulatory capital requirement, giving significant capacity to conservatively expand the balance sheet.

The Bank maintains a robust credit risk management process and utilises well developed risk pricing methodologies that profile economic capital returns.

Profit before tax for the year ended 31 December 2014 was higher than the Board's expectation primarily due to a 34% increase in fee income. This increase in fee income was a result of higher fees earned from new and renegotiated lending facilities that generated arrangement and commitment fee income, as well as higher income earned from the wealth advisory business. Net interest income in 2014 of €19.8m was up 1% from 2013 and Foreign Exchange income increased in 2014 by 29% to €2.6m.

There was a 3% increase in 2014 operating costs. The rise in costs was driven by an increase in staff costs due to higher staff numbers. The cost income ratio fell from 49% in 2013 to 43% in 2014.

Customer deposits rose by 42% in 2014 to €1,639m and drawn customer loans increased by 41% to €890m resulting in the loan to deposit ratio falling from 55% in 2013 to 54% as at the end of 2014. A ratio of 54% reflects a position where the Bank was fully able to fund loans from deposits without the need to access its parent bank or the wholesale interbank market for its day to day liquidity requirements.

The Bank in conjunction with Barclays Assurance and Barclays Insurance in Dublin operated a shared defined benefit pension scheme. This scheme was closed to future accrual in May 2013. At the end of 2014, the Bank had a net liability of €11.8m between the fair value of the scheme assets and the present value of the schemes liabilities versus a prior year liability of €4.9m. The key driver of the €6.9m increase in the net liabilities over the period was a fall in the discount factor used to measure future liabilities from 3.6% as at 31 December 2013 to 2.2% as at the 2014 year-end, in line with reducing global bond market returns.

The Bank has a proactive approach to watch list customers and as a result is very close to events at companies that are encountering trading difficulties. The Bank utilises the advice of Barclays' group experts to manage such situations. The Bank suffered impairment charges of €0.2m in 2014 (2013: nil). The total balance sheet impairment provision of €2.1m at the end of 2014 is made up of specific provisions of €1.5m and model driven provisions of €0.6m.

The Bank forecasts its liquidity position on a daily basis as the balance sheet asset and liability maturity profile changes with each new asset or liability booked. The Bank has significant buffers over the required minimum levels of daily liquidity necessary to meet the Central Bank of Ireland's liquidity rules, having invested €450m (2013: €480m) in readily realisable liquid assets in the form of Barclays Bank PLC's certificates of deposit. In addition the Bank has the ability to borrow from Barclays Group Treasury should the need arise. The Bank has a detailed liquidity funding plan in place and has access to the Barclays Group liquidity contingency plan and expert personnel, if a need were to arise.



DIRECTORS' REPORT FOR THE YEAR

With effect from 1 January 2015, the Bank has extended its services to include cross-border merchant acquiring services provided to the card acquiring division of Barclays Bank Plc, via the industry standard Payment Facilitator model under which Barclaycard is the sole merchant acquiring customer of the Bank. Transaction processing & operational services have been outsourced to Barclaycard, a trading name of Barclays Bank Plc.

The Bank issued €126m ordinary shares to its parent, Barclays Bank plc, in December 2014 to provide the required capital base to support the ongoing capital requirements of this new line of business for the Bank.

Directors' responsibilities statement for the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish law. Irish company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that year. Under that law the Directors have elected to prepare the financial statements in accordance with generally accepted accounting practices in Ireland (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland). In preparing those 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

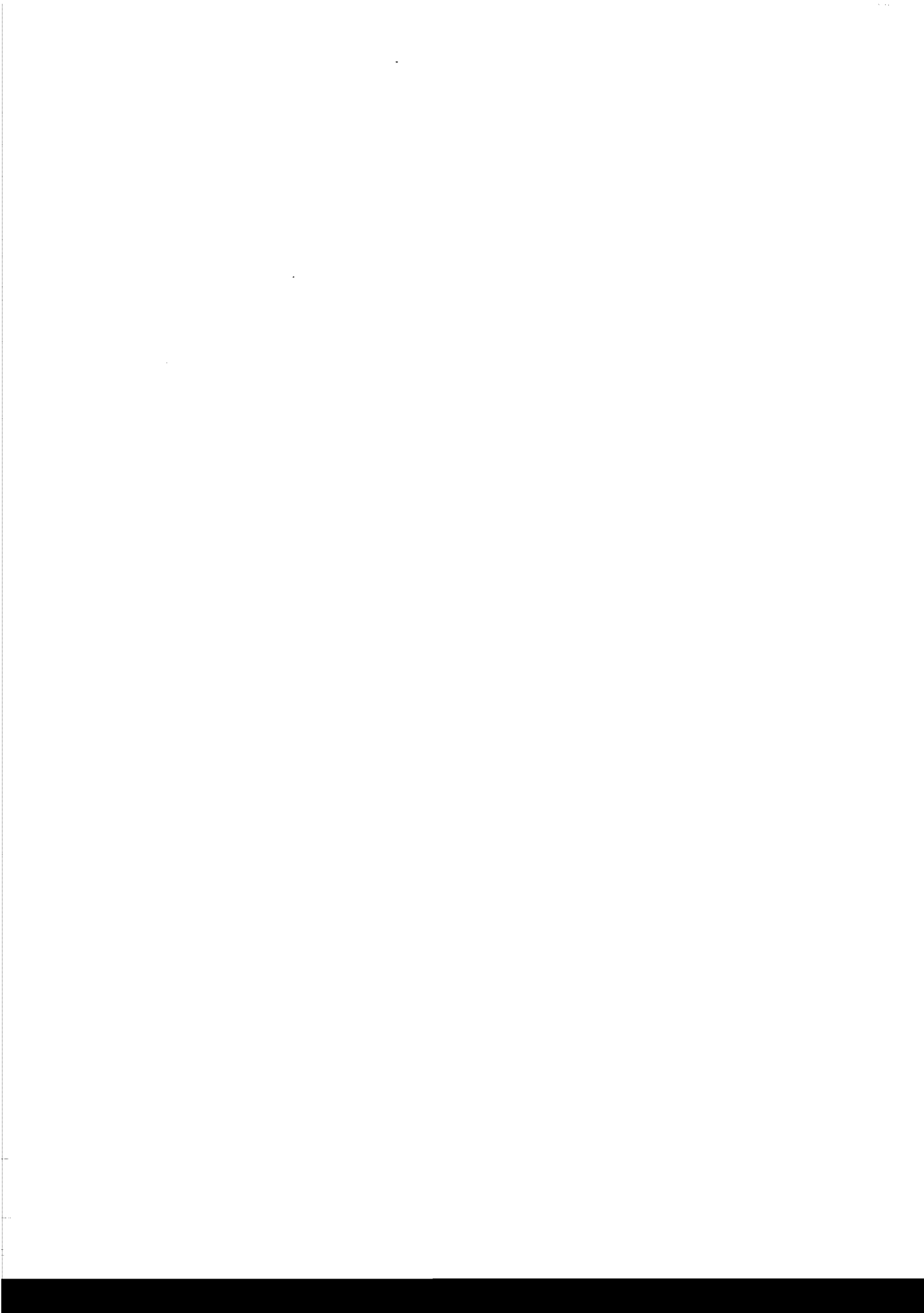
The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2013. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors confirm that they have considered, and believe they have satisfied, the above requirements in preparing the financial statements. The Directors are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books and accounting records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the Bank. To ensure compliance with these requirements the Directors have appointed professionally qualified accounting personnel with appropriate expertise and have provided adequate resources to the finance function. These books and accounting records are maintained at the Bank's registered office at Two Park Place, Hatch Street, Dublin 2.

Political Donations

The Electoral Act, 1997 requires companies to disclose all political donations over €200 in aggregate made during the year. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Bank during the year to 31st December 2014.



DIRECTORS' REPORT FOR THE YEAR

Code of Corporate Governance

The Bank is subject to the Central Bank of Ireland's Corporate Governance Code for Credit Institutions and Insurance Undertakings. The Bank does not have to comply with the additional requirements in Annex 1 of the Code for Major Institutions.

Going Concern

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

Directors and Secretary's Interest

The Directors' and Secretary's Interest is disclosed in note 32 to the Financial Statements.

Fair value of financial instruments

Disclosure in relation to fair values of financial instruments is included in note 37 to the Financial Statements.

Events since the year end

With effect from 1 January 2015, the Bank has extended its services to include cross-border merchant acquiring services provided to the card acquiring division of Barclays Bank Plc. The Bank issued €126m in shares to its parent, Barclays Bank plc, in December 2014 to provide the required capital base to support the ongoing capital requirements of this new line of business for the Bank.

Auditors

The auditors, PricewaterhouseCoopers, are willing to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board



Director

DAVID FARROW

24 March 2015





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS BANK IRELAND PLC

We have audited the financial statements of Barclays Bank Ireland plc for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (generally accepted accounting practice in Ireland).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

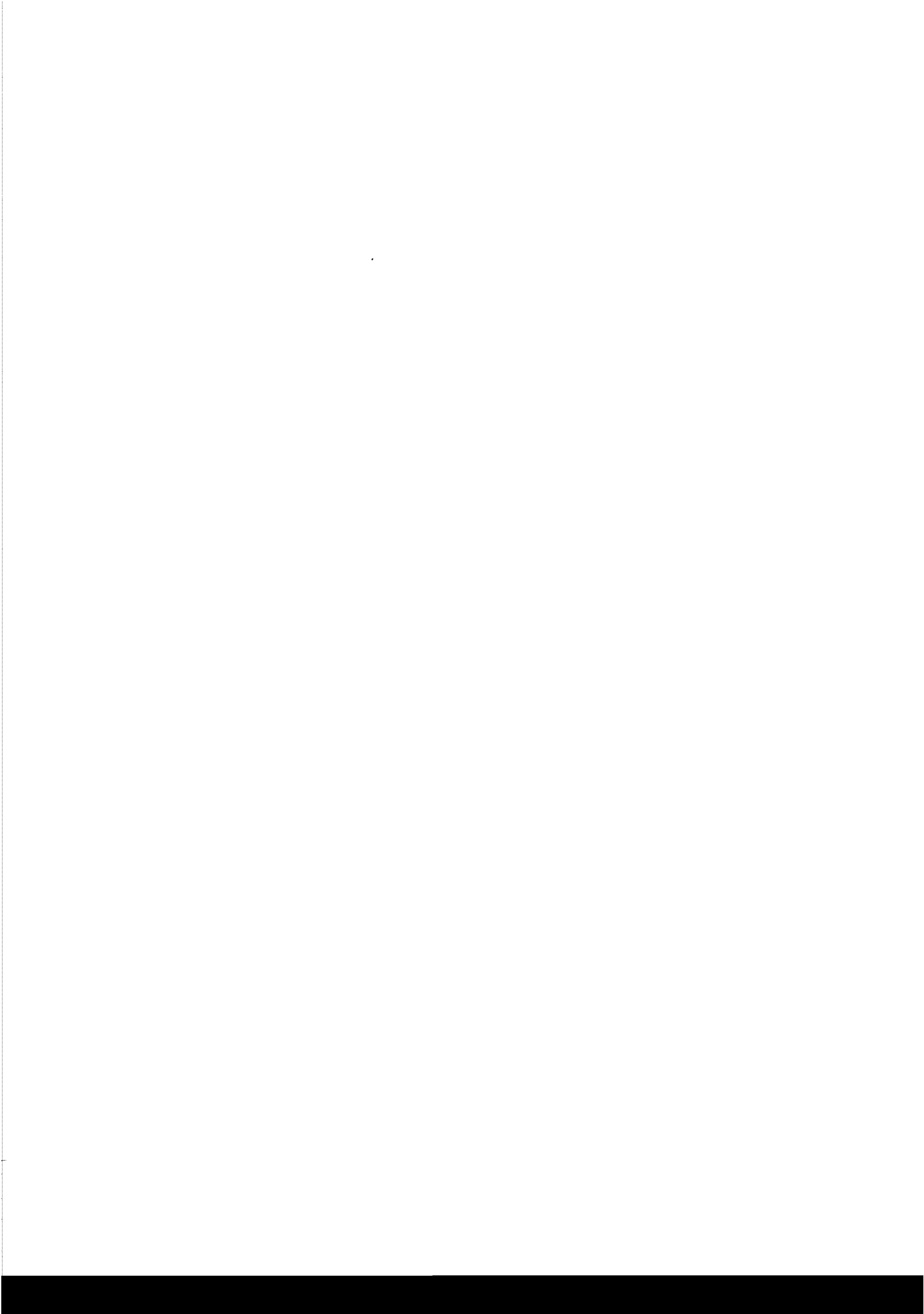
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view in accordance with generally accepted accounting practice in Ireland of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2013 and the European Communities (Credit Institution: Accounts) Regulations, 1992.

*PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.com/ie*

Chartered Accountants





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS BANK IRELAND PLC - continued

Matters on which we are required to report by the Companies Acts, 1963 to 2013

- 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 company.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the company, as stated in the 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 December 2014 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 1963 to 2013 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

A handwritten signature in dark ink, appearing to read 'Ronan Doyle', is written over the printed name.

Ronan Doyle
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

24 March 2015



PROFIT AND LOSS ACCOUNT

Year to 31 December 2014

	Notes	2014 €'000	2013 €'000
Interest receivable	2	34,493	33,028
Interest payable	3	(14,651)	(13,465)
Net interest income		19,842	19,563
Fee and commission income		15,436	11,481
Foreign exchange income	4	2,573	1,999
Other finance Income / (expense)		147	(363)
Total operating income		37,998	32,680
Administrative expenses	6	(16,121)	(15,970)
Depreciation and amortisation		(328)	(31)
Operating expenses before pension benefit changes		(16,449)	(16,001)
Impact of changes in pension benefits	31	-	12,796
Operating expenses after pension benefit changes		(16,449)	(3,205)
Impairment (charges) / recoveries	8	(159)	45
Profit on ordinary activities before taxation	5	21,390	29,520
Taxation on profit on ordinary activities	9	(2,749)	(3,745)
Profit for the financial year		18,641	25,775

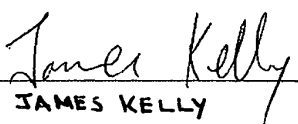
Profit on ordinary activities arose solely from continuing operations.


The notes on page 13 to 50 form an integral part of these Financial Statements.


The Financial Statements as set out on pages 10 to 50 were approved by the Board of Directors on 24 March 2015.

On behalf of the board


 Director **DAVID FARROW**


 Director **JAMES KELLY**


 Director **HELEN A. KEELAN**


 Company Secretary
PAULINE GALLAGHER



BALANCE SHEET



As at 31 December 2014

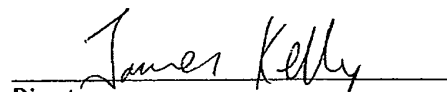
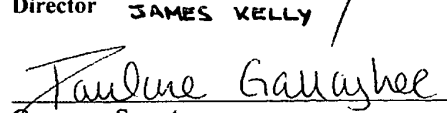
	Notes	2014 €'000	2013 €'000
Assets			
Cash and balance at central banks	12	25,112	17,565
Derivative financial instruments	13	35,864	19,234
Loans and advances to banks	14	1,148,001	781,199
Available for sale financial instruments	15	450,223	480,260
Loans and advances to customers	16	890,392	633,579
Tangible fixed assets	17	1,403	72
Other assets, prepayments and accrued income	18	6,251	5,677
Total assets		2,557,246	1,937,586
Liabilities			
Deposits by banks	19	509,840	528,711
Customer deposits	20	1,638,755	1,157,307
Derivative financial instruments	13	35,744	19,074
Accruals	21	7,464	10,197
Retirement benefit obligations	31	11,805	4,864
Subordinated debt	22	50,000	50,000
Deferred tax		25	55
Total liabilities		2,253,633	1,770,208
Shareholders' funds			
Called up share capital	24	138,446	12,446
Capital contribution	26	121,000	121,000
Available for sale reserve	26	195	395
Profit and loss account	26	43,972	33,537
Total shareholders' funds		303,613	167,378
Total liabilities and shareholders' funds		2,557,246	1,937,586
Memorandum Items			
Guarantees and irrevocable letters of credit	27	157,172	166,177
Commitments	27	908,031	523,688

The notes on pages 13 to 50 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 50 were approved by the Board of Directors on 24 March 2015.

On behalf of the board


 Director **DAVID FARROW**

 Director **HELEN A. KEELAN**


 Director **JAMES KELLY**

 Company Secretary **PAULINE GALLAGHER**



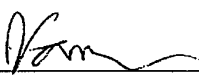
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year to 31 December 2014

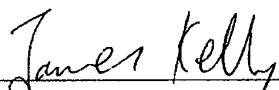
	Notes	2014 €'000	2013 €'000
Profit for the financial year		18,641	25,775
Actuarial (loss) / gain on the pension scheme	31	(9,198)	1,988
Fair value loss on available for sale financial instruments	15	(228)	(1,140)
Deferred tax relating to pension scheme	31	992	(301)
Deferred tax relating to available for sale financial instruments	15	28	143
Total recognised gains relating to the year		10,235	26,465

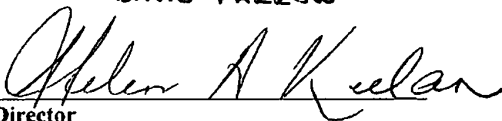
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The Financial Statements as set out on pages 10 to 50 were approved by the Board of Directors on 24 March 2015.

On behalf of the board


 Director
 DAVID FARROW


 Director
 JAMES KELLY


 Director
 HELEN A. KEELAN


 Company Secretary
 PAULINE GALLAGHER



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies adopted by the Bank are set out below.

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts 1963 to 2013. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Accounting convention

The financial statements are prepared under the historical cost convention, with the exception of derivative financial instruments and available for sale instruments.

Foreign currencies

The financial statements are drawn up in Euro and except where otherwise indicated are expressed in thousands (Eur'000).

Monetary assets and liabilities denominated in foreign currencies are translated to Euro using the exchange rates prevailing at the balance sheet date. Profits and losses in foreign currencies are translated into Euro at the average rates of exchange per month.

Profits and losses arising from foreign currency translation and on settlement of amounts receivable and payable in foreign currencies are dealt with in the profit and loss account.

Financial assets

The Bank classifies its financial assets in the following categories: loans and receivables; derivatives and available for sale financial assets.

Loans and receivables are non-derivative financial assets which are initially recognised at fair value and subsequently measured at amortised cost on the balance sheet using the effective interest rate method. Derivative financial assets are initially measured at fair value and transaction costs are taken directly to the profit and loss. Any gains or losses arising from changes in fair value are recognised directly in the profit and loss account.

Available for sale financial assets are non-derivative financial assets that are designated as available for sale. They are initially recognised at fair value and subsequently measured at fair value. Movement in fair value is included in available for sale reserves.

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is objective evidence that loans and receivables or available for sale financial investments will not be recovered in full and, wherever necessary, recognises an impairment loss in the profit and loss account. An impairment loss is recognised if there is objective evidence of impairment as a result of events that have occurred and these have adversely impacted the estimated future cash flows from the assets. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Impairment of financial assets (continued)

e) the disappearance of an active market for that financial asset because of financial difficulties; or

f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio;

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

For loans and receivables the Bank first assesses whether objective evidence of impairment exists individually for loans and receivables that are individually significant, and individually or collectively for loans and receivables that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan and receivable, whether significant or not, it includes the asset in a group of loans and receivables with similar credit risk characteristics and collectively assesses them for impairment. Loans and receivables 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.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The amount of the loss is recognised using an allowance account and recognised in the profit and loss account.

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

Following impairment, interest income is recognised using the interest rate used to discount the future cashflows for the purposes of measuring the impairment loss.

When a loan is uncollectable, it is written off against the related allowance 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 are credited to the profit and loss account.

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, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit and loss account.

The Bank's available for sale financial instruments are assessed for impairment in the same way as loans and receivables. If impairment is deemed to have occurred, the cumulative decline in the fair value of the instrument that has previously been recognised in equity is removed from equity and recognised in the profit and loss account.

Taxation

Provision is made for taxation at current enacted rates on the taxable profits.

Deferred taxation is recognised on all timing differences where the transaction or event that gives rise to the obligation to pay more tax in the future or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred taxation on items taken to reserves is also recognised in reserves and is subsequently reclassified to the profit and loss account together with the deferred gain or loss.



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Revenue recognition

Interest income and interest expense are recognised in the profit and loss account using the effective interest rate method. The effective interest rate 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 which exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Bank 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.

Fee income relating to loans and advances is recognised in the profit and loss account to match the cost of providing a continuing service, together with a reasonable profit margin. Where a fee is charged in lieu of interest, it is recognised in the profit and loss account as interest receivable on a level yield basis over the behavioural life of the advance. Fees and commissions receivable in respect of all other services provided are recognised in the profit and loss account when the related services are performed and when considered recoverable.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates to write off the cost of the assets over their expected useful lives at the following annual rates:

Motor vehicles	20%
Fixtures, plant and equipment	10% / 20%
Computer Software	20% / 40%

Retirement benefits

The Bank is a contributor to the Barclays Bank Irish Retirement and Life Assurance Plan, which is a funded, defined benefit scheme and for certain employees the Bank contributes to the Barclays Ireland Defined Contribution Pension Plan.

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income / expense. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur. The pension cost relating to this scheme is assessed in accordance with the advice of a qualified actuary. Past service costs is the change in the present value of the defined benefit obligations resulting from a plan amendment or curtailment. A plan amendment occurs when the Bank changes the benefits payable under an existing plan.

The defined contribution pension charge to operating profit comprises the contribution payable to the scheme for the year.

Dividends

Dividends are recognised in the financial statements when they have been appropriately approved or authorised by the shareholders and are no longer at the discretion of the Bank. Interim dividends declared by the Directors are recognised when paid.

Consistency of accounting policies

The financial statements have been prepared using consistent accounting policies as those set out in the financial statements for the year ended 31st December 2013.



NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Share based payments

The Bank as part of Barclays Bank PLC engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that the services are received, which is the vesting period. 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. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the profit and loss account reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

2 Interest receivable	2014 €'000	2013 €'000
Cash and balances with central banks	33	97
Available for sale financial instruments	3,239	4,924
Loans and advances to banks	10,116	10,699
Loans and advances to customers	21,105	17,308
Total Interest Receivable	<u>34,493</u>	<u>33,028</u>

3 Interest payable	2014 €'000	2013 €'000
Deposits by banks	11,315	12,150
Customer deposits	1,788	1,245
Subordinated debt	1,548	70
Total Interest Payable	<u>14,651</u>	<u>13,465</u>

4 Foreign exchange income

Foreign exchange income represents the net margin earned on spot and forward foreign exchange transactions and also includes the income impact of the monthly revaluation of non-euro balances.



NOTES TO THE FINANCIAL STATEMENTS

5 Profit on ordinary activities before tax	2014	2013
	€'000	€'000
Profit on ordinary activities before tax is stated after charging:		
Depreciation	328	31
 Auditors' remuneration (stated exclusive of VAT)		
Statutory Audit	99	95
Other assurance Services	-	-
Taxation Services	-	-
Other non-audit Services	-	-
	<u>99</u>	<u>95</u>
 6 Administrative expenses	2014	2013
	€'000	€'000
Administrative expenses comprise:		
Staff costs	12,267	11,731
Other administrative expenses	3,854	4,239
	<u>16,121</u>	<u>15,970</u>
Staff costs comprise:		
Wages and salaries	10,099	9,068
Social welfare costs	957	920
Pension costs – Defined Contribution	816	694
Pension costs – Defined Benefit	77	896
Recruitment costs	318	153
	<u>12,267</u>	<u>11,731</u>
	2014	2013
	Number	Number
The average number of persons employed by the Bank during the year was as follows:	105	99



NOTES TO THE FINANCIAL STATEMENTS

7 Emoluments of Directors

	2014 €'000	2013 €'000
Emoluments for executive Directors		
For services as directors	-	-
For other services	852	810
Pension contributions	24	38
Fees to Non-Executive Directors	170	170

Performance related bonuses are awarded on the basis of measuring annual performance against certain specified financial targets, which include both corporate performance objectives and key strategic objectives as well as taking into account various risk measures.

Details of Barclays Bank PLC share options held and exercised by Directors are separately disclosed in note 32 to the Financial Statements.

8 Impairment (charges) / recoveries

	2014 €'000	2013 €'000
At 1 st January	10,629	33,004
Impairment Provision Charge (Profit & Loss Account)	159	518
Impairment releases and recoveries (Profit & Loss Account)	-	(563)
Impairment provision write offs	(8,650)	(22,330)
At 31 st December	<u>2,138</u>	<u>10,629</u>

An analysis of the impairment charges by class of financial asset is included in Note 35.



NOTES TO THE FINANCIAL STATEMENTS

9 Taxation on profit on ordinary activities

	2014 €'000	2013 €'000
Current Corporation tax charge for the year at 12.5%	843	2,145
Amounts payable to a group company in respect of Group Relief	1,906	-
Deferred tax charge for the year	-	1,600
	<u>2,749</u>	<u>3,745</u>

The current tax charge for the year is lower than the current charge that would result from applying the standard rate of Irish corporation tax of 12.5% to profit on ordinary activities. The reasons for differences are set out below:

Profit on ordinary activities before tax	21,390	29,520
Profit on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5%	2,674	3,690
Other timing differences	157	55
Adjustments in respect of prior years	(82)	-
Utilisation of tax losses from group companies	(1,906)	-
Deductions allowable for tax purposes	-	(1,600)
The actual amount of current tax	<u>843</u>	<u>2,145</u>

The Bank claimed group relief of €1.9m in 2014 in respect to the 2012 and 2013 taxable losses of another group company, Barclays Equities Trading (Ireland) Limited. The subsequent refund that was received from Revenue was paid to Barclays Equities Trading (Ireland) Limited.

10 Dividends

There were no dividends paid in respect of the year ended 31 December 2014 (2013: €75m).

11 Assets, liabilities and shareholders' funds

	2014 €'000	2013 €'000
Assets denominated by currency:		
Denominated in Euro	2,108,826	1,103,807
Denominated in currencies other than Euro	448,420	833,779
Total assets	<u>2,557,246</u>	<u>1,937,586</u>
Liabilities and shareholders' funds denominated by currency:		
Denominated in Euro	2,087,331	1,102,103
Denominated in currencies other than Euro	469,915	835,483
Total liabilities and shareholders' funds	<u>2,557,246</u>	<u>1,937,586</u>

The balance sheet denominated in currencies other than Euro is predominantly US Dollar and British Pound denominated.

12 Cash and balances at central banks

	2014 €'000	2013 €'000
Minimum reserve requirement	22,685	15,600
Deposit Protection Account	2,427	1,965
	<u>25,112</u>	<u>17,565</u>



NOTES TO THE FINANCIAL STATEMENTS

13 Derivative financial instruments

The Bank's objectives and policies on managing the risks that arise in connection with its forward foreign exchange derivatives are included in Note 34, Note 35 and Note 36 under the headings "Risk management", "Credit Risk" and "Liquidity Risk".

The notional amounts of certain types of derivative financial instruments provide a basis for comparison with instruments recognised on the balance sheet but 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 Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on and, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.

The fair value of a derivative contract represents the amount at which that contract could be exchanged in an arms-length transaction, calculated at market rates current at the balance sheet date. The fair values and notional amounts of derivative instruments held for trading are set out in the table below:

Forward foreign exchange

The Bank enters into forward foreign exchange contracts on behalf of its clients to buy or sell foreign currency at a specified future time at a price agreed upon on the trade date.

As at 31st December Derivatives held for trading	Notional contract amount €'000	2014 Fair value		Notional contract amount €'000	2013 Fair value	
		Assets €'000	Liabilities €'000		Assets €'000	Liabilities €'000
Foreign exchange derivatives	840,433	35,864	(35,744)	1,122,159	19,234	(19,074)
Equity Options	26,183	-	-	126,149	-	-



NOTES TO THE FINANCIAL STATEMENTS

14 Loans and advances to banks	2014 €'000	2013 €'000
Remaining maturity:		
Repayable on demand or at short notice	919,454	458,104
3 months or less	63,074	244,403
1 year or less but over 3 months	139,100	78,692
5 year or less but over 1 year	26,373	-
	<u>1,148,001</u>	<u>781,199</u>
Amounts include: Due from Barclays undertakings	<u>1,079,732</u>	<u>744,028</u>

Included in the 2014 Loans and advances to banks is €1.0m held in an escrow account (2013: €0.5m). These funds can be called upon by the trustees of the Bank's defined benefit pension scheme to provide additional funding to meet pension obligations if required.

15 Available for sale financial instruments	2014 €'000	2013 €'000
At 1 st January	480,260	492,097
Purchased	1,455,004	479,809
Matured	(1,484,813)	(490,506)
Loss from movement in fair value	<u>(228)</u>	<u>(1,140)</u>
At 31 st December	<u>450,223</u>	<u>480,260</u>

Movement in Available for Sale Reserves

Fair value loss	(228)	(1,140)
Deferred Tax	<u>28</u>	<u>143</u>
	<u>(200)</u>	<u>(997)</u>

Available for sale financial instruments are certificates of deposits purchased from Barclays Bank plc.

16 Loans and advances to customers	2014 €'000	2013 €'000
Remaining maturity:		
Repayable on demand or short notice	21,372	18,933
3 months or less	58,089	4,178
1 year or less but over 3 months	37,080	24,478
5 years or less but over 1 year	599,993	414,122
Over 5 years	175,996	182,497
	<u>892,530</u>	<u>644,208</u>
Less allowance for impairment losses on loans & advances to customers	<u>(2,138)</u>	<u>(10,629)</u>
	<u>890,392</u>	<u>633,579</u>



NOTES TO THE FINANCIAL STATEMENTS

17 Tangible fixed assets	Fixtures, plant and equipment €'000	Computer Software €'000	Motor Vehicles €'000	Total €'000
Net book value				
At 1 st January 2014	52	-	20	72
Additions	521	1,138	-	1,659
Depreciation charge for the year	(136)	(182)	(10)	(328)
At 31 st December 2014	<u>437</u>	<u>956</u>	<u>10</u>	<u>1,403</u>

18 Other assets, prepayments and accrued income	2014 €'000	2013 €'000
Interest receivable	2,674	3,514
Other debtors	3,577	2,163
	<u>6,251</u>	<u>5,677</u>

19 Deposits by banks	2014 €'000	2013 €'000
Remaining maturity:		
Repayable on Demand	12,215	-
3 months or less	47,625	48,902
1 year or less but over 3 months	450,000	479,809
	<u>509,840</u>	<u>528,711</u>
Amounts include: due to Barclays undertakings	<u>456,653</u>	<u>479,809</u>

20 Customer deposits	2014 €'000	2013 €'000
Remaining maturity		
Repayable on demand or at short notice	663,076	649,760
3 months or less but not repayable on demand	664,598	465,030
1 year or less but over 3 months	311,081	42,517
	<u>1,638,755</u>	<u>1,157,307</u>
Amounts include: due to Barclays undertakings	<u>47,612</u>	<u>54,172</u>

The repayable on demand or at short notice customer deposits can be split between current accounts of €608m and deposit accounts on demand of €55m.

21 Accruals	2014 €'000	2013 €'000
Accruals and other liabilities	6,478	8,123
Interest Payable	732	2,047
Corporation Tax	254	27
	<u>7,464</u>	<u>10,197</u>



NOTES TO THE FINANCIAL STATEMENTS

22 Subordinated debt	2014	2013
	€'000	€'000
Dated loan capital		
€50 million Floating Rate Subordinated Debt 2023	50,000	50,000
<p>On the 16th December 2013 the Bank availed of €50m Tier 2 Subordinated debt from its parent Barclays Bank PLC, as part of optimising its Tier 1 and Tier 2 capital mix and to provide the Bank with sufficient capital to support business growth. This debt re-prices on a three monthly basis, based on the 3 month Euribor rate plus 2.84%.</p>		
23 Called up share capital	2014	2013
	€'000	€'000
Authorised		
5,000,000,000 ordinary shares of EUR 1 each	5,000,000	5,000,000
24 Allotted, called up and fully paid	2014	Ordinary shares
	€'000	of €1 each
Issued share capital at beginning of year	12,446	12,446,218
Issued during the year	126,000	126,000,000
Balance at end of year	138,446	138,446,218
25 Reconciliation of movement in shareholders' funds	2014	2013
	€'000	€'000
Shareholders' funds at beginning of year	167,378	215,913
Profit for the financial year	18,641	25,775
Dividend Paid	-	(75,000)
Available for sale reserve	(200)	(997)
Actuarial (losses) / gains on the pension scheme	(8,206)	1,687
Share Capital issued during the year	126,000	-
Shareholders' funds at end of the year	303,613	167,378



NOTES TO THE FINANCIAL STATEMENTS

26 Reserves	Profit & loss €'000	Capital contribution €'000	Available for sale reserve €'000	Total €'000
Opening reserves 1 st January 2014	33,537	121,000	395	154,932
Profit for the year	18,641	-	-	18,641
Actuarial loss on pension scheme	(8,206)	-	-	(8,206)
Available for sale loss	-	-	(200)	(200)
Closing reserves 31st December 2014	43,972	121,000	195	165,167

On 24th June 2005 the Bank received a capital contribution amounting to €121m from Barclays Bank PLC for ongoing use in its operations. The Bank has no repayment obligation in respect of this contribution.

27 Memorandum items

The tables below give the contract amounts of contingent liabilities, commitments and other off balance sheet items. The maximum exposure to credit loss under contingent liabilities and commitments is the contract amount of the instrument in the event of non-performance by the other party where all counter claims, collateral or security proved worthless.

	2014	2013
	Contract Amount €'000	Contract Amount €'000
Contingent liabilities		
Guarantees and irrevocable letters of credit	157,172	166,177
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend	908,031	523,688

28 Investor compensation

Under the Investor Compensation Act 1998 as amended by the Central Bank and Financial Services Authority of Ireland Act 2003, authorised investment firms must become members of an investor compensation scheme and contribute to its funding.

The Act provides that compensation shall be paid to eligible investor (as defined in the Act) to the extent of 90% of an investor's net loss or €20,000 whichever is the lesser.

The Bank contributed to the fund €4,460 for the fund year ended 31st July 2014 and will compensate €4,910 for the fund year ended 31st July 2015.



NOTES TO THE FINANCIAL STATEMENTS

29 Cashflow statement

A cash flow statement has not been prepared in accordance with Financial Reporting Standard No.1. (Revised 1996) Cash Flow Statements, as the ultimate parent company, Barclays Bank PLC is established under the laws of the United Kingdom and publishes consolidated financial statements, which include a consolidated cash flow statement.

30 Related party transactions

Transactions with other wholly owned subsidiaries within the Barclays Group are not disclosed as the bank has taken advantage of the exemption available under Financial Reporting Standard No. 8 paragraph 3(c) "Related party disclosures", as the consolidated accounts of Barclays Bank PLC in which the company is included are available from 1 Churchill Place, London E14 5HP.

The operational bank account for the Bank's pension scheme is held by the Bank under the control of the independent trustees. There are no fees or interest charged on this operational bank account.

All disclosures relating to Director emoluments and Director interest in shares are set out in Notes 7 and 32 respectively. There are no transactions to disclose in relation to key management personnel.

31 Retirement benefits

The pension entitlements of certain employees arise under a defined contribution pension scheme and are secured by contributions by the Bank to a separately administered pension fund. Annual contributions are charged to the Profit and Loss Account on an accruals basis. The cost to the company for the period was €816,000 (2013: €694,000). The total amount owing for the pension scheme at 31 December 2014 was €nil (2013: €nil)

The Bank, in conjunction with Barclays Insurance Dublin, operates a defined benefit pension scheme, the Barclays Bank Irish Retirement and Life Assurance Plan. The scheme provides retirement benefits on the basis of the members' salary as at the time of the closure of the scheme to future accrual on 31 May 2013. The contributions are determined by a qualified actuary on the basis of triennial valuations. Contributions of €1,155,000 are expected to be paid into the scheme during the accounting period beginning after the balance sheet date. As part of the amendments, an escrow account was set up in 2013 which may be used to provide further resources to meet pension obligations in certain circumstances. The expected value of contributions by the Bank to the escrow account in 2015 is €385,000.

A full actuarial valuation was carried out as at 31 December 2014, on which the amounts recognised in the financial statements are based.



NOTES TO THE FINANCIAL STATEMENTS

31 Retirement benefits (continued)

The amounts recognised in the balance sheet are as follows:

	2014 €'000	2013 €'000
Fair value of scheme assets	29,669	26,368
Present value of scheme liabilities	<u>(43,161)</u>	<u>(31,927)</u>
Pension deficit	(13,492)	(5,559)
Related deferred tax asset	<u>1,687</u>	<u>695</u>
Net pension deficit	<u>(11,805)</u>	<u>(4,864)</u>

The amounts recognised in the profit and loss account are as follows:

	2014 €'000	2013 €'000
Interest cost	1,133	1,563
Expected return on scheme assets	<u>(1,280)</u>	<u>(1,200)</u>
Other finance expense	(147)	363
Current service cost – included in operating expenses	77	896
Past Service cost / (gain) – Plan Amendments	-	(8,663)
Past Service cost / (gain) – Curtailments	-	<u>(4,133)</u>
Net amount recognised in the profit and loss account	<u>(70)</u>	<u>(11,537)</u>

The amounts recognised in the statement of total recognised gains and losses are as follows

	2014 €'000	2013 €'000
Actual less expected return on scheme assets	1,749	1,075
Experience (losses) / gains on liabilities	(596)	85
Change in the assumptions underlying the present value of scheme liabilities	<u>(10,351)</u>	<u>828</u>
Actuarial (loss) / gain recognised in the statement of recognised gains and losses	<u>(9,198)</u>	<u>1,988</u>

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31st December 2014 is €28,605,000 (2013: €19,407,000). The cumulative net pension deficit as at 31st December 2014 is €11,805,000 (2013: €4,864,000). Actual returns on plan assets were €3,029,000 in 2014 (2013: €2,275,000).



NOTES TO THE FINANCIAL STATEMENTS

31 Retirement benefits (continued)

Movement in scheme assets and liabilities

	Scheme Assets €'000	Scheme Liabilities €'000
At 1st January 2013	22,883	(43,648)
Current service cost	-	(896)
Interest on scheme liabilities	-	(1,563)
Expected return on scheme assets	1,200	-
Actual less expected return on scheme assets	1,075	-
Experience gains on liabilities	-	85
Change in assumptions	-	828
Benefits paid	(471)	471
Curtailments	-	4,133
Plan Amendments	-	8,663
Employer contributions paid	1,681	-
	<hr/>	<hr/>
At 31st December 2013	26,368	(31,927)
Current service cost	-	(77)
Interest on scheme liabilities	-	(1,133)
Expected return on scheme assets	1,280	-
Actual less expected return on scheme assets	1,749	-
Experience losses on liabilities	-	(596)
Change in assumptions	-	(10,351)
Benefits paid	(923)	923
Employer contributions paid	1,195	-
At 31st December 2014	29,669	(43,161)

All of the scheme liabilities above arise from schemes that are funded.

Risk and rewards arising from the assets

At 31st December 2014 the scheme assets were invested in managed funds, with a diversified portfolio of investments that consisted primarily of equity, fixed-interest securities and other investments. The fair value of the scheme assets as percentages of the total assets are set out below:

	<u>2014</u>	<u>2013</u>
Equity	45.8%	74.1%
Fixed-interest	42.1%	13.4%
Property	3.1%	1.5%
Other (including cash)	9.0%	11.0%

Scheme assets do not include any of Bank's own financial instruments, or any property occupied by the Bank.



NOTES TO THE FINANCIAL STATEMENTS

31 Retirement benefits (continued)

Basis of expected return on scheme assets

The pension levy paid in 2014 was €282,226 (2013: €189,046).

	Long-term rate of return expected at 31/12/14	Value at 31/12/14 €'000	Long-term rate of return expected at 31/12/13	Value at 31/12/13 €'000
Equity	5.50%	13,586	6.50%	19,547
Fixed Interest	2.00%	12,503	3.50%	3,521
Property	4.50%	911	5.00%	388
Other	1.00%	2,669	2.00%	2,912
		<u>29,669</u>		<u>26,368</u>

The principal actuarial assumptions at the balance sheet date:

	<u>2014</u>	<u>2013</u>
Discount rate at 31 December	2.2%	3.6%
Inflation	1.8%	2.0%
Future pension increases	1.8%	2.0%

Assumptions regarding future mortality are set based on advice from published statistics and represent the Bank's best estimate of future experience.



NOTES TO THE FINANCIAL STATEMENTS

31 Retirement benefits (continued)

The mortality assumptions are based on standard mortality tables.

Longevity at 60 for current pensioners:	<u>2014</u>	<u>2013</u>
Male	26.4	26.2
Female	27.9	27.8

Longevity at 60 for members retiring in 20 years' time	<u>2014</u>	<u>2013</u>
Male	28.9	28.8
Female	30.1	30.0

Amounts for the current and previous four years are as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
	€'000	€'000	€'000	€'000	€'000
Present value of the scheme liabilities	(43,161)	(31,927)	(43,648)	(26,095)	(22,015)
Present value of scheme assets	29,669	26,368	22,883	20,193	20,327
Pension (deficit) /surplus	<u>(13,492)</u>	<u>(5,559)</u>	<u>(20,765)</u>	<u>(5,902)</u>	<u>(1,688)</u>
Experience adjustments on scheme liabilities as a percentage of scheme liabilities at the balance sheet date	(1.4%)	0.3%	(0.1%)	(2.6%)	5.3%
Experience adjustments on scheme assets as a percentage of scheme assets at the balance sheet date	5.9%	4.1%	3.7%	(9.8%)	7.1%

Sensitivity Analysis

In order to illustrate the sensitivity to changes in the key financial assumptions, the following table highlights the impact on the pension deficit (before any tax impact) of a change of 0.5% to each of the main assumptions the independent actuary has used to estimate the present value of the scheme liabilities as at 31st December 2014:

	<u>2014</u>	<u>2013</u>
	€'000	€'000
Discount Rate	5,643	3,585
Inflation	5,371	3,466



NOTES TO THE FINANCIAL STATEMENTS

32 Directors' and Secretary's interests

The Directors and Secretary of the company at 31st December 2014 had no interest in the shares or debentures or loan stock of the Bank or associated Group companies other than those set out below:

	Ordinary shares in Barclays Bank PLC 31st December 2014	Ordinary shares in Barclays Bank PLC 31st December 2013*
Chris Cullen	2,062	1,650
James Kelly	35,264	11,534
Andrew Stewart Hastings	33,181	22,780
Pauline Gallagher	6,528	-
David Farrow	13,124	13,124
Helen Keelan	-	-
David Martin	14,028	14,028
Eoin O'Driscoll	21,500	14,500
Donal Roche	-	-

*or at date of appointment

Options to subscribe for shares in Barclays Bank PLC 31st December 2014

	David Farrow	Pauline Gallagher	Andrew Stewart Hastings	James Kelly
At 31 st December 2013	29,126	10,767	36,581	28,505
Options released during the year	(8,046)	(6,528)	(17,232)	(20,125)
Options granted during the year	14,177	-	7,147	8,493
Options lapsed during the year	-	(879)	-	(7,837)
At 31 st December 2014	35,257	3,360	26,496	9,036

James Kelly holds a beneficial interest in 7,921 shares held in trust under the Ireland Profit Sharing scheme as at 31 December 2013 (2012: 8,717). There were no other beneficial interests held by the Directors in any other Barclays Group Companies and no loans were outstanding with directors during the year (2013: nil).



NOTES TO THE FINANCIAL STATEMENTS

33 Share based payments

The Company as part of Barclays Bank PLC engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The current schemes are:

Share value plan (SVP)

The Share Value Plan (SVP) was introduced in March 2010 and approved by shareholders (for executive Director participation and use of new issue shares) at the Barclays PLC AGM in April 2011. SVP awards are granted to participants in the form of a conditional right to receive Barclays PLC shares or provisional allocations of Barclays PLC shares which vest or are considered to release over a period of three years in equal annual tranches. Participants do not pay to receive an award or to receive a release of shares. The grantor may also make a dividend equivalent payment to participants on release of a SVP award. SVP awards are also made to eligible employees for recruitment purposes under schedule 1 to the SVP. All awards are subject to potential forfeiture in certain leaver scenarios.

Sharesave

Eligible employees in Ireland may participate in the Barclays Sharesave scheme. Under this scheme, employees may enter into contracts to save up to €300 per month and, at the expiry of a fixed term of three, five or seven years, have the option to use these savings to acquire shares in Barclays Bank plc at a discount, calculated in accordance with the rules of the scheme.

The discount is currently 20% of the market price at the date the options are granted. Participants in the scheme have six months from the date of vest in which the option can be exercised.

Other schemes

In addition to the above schemes, the Group operates a number of other schemes including schemes operated by and settled in the shares of subsidiary undertakings, none of which are individually or in aggregate material in relation to the charge for the year or the dilutive effect of outstanding share options.

The weighted average fair value per award granted and weighted share price at the date of exercise / release of shares during the year was;

	Weighted average fair value per award granted in year		Weighted average share price at exercise/release during year	
	2014 STG	2013 STG	2014 STG	2013 STG
SVP	2.33	3.04	2.31	3.04
Others	0.52 – 2.39	0.81 – 3.08	2.23 – 2.56	2.64 – 3.22

SVP are nil cost awards on which the performance conditions are substantially completed at the date of grant. Consequently the fair value of these awards/options is based on the market value at that date.



NOTES TO THE FINANCIAL STATEMENTS

33 Share based payments (continued)

Analysis of the movement in the number and weighted average exercise price of options is set out below:

Sharesave

	Number	Weighted average Exercise Price (Stg£)
	2014	2014
Outstanding at beginning of year	346,395	1.54
Transferred within the year	(10,767)	-
Granted in year	48,824	1.81
Exercised in year	(129,350)	1.32
Less: Expired in year	(15,385)	1.38
Less: forfeited in year	(30,940)	1.88
Outstanding at end of year	208,777	1.71

Incentive Share Option Plan

	Number	Weighted average Exercise Price (Stg£)
	2014	2014
Outstanding at beginning of year	24,452	-
Lapsed in the year	(24,452)	-
Outstanding at end of year	-	-

**Share Value
Plan**

	2014	2014
Outstanding at beginning of year	66,154	-
Granted in year	21,990	2.33
Transferred within the Year	1,353	-
Exercised in year	(46,752)	2.29
Outstanding at end of year	42,745	-

The cost of all the share based payments in 2014 was €156,853 (2013: €75,860).



NOTES TO THE FINANCIAL STATEMENTS

34 Risk management

Responsibility for risk management policies and limits on the level of risk assumed lies with the Board of Directors. The Bank's approach to risk management is derived from that of its parent company, which has a separate department dedicated exclusively to risk management. The framework is designed to provide a reasonable degree of assurance that no single event, or combination of events, will materially affect the financial well-being of the Bank.

The Bank has a formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures. The principal risks faced by the bank are credit risk, liquidity risk, market risk, operational risk, pension risk and business risk.

Credit risk management is performed in line with Barclays Bank plc guidelines. This includes the on-going monitoring and measurement of the credit quality of all acquired loan assets with a credit rating system, the objective of which is to provide an accurate measure of the underlying quality of the credit portfolio. The structure of the credit portfolio and all material new transactions are regularly discussed at Board level.

Market risk

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatility.

Market risk management and control responsibilities

The market risk appetite of the Bank is determined by the Board of Directors in conjunction with Barclays Group Market Risk.

Market risk measurement

The measurement technique used to measure and control market risk is daily value at risk.

Daily value at risk (DVaR)

DVaR is an estimate of the potential loss which might arise from unfavourable market movements, if the current positions were to be held unchanged for one business day, measured to a confidence level of 95%. Daily losses exceeding the DVaR figure are likely to occur, on average five times in every 100 business days. DVaR is calculated by Barclays Group using the historical simulation method with a historical sample of two years.

Interest rate sensitivity gap analysis

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specific period. Part of the Bank's return on financial instruments is obtained from controlled mismatching of the dates on which the instruments mature or, if earlier, the dates on which interest receivable on assets and interest payable on liabilities are next reset to market rates.

Interest rate risk arises primarily from the Bank's fixed rate money market deposits and loan book. Fluctuations in interest rates are reflected in interest margins and earnings.

The tables on the following page summarise these repricing mismatches on the Bank's book as at 31st December 2014 and as at 31st December 2013. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date. The tables show that the Bank's interest rate profile is predominantly short-dated, which minimises the Bank's exposure to market interest rate fluctuations.



NOTES TO THE FINANCIAL STATEMENTS

34 Risk management (continued)

31 st December 2014	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but not more than five years	More than five years	Non-interest Bearing	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Interest rate repricing							
Assets:							
Cash and balances at central bank	25,112	-	-	-	-	-	25,112
Loans and advances to banks	1,060,506	30,744	56,751	-	-	-	1,148,001
Loans and advances to customers	837,006	53,386	-	-	-	-	890,392
Available for sale financial instruments	-	450,223	-	-	-	-	450,223
Derivative financial instruments	-	-	-	-	-	35,864	35,864
Other assets	-	-	-	-	-	7,654	7,654
Total assets	1,922,624	534,353	56,751	-	-	43,518	2,557,246
Liabilities:							
Deposits by banks	(59,840)	(450,000)	-	-	-	-	(509,840)
Customer accounts	(844,844)	(250,083)	(60,997)	-	-	(482,831)	(1,638,755)
Accruals and deferred tax	-	-	-	-	-	(7,489)	(7,489)
Other liabilities	-	-	-	-	-	(11,805)	(11,805)
Derivative financial instruments	-	-	-	-	-	(35,744)	(35,744)
Subordinated Debt	(50,000)	-	-	-	-	-	(50,000)
Shareholders' funds	-	-	-	-	-	(303,613)	(303,613)
Total liabilities	(954,684)	(700,083)	(60,997)	-	-	(841,482)	(2,557,246)
Interest rate re-pricing gap	967,940	(165,730)	(4,246)	-	-	(797,964)	-
Cumulative gap	967,940	802,210	797,964	797,964	797,964	-	-



NOTES TO THE FINANCIAL STATEMENTS

34 Risk management (continued)

31st December 2013

Interest rate repricing	Not more than three months		More than three months but not more than six months		More than six months but not more than one year		More than one year but not more than five years		More than five years		Non-interest Bearing	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000		
Assets:												
Cash and balances at central bank	17,565	-	-	-	-	-	-	-	-	-	-	17,565
Loans and advances to banks	738,452	8,331	-	34,416	-	-	-	-	-	-	-	781,199
Loans and advances to customers	534,209	99,370	-	-	-	-	-	-	-	-	-	633,579
Available for sale financial instruments	-	120,087	-	360,173	-	-	-	-	-	-	-	480,260
Derivative financial instruments	-	-	-	-	-	-	-	-	19,234	-	-	19,234
Other assets	-	-	-	-	-	-	-	-	5,749	-	-	5,749
Total assets	1,290,226	227,788	227,788	394,589	394,589	394,589	394,589	394,589	24,983	24,983	24,983	1,937,586
Liabilities:												
Deposits by banks	(48,901)	(119,952)	(119,952)	(359,858)	(359,858)	(359,858)	(359,858)	(359,858)	-	-	-	(528,711)
Customer accounts	(647,124)	(7,708)	(7,708)	(35,038)	(35,038)	(35,038)	(35,038)	(35,038)	(467,437)	(467,437)	(467,437)	(1,157,307)
Accruals and deferred tax	-	-	-	-	-	-	-	-	(10,252)	(10,252)	(10,252)	(10,252)
Other liabilities	-	-	-	-	-	-	-	-	(4,864)	(4,864)	(4,864)	(4,864)
Derivative financial instruments	-	-	-	-	-	-	-	-	(19,074)	(19,074)	(19,074)	(19,074)
Subordinated Debt	(50,000)	-	-	-	-	-	-	-	-	-	-	(50,000)
Shareholders' funds	-	-	-	-	-	-	-	-	(167,378)	(167,378)	(167,378)	(167,378)
Total liabilities	(746,025)	(127,660)	(127,660)	(394,896)	(394,896)	(394,896)	(394,896)	(394,896)	(669,005)	(669,005)	(669,005)	(1,937,586)
Interest rate re-pricing gap	544,201	100,128	100,128	(307)	(307)	(307)	(307)	(307)	(644,022)	(644,022)	(644,022)	-
Cumulative gap	544,201	644,329	644,329	644,022	644,022	644,022	644,022	644,022	-	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk exists as a result of the Bank providing commercial loans, advances and loan commitments arising from such lending activities and from credit enhancements provided by the Bank such as financial guarantees, letters of credit, endorsements and acceptances.

The Bank is also exposed to other credit risks arising from spot and forward foreign exchange transactions as well as settlement balances with customers.

Credit risk management and control responsibilities

The granting of credit is one of the Bank's major sources of income and is also one of its most significant risks. The Bank dedicates considerable resources to controlling credit risk effectively.

The sanctioning of individual exposures is performed either by the Bank's Chief Credit Officer, Associate Credit Director or the Bank's Credit Committee (in accordance with sanctioning discretions); the subsequent control of exposures is performed by the Bank's Lending Middle Office which report to the Bank's Operations Team. The Associate Credit Director reports to the Bank's Chief Credit Officer who reports to the Chief Risk & Operating Officer, a member of the Bank's board.

The Bank's Sanctioning Committee is the Ireland Credit Committee which is the highest level credit sanctioning forum in the Bank. The permanent members are the Chief Credit Officer and Associate Credit Director. Responsibility for oversight of this Committee lies with the Credit Risk Management Committee which is chaired by the Chief Executive Officer.

The Bank's Credit Risk Management Committee exercises oversight through regular review of the Bank's credit portfolio examining, inter alia, the constitution of the portfolio in terms of sectorial and individual exposures against the Bank's overall Risk appetite. The Chief Credit Officer, who is a member of Bank's Credit Risk Management Committee, reports the views of this Committee to the Board Risk Committee as a standard agenda item.

Corporate and commercial lending

Corporate accounts which are identified as showing signs of credit stress / deterioration are recorded on graded problem exposure lists known as watch lists. These lists are updated monthly and circulated to the relevant Management Committees. Once listing has taken place, exposures are closely monitored and, where appropriate, reduced and/or cancelled.

Watch list exposures are categorised in line with the perceived degree of the risk attached to the lending, and its probability of default. In line with Barclays Group policy, the Bank works to four watch list categories based on the degree of concern. By the time an account becomes impaired it will normally have passed through all four categories, each of which reflect the need for ever-increasing caution and control.

Where a customer's financial health gives grounds for concern, it is placed into the appropriate category. All customers, regardless of financial health, are subject to a full review of all facilities on, at least, an annual basis. More frequent interim reviews may be undertaken should circumstances dictate.

Settlement risk

The Bank is exposed to settlement risk in its dealings with customers/counterparties. These risks arise, for example, in foreign exchange transactions when the Bank pays away its side of the transaction to another bank or other counterparty before receiving payment from the counterparty. The risk is that the counterparty may not meet its obligation. The risk is measured and an appropriate limit, for each client, is sanctioned via the Bank's sanctioning process.



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

Settlement risk also arises through the operation of a number of systems through which the Bank makes and receives payments on behalf of its customers. While these exposures are of short duration, they can be large.

Where mechanisms to achieve simultaneous settlement are not available, the risk is reduced by dealing predominantly with highly-rated counterparties, holding collateral and limiting the size of the exposures according to the rating of the counterparty, with smaller exposures to those of higher risk.

Credit risk measurement

Barclays Group uses statistical modelling techniques throughout its business in its credit rating systems. These systems are used to assist the Bank in frontline credit decisions on new commitments and in managing the portfolio of existing exposures. They enable a coherent approach to risk measurement across all credit exposures. The key building blocks in the measurement system are the probability of customer default (PD), exposure in the event of default (EAD), and severity of loss-given-default (LGD).

Where financial models are used to monitor credit risk, they are based upon customers' financial performance information over recent periods as a predictor for future performance. The models are reviewed regularly to monitor their robustness relative to actual performance and amended as necessary to optimise their effectiveness.

For corporate and wholesale customers, the Bank also assesses the credit quality of borrowers and other counterparties and assigns them an internal risk grading. There are two different categories of default grading used. The first reflects the statistical probability of a customer in a grading class defaulting within the next 12-month period, and is referred to as a point in time rating (PIT). The second grade also reflects the statistical probability of a customer in a grading class defaulting, but the period of assessment is 12 months of average credit conditions for the customer type. This type of grading therefore provides a measure of risk that is independent of the current credit conditions for a particular customer type and is much more stable over time than a PIT rating and is referred to as a through the cycle (TTC) rating.

Multiple grading methodologies may be used to inform the grading decision on individual large credits, such as internal and external models, rating agency grades and, for wholesale assets, market information such as credit spreads. For smaller credits, a single source may suffice, such as the result from a grading model.

For counterparties where third party ratings are used to inform credit decisions, the Bank mainly uses those provided by Standards and Poors' or Moody's.

The Bank (and the Barclays Group) uses a wholesale credit grading containing 21 grades, representing the Group's/Bank's best estimate of credit risk for a counterparty based on current economic conditions.

The tables below detail how external rating grades, Default Grades and Barclays Grades relate to the categories of credit quality selected for the financial statements. Where applicable, the internal measure of probability of default has been presented for indicative purposes.

Corporate and Commercial lending

Default grade	Financial statements description	Probability of default
1-3	Strong	0.0% – 0.05%
4-5		0.05% – 0.15%
6-8		0.15% – 0.30%
9-11		0.30% – 0.60%
12-14	Satisfactory	0.60% – 2.15%
15-19		2.15% – 11.35%
20-21	Higher Risk	11.35%+



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

Financial statement descriptions can be summarised as follows:

Strong – there is a very high likelihood of the loan being recovered in full.

Satisfactory – whilst there is a high likelihood that the loan will be recovered and therefore, of no cause for concern to the Bank, the loan may not be collateralised, regardless of the fact that the output of internal grading models may have indicated a higher classification. At the lower end of this grade there are customers that are being more carefully monitored, for example corporate customers which are indicating some evidence of some deterioration.

Higher Risk – there is concern over the customer's ability to make payments when due. However, these have not yet converted to actual delinquency. However, the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

Credit risk mitigation, collateral, security, and other credit enhancements

The Bank uses a wide variety of techniques to reduce credit risk on its lending. The most important of these is performing an assessment of the ability of a borrower to service the proposed level of borrowing. Bank policy is to establish that loans are within the customer's capacity to repay, rather than to rely excessively on security.

Credit risk mitigation

The Bank actively manages its credit exposures. When weaknesses in exposures are detected – either in individual exposures or in groups of exposures – the Bank takes action to mitigate the risks. Such actions may, for example, include; reducing the amounts outstanding (in discussion with the customers, clients or counterparties if appropriate) and, on occasion, selling the financial asset which constitutes the exposure.

The Bank looks to maintain the diversification of its portfolio to avoid unwanted credit risk concentrations. Maximum exposure guidelines are in place, mirroring that of the Regulatory Rules, relating to the exposures to any individual counterparty. These permit higher exposures to higher-rated borrowers than to lower-rated borrowers. They also distinguish between types of counterparty, for example, between sovereign governments, banks and corporations. Excesses are considered individually through the credit function as they arise and are reviewed regularly.

Collateral and security

Collateral and security can be an important mitigation of credit risk.

The Bank also routinely obtains non tangible collateral and security typically by way of intergroup and /or third party guarantees, where possible supported by negative pledges which prohibit the granting of tangible security to other lenders/creditors.

The Bank ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed.

Valuation of the collateral and security taken is within set Bank parameters which are reviewed for appropriateness on a regular basis. Before reliance is placed on third party protection, a credit assessment is undertaken of the proposed protection.



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

Security structures and legal covenants are subject to regular review, at least annually, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

Maximum exposure to credit risk before collateral held or other credit enhancements

For financial assets recognised on the balance sheet, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

The following table presents the maximum exposure at 31st December 2014 and 31st December 2013 to credit risk of on balance sheet and off balance sheet financial instruments, before taking account of any collateral and security held or other credit enhancements and after allowance for impairment and netting where appropriate.

This analysis and all subsequent analyses of credit risk include financial assets subject to credit risk only.

	2014 €'000	2013 €'000
On balance sheet:		
Cash and balances at central banks	25,112	17,565
Loans and advances to banks	1,148,001	781,199
Loans and advances to customers	899,492	633,579
Available for sale financial instruments	450,223	480,260
Derivative financial instruments	35,864	19,234
Other assets	6,251	5,677
Off balance sheet:		
Guarantees and letters of credit pledged as collateral security	157,172	166,177
Commitments	908,031	523,688
Total maximum exposure at 31st December	<u>3,630,146</u>	<u>2,627,379</u>

Whilst the Bank's maximum exposure to credit risk is the carrying value of the assets, or, in the case of off-balance sheet items the amount guaranteed, committed, accepted or endorsed, in most cases the likely exposure is far less due to collateral, credit enhancements and other actions taken to mitigate the Bank's exposure.



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

Financial assets that would be past due or impaired had their terms not been renegotiated

Financial assets are generally renegotiated either as part of an ongoing customer relationship or in response to an adverse change in the circumstances of the borrower. In the latter case renegotiation can result in an extension of the due date of repayment. This will result in the asset continuing to be overdue (delinquent) and will be individually impaired where the renegotiated payments of interest and principal will not recover the original carrying amount of the asset. In other cases, renegotiation will lead to a new agreement, which is treated as a new loan.

Credit risk concentrations

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The analysis of credit risk concentrations presented below are based on the location of the counterparty or customer or the industry in which they are engaged, or the product type in accordance with the manner in which the Bank manages credit risk.



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

Analyses of the Bank's credit risk concentrations by industrial sector is set out below:

	2014						Total €'000
	Government & Central Banks €'000	Financial Services €'000	Transport, Postal & communications and business and other services €'000	Agriculture, Manufacturing & wholesale & retail trade €'000	Construction & property €'000	Energy & water €'000	
On Balance sheet:							
Cash & balances at central banks	25,112	-	-	-	-	-	25,112
Loans & advances to banks	-	1,148,001	-	-	-	-	1,148,001
Loans & advances to customers	-	12,168	146,358	357,377	245,906	128,583	890,392
Available for sale financial instruments	-	450,223	-	-	-	-	450,223
Derivative financial instruments	-	35,554	7	303	-	-	35,864
Off balance sheet:							
Guarantees and letters of credit pledged as collateral security	-	72,080	9,673	66,298	-	9,121	157,172
Commitments	-	23,632	113,577	543,961	141,941	84,920	908,031
Total	25,112	1,741,658	269,615	967,939	387,847	222,624	3,614,795



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

Analyses of the Bank's credit risk concentrations by industrial sector is set out below:

	2013						Total €'000
	Government & Central Banks €'000	Financial Services €'000	Transport, Postal & communications and business and other services €'000	Agriculture, Manufacturing & wholesale & retail trade €'000	Construction & property €'000	Energy & water €'000	
On Balance sheet:							
Cash & balances at central banks	17,565	-	-	-	-	-	17,565
Loans & advances to banks	-	781,199	-	-	-	-	781,199
Loans & advances to customers	-	12,786	155,274	232,048	99,419	134,052	633,579
Available for sale financial instruments	-	480,260	-	-	-	-	480,260
Derivative financial instruments	-	1,442	12,842	4,950	-	-	19,234
Off balance sheet:							
Guarantees and letters of credit pledged as collateral security	-	49,024	26,563	90,557	-	33	166,177
Commitments	-	24,683	48,410	408,735	1,078	40,782	523,688
Total	17,565	1,349,394	243,089	736,290	100,497	174,867	2,621,702



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

Financial assets subject to credit risk:

	As at December 31 st 2014					
	Neither past due nor individually impaired €'000	Past due but not individually impaired €'000	Individually impaired €'000	Total €'000	Impairment allowance €'000	Total carrying value €'000
Cash & balances at central bank	25,112	-	-	25,112	-	25,112
Loans and advances to banks	1,148,001	-	-	1,148,001	-	1,148,001
Loans and advances to customers	888,598	-	3,932	892,530	(2,138)	890,392
Available for sale instruments	450,223	-	-	450,223	-	450,223
Derivative financial instruments	35,864	-	-	35,864	-	35,864
Other assets	6,251	-	-	6,251	-	6,251
Total	2,554,049	-	3,932	2,557,981	(2,138)	2,555,843

	As at December 31 st 2013					
	Neither past due nor individually impaired €'000	Past due but not individually impaired €'000	Individually impaired €'000	Total €'000	Impairment allowance €'000	Total carrying value €'000
Cash & balances at central bank	17,565	-	-	17,565	-	17,565
Loans and advances to banks	781,199	-	-	781,199	-	781,199
Loans and advances to customers	552,832	77,294	14,082	644,208	(10,629)	633,579
Available for sale instruments	480,260	-	-	480,260	-	480,260
Derivative financial instruments	19,234	-	-	19,234	-	19,234
Other assets	5,677	-	-	5,677	-	5,677
Total	1,856,767	77,294	14,082	1,948,143	(10,629)	1,937,514

The impairment allowance above includes allowances against financial assets that have been individually impaired and those subject to collective impairment. Assets subject to a collective impairment allowance are included in financial assets neither past due nor individually impaired or financial assets past due but not individually impaired, as appropriate.



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

a) Credit quality of financial assets neither past due nor individually impaired:

The credit quality of financial assets subject to credit risk, that were neither past due nor impaired, based on the credit ratings in note 35, was as follows:

	2014			
	Strong €'000	Satisfactory €'000	Higher Risk €'000	Total €'000
Cash & balances at central banks	25,112	-	-	25,112
Loans & advances to banks	1,148,001	-	-	1,148,001
Loans & advances to customers	687,561	201,037	-	888,598
Available for sale financial instruments	450,223	-	-	450,223
Derivative financial instruments	35,864	-	-	35,864
Other assets	6,251	-	-	6,251
Total financial assets neither past due nor individually impaired	2,353,012	201,037	-	2,554,049

	2013			
	Strong €'000	Satisfactory €'000	Higher Risk €'000	Total €'000
Cash & balances at central banks	17,565	-	-	17,565
Loans & advances to banks	781,199	-	-	781,199
Loans & advances to customers	392,019	160,813	-	552,832
Available for sale financial instruments	480,260	-	-	480,260
Derivative Financial Instruments	19,234	-	-	19,234
Other assets	5,677	-	-	5,677
Total financial assets neither past due nor individually impaired	1,695,954	160,813	-	1,856,767

(b) Financial assets that are past due but not individually impaired

An aged analysis of financial assets that are past due but not individually impaired is set out below.

For the purposes of this analysis an asset is considered past due and included below when any payment due under the strict contractual terms is received late or missed, for example late receipt of a fee/repayment due. The amount included is the entire financial asset, not just the payment, of principal or interest, fees or all, overdue. This criteria is considered a "worst case" snapshot of that past due exposure as at year end.

The Bank expends considerable effort in monitoring overdue assets. Assets may be overdue for a number of reasons, including late processing of payments or documentation, for example, over weekends and holiday periods.



NOTES TO THE FINANCIAL STATEMENTS

35 Credit risk (continued)

(b) Financial assets that are past due but not individually impaired (continued)

As at 31 December 2014 there were no financial assets past due and not individually impaired. There are no facilities at the year-end that moved from being classified as past due or impaired due to the loan facility being renegotiated.

	2013					
	Past due up to 1 month	Past due 1-2 months	Past due 2-3 months	Past due 3-6 months	Past due 6 months and over	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances to customers	77,294	-	-	-	-	77,294
Total financial assets past due but not individually impaired	77,294	-	-	-	-	77,294

(c) Impaired financial assets

An analysis of financial assets individually assessed as impaired is as follows:

	2014			2013		
	Gross carrying amount €'000	Impairment allowance €'000	Net carrying amount €'000	Gross carrying amount €'000	Impairment allowance €'000	Net carrying amount €'000
Loans & advances to customers	3,932	(1,545)	2,387	14,082	(10,195)	3,887
Total loans and advances to customers individually impaired	3,932	(1,545)	2,387	14,082	(10,195)	3,887
Collective impairment allowance	-	(593)	-	-	(434)	-
Total impairment allowance	-	(2,138)	-	-	(10,629)	-



NOTES TO THE FINANCIAL STATEMENTS

36 Liquidity risk

Liquidity risk arises from fluctuations in the contractual and behavioural cash flows associated with the Bank's assets and liabilities. The liquidity risk management process ensures that the Bank is able to honour all of its financial commitments as they fall due. Liquidity limits are set and are reported daily.

Liquidity risk management and measurement

This is the risk that the Bank is unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with consequent failure to repay depositors and fulfil commitments to lend. The risk that the Bank will be unable to meet its obligations is inherent in all banking operations and can be impacted by a range of institution specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Intraday liquidity

The need to monitor, manage and control intraday liquidity is recognised by the Bank as a mission critical process: any failure to meet specific intraday commitments would have significant consequences. The liquidity position is monitored on a daily basis with the expected next day position also being reviewed.

Liquid assets

The Bank maintains a portfolio of highly marketable assets including Certificates of Deposit that can be sold as protection against any unforeseen interruption to cash flow.

Structural liquidity

An important source of structural liquidity is provided by our core corporate deposits, mainly current accounts and savings accounts. Although current accounts are repayable on demand and savings accounts at short notice, the Bank's broad base of corporate customers helps to protect against unexpected fluctuations. Such accounts help to form a stable funding base for the Bank's operations and liquidity needs.

Stress tests

Stress testing is undertaken to assess and plan for the impact of various scenarios which may put the Bank's liquidity at risk.

The Bank performs a range of stress tests on the net funding position and projected cash flows. These stress scenarios include Bank-specific scenarios such as an unexpected rating downgrade, and external scenarios such as an economic recession. The output informs both the liquidity mismatch limits and the Bank's contingency funding plan.

The ability to raise funds is dependent on Barclays Group. The funding impact of a credit downgrade is regularly estimated. Whilst the impact of a single downgrade may affect the price at which funding is available, the effect on liquidity is not considered significant in overall terms.



NOTES TO THE FINANCIAL STATEMENTS

36 Liquidity risk (continued)

The tables below summarise the maturity profile of the Bank's Financial liabilities at 31 December 2014 and 31 December 2013 based on contractual, undiscounted payment obligations. The Bank does not manage liquidity risk on the basis of contractual maturity but on the basis of expected cash flows. The balances will not agree directly to the balances in the Balance Sheet as the table incorporates all cash flows on an undiscounted basis, related to both principal and interest payments.

	As at December 31 st 2014						Total €'000
	On Demand €'000	Within three months €'000	Over three months but less than one year €'000	Over one year but less than five years €'000	Over five years €'000		
Liabilities							
Deposits from other banks*	(12,215)	(47,769)	(450,956)	-	-	(510,940)	
Customer accounts	(664,244)	(664,842)	(311,689)	-	-	(1,640,775)	
Subordinated Debt	-	(365)	(1,115)	(5,921)	(55,860)	(63,261)	
<i>Gross Settled Derivatives</i>							
Pay Leg	-	292,677	423,790	160,406	-	876,873	
Received Leg	-	(292,700)	(423,868)	(160,424)	-	(876,992)	
Net Cashflows	-	(23)	(78)	(18)	(119)	(119)	
Total financial liabilities	(676,459)	(712,999)	(763,838)	(5,939)	(55,860)	(2,215,095)	
Off balance sheet items							
Loan commitments	(908,031)	-	-	-	-	(908,031)	
Guarantees and irrevocable letters of credit	(157,172)	-	-	-	-	(157,172)	
Total off balance sheet items	(1,065,203)	-	-	-	-	(1,065,203)	
Total financial liabilities and off balance sheet items	(1,741,662)	(712,999)	(763,838)	(5,939)	(55,860)	(3,280,298)	

* Includes €450m of funds received and invested in Certificates of Deposits at identical maturities



NOTES TO THE FINANCIAL STATEMENTS

36 Liquidity risk (continued)

	As at December 31 st 2013						Total
	On Demand €'000	Within three months €'000	Over three months but less than one year €'000	Over one year but less than five years €'000	Over five years €'000		
Liabilities							
Deposits from other banks*	(78)	(48,979)	(483,579)	-	-	(532,636)	
Customer accounts	(649,767)	(465,258)	(42,746)	-	-	(1,157,771)	
Subordinated Debt	-	(389)	(1,189)	(6,317)	(57,830)	(65,725)	
<i>Gross Settled Derivatives</i>							
Pay Leg	-	420,658	638,618	45,437	-	1,104,713	
Received Leg	-	(420,690)	(638,748)	(45,435)	-	(1,104,873)	
Net Cashflows	-	(32)	(130)	2	-	(160)	
Total financial liabilities	(649,845)	(514,658)	(527,644)	(6,315)	(57,830)	(1,756,292)	
Off balance sheet items							
Loan commitments	(523,688)	-	-	-	-	(523,688)	
Guarantees and irrevocable letters of credit	(166,177)	-	-	-	-	(166,177)	
Total off balance sheet items	(689,865)	-	-	-	-	(689,865)	
Total financial liabilities and off balance sheet items	(1,339,710)	(514,658)	(527,644)	(6,315)	(57,830)	(2,446,157)	

* Includes €479m of funds received and invested in Certificates of Deposits at identical maturities.



NOTES TO THE FINANCIAL STATEMENTS

37 Fair Value

	2014		2013	
	Carrying amount €'000	Fair value €'000	Carrying amount €'000	Fair Value €'000
Financial assets:				
Cash and balances at central banks (a)	25,112	25,112	17,565	17,565
Derivative financial instruments (b)	35,864	35,864	19,234	19,234
Loans and advances to banks (a)	1,148,001	1,148,001	781,199	781,199
Loans and advances to customers (c)	890,392	855,941	633,579	607,602
Available for sale financial instruments:				
- Debt securities (b)	450,223	450,223	480,260	480,260
Financial liabilities:				
Deposits from banks (a)	509,840	509,840	528,711	528,711
Customer accounts:				
- Current and demand accounts (a)	607,709	607,709	602,812	602,812
- Other time deposits (a)	1,031,046	1,031,046	554,495	554,495
Derivative financial instruments (b)	35,744	35,744	19,074	19,074
Subordinated Debt (a)	50,000	50,000	50,000	50,000

(a) Fair value approximates carrying value due to the short-term nature of these financial assets and liabilities.

(b) The Bank holds derivative financial instruments and debt securities at fair value on the balance sheet at year end. As the fair value of these assets are calculated using valuation techniques based on market observable data, all are considered to be within level 2 of the hierarchy table as prescribed under FRS 29. Fair value of financial instruments is determined using discounted cash flows, applying market derived interest and foreign exchange rates.

(c) Fair value of loans and receivables has been determined by applying an average of available credit spreads to the loan portfolio, taking the contractual maturity of the loan facilities into consideration. Loans and receivables are stated in the financial statements at amortised cost.

For Fair value disclosure purposes only, where no observable market values were available management estimates were used.

38 Large exposure guarantee

The Bank has a small number of large exposures which are in excess of 25% of its capital base relevant for limits to large exposures as detailed in Regulation (EU) No. 575/2013 ('The Capital Requirements Regulation'). On 31st July 2012 Barclays Bank PLC provided an irrevocable and unconditional pari-passu guarantee amount of €75m to cover any excesses above the 25% limit. On 11th September 2014 Barclays Bank PLC provided an amended and restated guarantee with a guarantee amount of €400m. On 12th January 2015 the guarantee was further amended and restated with a reduced limit of €200m following a Tier 1 capital injection of €126m in December 2014 into the Bank by its parent. This guarantee remains in place.

39 Segmental analysis

The Bank's income is entirely attributable to banking activities carried out from its sole office in Ireland.



NOTES TO THE FINANCIAL STATEMENTS

40 Ultimate parent company

The ultimate parent company of the Bank is Barclays PLC. Copies of the group accounts of Barclays PLC may be obtained from Group Secretary's Office, Barclays PLC, 1 Churchill Place, London E14 5HP. Barclays PLC is incorporated in Great Britain and registered in England and Wales.

41 Approval of financial statements

The financial statements were approved by the Board of Directors on 24 March 2015.

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