

BARCLAYS BANK IRELAND PLC

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

BARCLAYS BANK IRELAND PLC

TABLE OF CONTENTS

DIRECTORS AND OTHER INFORMATION	1
DIRECTORS' REPORT	2
INDEPENDENT AUDITOR'S REPORT	7
INCOME STATEMENT	12
STATEMENT OF COMPREHENSIVE INCOME	13
BALANCE SHEET	14
STATEMENT OF CHANGES IN EQUITY	15
STATEMENT OF CASH FLOWS	16
NOTES TO THE FINANCIAL STATEMENTS	17

BARCLAYS BANK IRELAND PLC

DIRECTORS AND OTHER INFORMATION

BOARD OF DIRECTORS

David Farrow	British	Group Non-Executive Director
Helen Keelan	Irish	Independent Non-Executive Director
James Kelly	Irish	Chief Risk Officer
Sinead Mahon	Irish	Chief Operating Officer
David Martin	Irish	Independent Non-Executive Director
Eoin O'Driscoll	Irish	Independent Non-Executive Director
Kevin Wall	British	Chief Executive Officer (appointed 26 June 2017)

SECRETARY

Pauline Gallagher (resigned 28 December 2017)
Paul McCullagh (appointed 28 December 2017)

AUDIT COMMITTEE MEMBERS

David Farrow	
David Martin	Chairman
Eoin O'Driscoll	

COMPANY NUMBER

396330

REGISTERED OFFICE AND BUSINESS ADDRESS

Two Park Place, Hatch Street, Dublin 2

SOLICITORS

Matheson	70 Sir John Rogerson's Quay, Dublin 2
Arthur Cox	Earlsfort Court, Earlsfort Terrace, Dublin 2

INDEPENDENT AUDITORS

KPMG 1 Harbourmaster Place, International Financial Services Centre, Dublin 1

BARCLAYS BANK IRELAND PLC

DIRECTORS' REPORT

The Directors present the annual report and audited financial statements for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITY

The principal activity of the Bank is the provision of wholesale banking services to corporate entities and private bank 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. With effect from 1 July 2017, the Bank terminated its cross-border merchant acquiring services provided to the card acquiring division of Barclays Bank PLC. This business is now conducted by Barclaycard International Payments Limited (BIPL).

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

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

BUSINESS REVIEW

The Bank's profit after tax for the year ended 31 December 2017 was €22.5 million (2016: €24.4 million). Excluding a one-off pension provision charge taken in 2016, the Bank's profit after tax for the year ended 31 December 2017 decreased by 18% year on year, the 2016 total including a one-off provision charge of €3.0 million (net of tax) resulting from the restructuring of the Barclays Ireland defined benefit pension scheme which was utilised in Q1 2017.

The Bank's common equity tier one ratio remains strong at 16.7% as at 31 December 2017 (2016: 15.4%). The increase in the year is due primarily to a decrease in the level of credit risk weighted assets attributed to the Bank's loans and advances provided to customers and to banks and the exiting of the merchant acquiring business. The Bank's total capital ratio was 19.4% as at 31 December 2017 (2016: 17.7%), giving sufficient capacity to conservatively expand the balance sheet.

Profit before tax for the financial year ended 31 December 2017 was 17% down on prior year, after excluding the impact of the provision taken in 2016, primarily driven by a fall in operating income, but also impacted by the inclusion of an impairment credit of €1.1m for the year ended 31 December 2016 as well as an increase in administrative expenses in 2017, driven by higher staff numbers. Total operating income was down 7% year on year with key drivers being a 48% (€2.5m) fall in trading and foreign exchange income and the negative interest rate environment.

Before the impact of the pension provision taken for the year to end 31 December 2016, the cost income ratio increased from 37% in 2016 to 42% in 2017.

Customer deposits rose by 16% in 2017 to €2.8 billion and drawn customer loans decreased by 14% to €1.3 billion resulting in the loan to deposit ratio decreasing from 63% in 2016 to 47% as at the end of 2017. A ratio of 47% 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 is the principal employer in a defined benefit pension plan that was closed to future accrual in May 2013. At the end of 2017, the Bank's retirement benefit obligations on the plan was a net liability of €7.5 million being the fair value of the plan assets less the present value of the plan liabilities, versus a prior year net liability of €12.1 million.

The Bank has a proactive approach to customers showing early signs of financial distress and utilises the advice of Barclays' group experts to help manage such situations. The Bank posted an impairment release of €0.046 million in the financial year ended 31 December 2017 (financial year ended 31 December 2016: credit of €1.1 million), due to the release of impairment model driven provisions and recoveries on previously written off debt. The total balance sheet impairment provision of €1.4 million at the end of 2017 is made up of specific provisions of €1.0 million and incurred but not reported (IBNR) impairment provisions of €0.4 million.

BARCLAYS BANK IRELAND PLC

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 sufficient buffers over the required minimum levels of daily liquidity necessary to meet its regulatory liquidity requirements. In addition, the Bank has the ability to borrow from Barclays Group Treasury up to €450m should the need arise and has a detailed liquidity funding plan in place and, if required, access to the Barclays Group liquidity contingency plan and expert personnel.

The Bank holds high quality liquid assets in the form of €528 million placed with the Central Bank as at 31 December 2017 (2016: €524 million).

FUTURE DEVELOPMENTS

In July 2017, Barclays announced its intention to utilise the Bank after the UK's departure from the EU, to continue Barclays delivery of a broad range of products and services to clients across most of the major economies in Europe and we are engaging with our regulators in discussions to extend the Bank's activities. The priority is to minimise disruption and preserve clients' ability to continue to transact with Barclays. While we remain confident of continued deep inter-linkages between EU and UK financial services markets, in the absence of certainty around the timing and composition of an agreement, we intend to take necessary steps to preserve on-going market access for Barclays customers.

RESULTS AND DIVIDENDS

The Bank's profit after tax for the financial year ended 31 December 2017 was €22.5 million (financial year ended 31 December 2016: €24.4 million). An interim dividend of €46.3m was paid in 2017 (2016: € nil). The Directors do not propose to make a final dividend payment for the financial year ended 31 December 2017 (financial year ended 31 December 2016: € nil).

DIRECTORS

The names of persons who were Directors at any time during the financial year ended 31st December 2017, or who have been appointed since that date, are set out below.

David Farrow
Helen Keelan
James Kelly
John Mahon (appointed 22 May 2017, resigned 29 September 2017)
Sinead Mahon
David Martin
Eoin O'Driscoll
Kevin Wall (appointed 26 June 2017)
Sasha Wiggins (resigned 26 June 2017)

DIRECTORS' AND SECRETARY'S INTERESTS

The Directors and Secretary had no interests in the shares of the company or any other group company that are required by the Companies Act 2014 to be recorded in the register of interests or disclosed in the Directors' Report.

FINANCIAL RISK MANAGEMENT

In the ordinary course of business, the Directors and management of the Bank manage a variety of risks with credit, operational, conduct, 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 Bank's 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 credit 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.

BARCLAYS BANK IRELAND PLC

Credit approvals are rigorously reviewed by expert credit staff and approved by senior credit officers who have sanctioning to approved limits.

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.

Conduct risk

Conduct risk is the risk that detriment is caused to our customers, clients, counterparties or Barclays because of inappropriate judgement in the execution of our business activities. The Bank continues to improve conduct risk management across governance structures, management information, culture change initiatives, risk management processes and enterprise-wide risk management.

Funding and liquidity risk

The objective of liquidity management is to ensure the availability, at all times, of sufficient funds to meet the demand of customers for additional committed borrowings or to repay existing deposits as they mature or are withdrawn. The Bank holds clients deposits and cash reserves in excess of client advances and maintains a balance of high quality liquid assets with the Central Bank of Ireland in order to ensure availability of funds and to support the liquidity position. All residual excess funds held are placed on overnight deposit with Barclays Bank plc.

Interest rate risk

Interest rate risk is the risk of loss arising on the cost of funding the balance sheet from adverse movements in market interest rates. The interest rate re-pricing mismatch in the balance sheet of the Bank is short-term with the majority of loans and deposits re-pricing within three months. The risk of loss is considered low and within accepted risk appetite.

Foreign exchange risk

Foreign exchange risk is the risk of loss arising on currency exposures in the balance sheet from adverse movements in market foreign exchange rates. The Bank provides foreign exchange capability to customers, with most FX deals undertaken at spot value. Forward foreign exchange deals undertaken on behalf of clients are matched by corresponding trades to close out the Bank's position with Barclays Bank PLC. FX positions on spot and forward activity are closely monitored with positions being closed out within accepted risk tolerance levels. Incomes in currencies other than Euro are converted to Euro each month.

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 Appendices 1 and 2 of the Code for Major Institutions.

POST BALANCE SHEET EVENT

In February 2018, in line with the Bank's plans to serve Barclays European customers, the Bank signed a twenty-year lease for additional office space at One Molesworth Street, Dublin 2. Other Assets (Note 19) as at 31 December 2017, includes €2.7m in costs relating to the new lease that will be released to the Income Statement over the lease term.

BARCLAYS BANK IRELAND PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the company for the financial year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adapted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the company and which enable them to ensure that the financial statements of the Company comply with the provision of the Companies Act 2014.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS

The Directors in office at the date of this report have confirmed that, as far as they are aware:

- there is no relevant audit information of which the Bank's auditor is unaware; and
- they have taken all the steps that ought to be taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

AUDIT COMMITTEE

The Bank's Audit Committee, which comprises a majority of independent non-executive Directors, assists the Board of Directors (the "Board") in fulfilling its responsibilities relating to:

- the integrity of the financial statements;
- the relationship between the Bank and its external auditors;
- the Bank's internal controls, internal audit and IT systems; and
- compliance functions.

BARCLAYS BANK IRELAND PLC

DIRECTORS' COMPLIANCE STATEMENT

The directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations.

The directors confirm that;

- A compliance policy statement setting out the company's policies, that in our opinion are appropriate to the company, respecting compliance by the company with its relevant obligations has been drawn up.
- Appropriate arrangements or structures that are designed to secure material compliance with the company's relevant obligations have been put in place.
- A review of the arrangements and structures referred to at two above has been conducted during the financial year ended 31 December 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks faced by the Bank are credit risk, market risk, liquidity risk and operational risk. The financial risk management objectives and policies of the Bank and the exposure of the Bank to these key risks are set out in the financial risk management section and in note 30.

The final outcome of the negotiations between the UK and the EU and any settlement reached in respect of financial services remains uncertain, and as a result the Bank stands ready to refine our plans in light of external developments and will continue to work closely with regulators, clients, colleagues and other stakeholders to ensure that the Bank is able to respond appropriately to any outcome. The Bank will continue to monitor developments and assess their impact on our risk profile.

ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the company's obligation to keep adequate accounting records are the appointment of professionally qualified accounting personnel with appropriate expertise and the provision of adequate resources to the finance function and the use of appropriate systems. The accounting records are kept at the Bank's registered office at Two Park Place, Hatch Street, Dublin 2.

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.

AUDITORS

As part of a Group wide process KPMG became auditors to the bank with effect from the 24 April 2017 and have expressed their willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

On behalf of the Board



Sinead Mahon
Director



Helen Keelan
Director



David Martin
Director

23 March 2018

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

1 Opinion: our opinion is unmodified

We have audited the financial statements of Barclays Bank Ireland PLC ("the Company") for the year ended 31 December 2017 which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows, and the related notes, including the accounting policies in note 2. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union and, Irish Law, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014;
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 24 April 2017. The financial year ended 31 December 2017 is our first year as auditor. We have fulfilled our ethical responsibilities under, and we remained independent of the Company in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Loan allowance for impairment charges (€1,435k) and loan impairment release (€46k)

Refer to Note 2 (accounting policy) and Note 14 (financial statement disclosures)

The key audit matter

The carrying value of loans and advances to customers and banks held at amortised cost may be materially misstated if the provision for impairment is not appropriately identified and estimated.

The identification of impaired loans and the determination of the amount of the loss allowance is inherently judgemental. Provisions may not reflect recent developments in credit quality, arrears experience or emerging macro-economic risks. Provisioning involves a significant degree of management judgement particularly in relation to the estimation of future cash flows and the calculation of the collective provision.

How the matter was addressed in our audit

Our audit procedures included, among others:

- *Testing the design, implementation and operating effectiveness of key controls relating to the credit process (credit appraisal, sanctioning, recording, grading, monitoring and provisioning) including General IT controls and IT automated controls.*
- *Obtaining management's annual credit review documentation and for a selection of loans:*
 - *Challenging the reasonableness of management's judgement by forming our own judgement based on the individual facts and circumstances; and*
 - *Challenging the forecast of recoverable cash flows, probability of realisation and valuation of collateral, where held by tracing back to source data and forming our own judgement based on the individual facts and circumstances.*
- *Testing the appropriateness of the collective provision model in conjunction with our modelling specialist by:*
 - *Testing the inputs of underlying data;*
 - *Evaluating model methodology, and key assumptions; and*
 - *Comparing the model output to the Company's observed loss history.*
- *Obtaining independent confirmation for a selection of loans.*
- *Critically assessing whether financial statement disclosures appropriately reflect the Company's exposure to credit risk and are in compliance with IFRS.*

Based on evidence obtained, we found that the allowance for impairment is acceptable.

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

Revenue Recognition (Interest and similar income €56,297k; Loan related fee income €5,092k)

Refer to Note 2 (accounting policy) and Notes 4 and 6 (financial statement disclosures)

The key audit matter

The Company has several revenue streams with high volumes of low margin transactions.

These revenue streams include:

- Interest and similar income
- Fee and commission

Interest income earned on loans is recognised using the effective interest rate method. The key assumption in this calculation is the expected life of the loans and the profile of the cash flows. There is a risk that this judgement may not appropriately reflect all the facts available, which would misstate interest income.

There is a risk that the timing of revenue could be manipulated to meet specific targets or expectations as the determination of the timing of recognition of certain fee and commission income streams can require management judgement.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Testing the design, implementation and operating effectiveness of key controls relating to the revenue process from initiation to recording in the financial statements.
- Reviewing the revenue recognition policies and recalculating a sample of income entries; ascertaining whether these entries were appropriately calculated based on relevant agreements and appropriately recognised.
- Performing specific items testing for revenue entries made near the financial year end to determine if all revenue has been recognised in the correct period.

Based on evidence obtained, we found that the application of the Company's revenue recognition accounting policy is acceptable.

Valuation of retirement benefit obligation (€7,521k)

Refer to Note 2 (accounting policy) and Note 22 (financial statement disclosures)

The key audit matter

The Company operates a defined benefit pension scheme (Barclays Bank Irish Retirement and Life Assurance scheme) and has a net IAS 19 defined benefit pension deficit. The scheme has been closed to new entrants and to future accrual since May 2013.

Actuarial assumptions are made in valuing the Company's defined benefit scheme and small changes in these actuarial assumptions could lead the pension deficit amount to be materially misstated.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Testing the design, implementation and operating effectiveness of key controls relating to the defined benefit pension scheme within the entity and its service organisations.
- Engaging our actuarial specialist and engaging in discussions with management and the Company's actuary to understand the judgements made in determining key economic assumptions used in the calculation of the liability and challenging the reasonableness of those assumptions by comparing them to our own independently determined benchmarks.
- Independently confirming and inspecting the fair value of scheme assets held.
- Considering the Company's IFRS compliance with IAS 19 disclosures in note 22 to the financial statements.

Based on the evidence obtained, we concluded that the data and assumptions used by management in the actuarial valuations, the fair value of the scheme assets and the Company's compliance with IFRS to be reasonable.

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

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at €1.25m determined with reference to a benchmark of profit before tax (of which it represents 5%).

We reported to the Audit Committee all corrected and uncorrected misstatements we identified during our audit with a value in excess of €62.5k in addition to other audit misstatements below that amount that, in our view, warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the Company's office in Dublin.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on that work, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

6 Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's statement of financial position and the profit and loss account is in agreement with the accounting records.

7 We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

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

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

9 The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.



Jonathan Lew

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

23 March 2018

BARCLAYS BANK IRELAND PLC

INCOME STATEMENT

for the financial year ended 31 December
2017

	Note	2017 €'000	2016* €'000
Interest and similar income	4	56,297	51,653
Interest and similar expenses	5	(24,390)	(19,297)
Net interest income		31,907	32,356
Fee and commission income	6	14,476	14,541
Trading and foreign exchange income	7	2,682	5,205
Fee and other expenses	8	(4,809)	(4,740)
Total operating income		44,256	47,362
General and administrative expenses	9	(18,525)	(17,036)
Provisions	23	-	(3,387)
Depreciation and amortisation expense	10	(282)	(706)
Operating profit before impairment		25,449	26,233
Loan impairment release	11	46	1,093
Operating profit		25,495	27,326
Profit before income tax		25,495	27,326
Income tax expense	12	(3,014)	(2,965)
Profit for the financial year		22,481	24,361

The notes on pages 17 to 55 are an integral part of these financial statements.

*The presentation of certain items has been amended – see Note 2.

BARCLAYS BANK IRELAND PLC

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2017

	Note	2017 €'000	2016 €'000
Profit for the financial year		22,481	24,361
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations	22	2,909	(1,474)
		2,909	(1,474)
Other comprehensive income / (loss) for the financial year, net of tax			
		2,909	(1,474)
Total comprehensive income for the financial year			
		25,390	22,887

Items in the statement above are disclosed net of tax. The deferred tax relating to each component of other comprehensive income is disclosed in note 12.

The notes on pages 17 to 55 are an integral part of these financial statements.

BARCLAYS BANK IRELAND PLC

BALANCE SHEET

as at 31 December 2017

	Note	2017 €'000	2016 €'000
Assets			
Cash and balances at central bank		528,265	523,792
Loans and advances to banks	13	1,392,480	835,684
Loans and advances to customers	14	1,287,346	1,499,445
Derivative financial instruments	15	2,570	9,907
Current income tax assets		-	390
Property, plant and equipment	16	15	19
Intangible assets	17	118	396
Deferred income tax assets	18	940	1,932
Other assets	19	5,945	633,799
Total assets		3,217,679	3,505,364
Liabilities			
Deposits from banks	20	67,298	56,390
Deposits from customers	21	2,752,691	2,383,087
Derivative financial instruments	15	2,519	9,826
Retirement benefit obligations	22	7,521	12,071
Provisions	23	-	3,387
Current income tax liabilities		16	-
Other liabilities	24	5,451	637,503
Subordinated debt	25	50,049	50,056
Total liabilities		2,885,545	3,152,320
Equity			
Share capital	26	138,446	138,446
Capital contribution	27	121,000	121,000
Retained earnings		72,688	93,598
Total equity		332,134	353,044
Total equity and liabilities		3,217,679	3,505,364

The notes on pages 17 to 55 are an integral part of these financial statements.

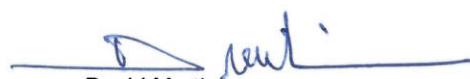
On behalf of the Board



Sinead Mahon
Director



Helen Keelan
Director



David Martin
Director


Paul McCullagh
Company Secretary

23 March 2018

BARCLAYS BANK IRELAND PLC

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2017

	Share capital	Capital contribution	Retained earnings	Total equity
	€'000	€'000	€'000	€'000
Balance as at 1 January 2016	138,446	121,000	70,711	330,157
Profit for the financial year	-	-	24,361	24,361
Other comprehensive loss for the financial year	-	-	(1,474)	(1,474)
Total comprehensive income for the financial year	-	-	22,887	22,887
Balance as at 31 December 2016	138,446	121,000	93,598	353,044
Balance as at 1 January 2017	138,446	121,000	93,598	353,044
Profit for the financial year	-	-	22,481	22,481
Other comprehensive income for the financial year	-	-	2,909	2,909
Total comprehensive income for the financial year	-	-	25,390	25,390
Dividend Paid	-	-	(46,300)	(46,300)
Transactions with Shareholders	-	-	(46,300)	(46,300)
Balance as at 31 December 2017	138,446	121,000	72,688	332,134

The notes on pages 17 to 55 are an integral part of these financial statements.

BARCLAYS BANK IRELAND PLC

STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2017

	2017 €'000	2016 €'000
Reconciliation of profit before tax to net cash flows from operating activities:		
Profit before tax	25,495	27,326
<i>Adjustment for non-cash items:</i>		
Impairment credit	(46)	(1,093)
Depreciation and amortisation	282	706
Other provisions and retirement benefit obligations	(458)	(824)
<i>Changes in operating assets and liabilities</i>		
Net decrease / (increase) in loans and advances	209,086	(474,761)
Net increase in deposits	380,512	316,460
Net decrease in derivative financial instruments	30	57
Net decrease / (increase) in other assets	627,854	(602,797)
Net (decrease) / increase in other liabilities and provisions	(635,446)	608,358
Corporate income tax paid	(2,800)	(4,457)
Net cash from / (utilised in) operating activities	604,509	(131,025)
Net cash from investing activities	-	-
Dividends paid	(46,300)	-
Net cash used in financing activities	(46,300)	-
Net increase / (decrease) in cash and cash equivalents	558,209	(131,025)
Cash and cash equivalents at beginning of the financial year	1,268,091	1,399,116
Cash and cash equivalents at end of financial year	1,826,300	1,268,091
Cash and cash equivalents comprise:		
Cash and balances at central banks	528,265	523,792
Loans and advances to banks with original maturity less than three months	1,298,035	744,299
	1,826,300	1,268,091

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

The notes on pages 17 to 55 are an integral part of these financial statements.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Barclays Bank Ireland PLC ('the Bank') provides wholesale banking services to corporate entities and private bank management advisory services. The Bank is a public limited company and is incorporated and tax resident in Ireland. The address of its registered office is Two Park Place, Hatch Street, Dublin 2, Ireland. The Bank is a wholly owned subsidiary of Barclays Bank PLC, a company incorporated and domiciled in England and Wales.

The Financial Statements for the financial year ended 31 December 2017 were authorised for issue by order of the Board of Directors on 23 March 2018.

2. Summary of significant accounting policies

Statement of compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), and interpretations (IFRICs) issued by the Interpretations Committee; as issued by the International Accounting Standards Board ('IASB') and adopted by the European Union ('EU'); and, in accordance with Irish law. IFRS adopted by the EU differ in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

Basis of preparation

From 1 January 2015 the financial statements have been prepared in accordance with IFRS and IFRICs adopted by the EU and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS. Prior to this the Bank prepared its financial statements in accordance with accounting standards generally accepted in Ireland (Irish GAAP).

The Financial Statements are presented in Euro rounded to the nearest thousand. They have been prepared under the historical cost convention except for the following which are recognised at fair value: derivative financial instruments; share-based payments; and pension plan assets. Pension obligations are measured at the present value of the future estimated cash flows of benefits earned.

The preparation of financial statements in accordance with IFRS and Irish law requires the use of accounting judgements, estimates and assumptions that affect the reported amounts of assets, income and expenses. The areas involving a higher degree of judgement and areas where assumptions and estimates are significant are discussed in Note 3, 'Significant accounting judgements, estimates and assumptions'.

Foreign exchange rates used during the year are as follows:

	31 December 2017		31 December 2016	
	Average	Closing	Average	Closing
€ / STG £	0.8761	0.8882	0.8163	0.8570

New standards/Amendments

The Amendments to IAS 7: 'Statement of Cash Flows', require entities to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity uses its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement. The Amendments also suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement. This amendment did not have a significant impact on the financial position of the Group.

Prior Year re-classification

Following a review of the financial statements, the Directors determined that costs incurred by the bank as a result of its Large Exposure Guarantee issued by Barclays Bank PLC should be amended and classified as an expense rather than offset against Interest and similar income. As a result of the above, the 2016 comparative income statement has been amended as per the below:

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 December 2016 €'000
Interest and similar income (Prior to re-classification)	47,174
Large Exposure Guarantee Costs	4,479
Interest and similar income (After re-classification)	51,653

	Year ended 31 December 2016 €'000
Fee and other expenses (Prior to re-classification)	(261)
Large Exposure Guarantee Costs	(4,479)
Fee and other expenses (After re-classification)	(4,740)

Going concern

On the basis of the Directors assessment, having considered the Bank's business, profitability projections, funding and capital plans, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

Future accounting developments

There are a number of significant changes to the Bank's financial reporting after 2017 as a result of amended or new accounting standards. The most significant of these are as follows:

IFRS 9 Financial Instruments

IFRS 9 is a new accounting standard with an effective date of 1 January 2018 and it replaces IAS 39 Financial Instruments: Recognition and Measurement. It leads to significant changes in the accounting for financial instruments. The key changes relate to:

- Financial assets: Financial assets are held at either fair value or amortised cost, except for equity investments not held for trading and certain debt instruments, which may be held at fair value through other comprehensive income;
- Financial liabilities: Gains and losses arising from changes in own credit on non-derivative financial liabilities designated at fair value through profit or loss are excluded from the income statement and instead taken to other comprehensive income;
- Impairment: Credit losses expected at the balance sheet date, (rather than only losses incurred in the year) on loans, debt securities and loan commitments not held at fair value through profit or loss are reflected in impairment allowances; and
- Hedge accounting: Hedge accounting is more closely aligned with financial risk management.

Based on the Bank's assessment the largest impact is in the area of impairment. IFRS 9 introduces the requirement to calculate Expected Credit Loss (ECL). Under IAS 39, a financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment ("a loss event"). The IFRS 9 impairment model looks to the movement in the credit risk of an asset since its origination and requires recognition of lifetime expected loan loss when there is a significant increase in credit risk, even where a loss event has not yet occurred.

IFRS 9 requires an entity to monitor and assess changes in credit risk on financial instruments since origination and determine whether the credit risk on those financial instruments has increased significantly since initial recognition. Under IFRS 9 an entity is required to track and assess changes in credit risk on financial instruments since origination and determine whether the credit risk on those financial instruments has increased significantly since initial recognition. Under the IFRS 9 ECL model, the change in credit risk should be based on the risk of default and not changes in the amount of ECL which may be expected on a financial instrument. The standard introduces a 3-stage model for impairment, based on changes in credit quality since initial recognition:

Stage 1 – includes financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, 12-month ECL is recognised. 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months. Therefore all financial assets in scope will have an impairment provision equal to at least 12-month ECL.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Stage 2 – includes financial instruments that have had a significant increase in credit risk since initial recognition, but that do not have objective evidence of impairment. For these assets, lifetime ECL is recognised, being the expected credit losses that result from all possible default events over the expected life of the financial instrument.

Stage 3 – includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL is recognised.

This change in methodology will result in a number of changes to the Bank's approach to impairment provisions. The more important of these changes are as follows:

- All originated loans and other assets within scope of the standard will attract a provision equal to at least 12 months expected loss from origination.
- The standard will require the Bank to calculate and maintain lifetime inputs, such as lifetime Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"). Determining the probability of default at initial recognition is expected to require management estimates, in particular for exposures issued before the effective date of IFRS 9.
- The Bank is required to conduct its assessment of a change in credit risk relative to the risk at origination for that exposure. Where there has been an increase in credit risk since origination that is significant, a provision for lifetime expected losses will be recognised. The Bank expects to estimate when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Quantitative assessments will be based on changes in and/or absolute thresholds for weighted average cumulative lifetime probabilities of default, determined for each portfolio. Qualitative drivers of a significant increase in credit risk are expected to include exposures determined to be higher risk (by credit risk) and subject to closer credit risk monitoring. Exposures which are more than 30 days past due will be used as a backstop rather than a primary driver. Exposures will move back to stage 1 once they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met. This is subject to a minimum of 12 months' full performance including timely receipt of all payments over that period, for exposures that have been restructured or granted forbearance or concessions.
- The scope of the standard includes undrawn loan commitments previously within the scope of IAS 37. This will require the Bank to hold a provision on such undrawn facilities.
- Forward looking macroeconomic scenarios are required to be included into the provisioning process and the determination of changes in credit risk. This will require the Bank to develop an approach to include its forward looking views into its provision estimates, including for periods beyond its traditional forecast horizon.
- IFRS 9 requires the Bank to calculate ECL which considers multiple scenarios and possible outcomes together with their probability of occurrence.

The Bank is part of a group wide team responsible for implementation of the standard, with the work completed to date showing that the main impact for the Bank arises from the implementation of the expected loss model. The Bank continues to work with the group team in quantifying the impact on the financial statements.

IFRS 15 Revenue from Contracts with Customers

In 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers which will replace IAS 18 Revenue and IAS 11 Construction Contracts. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard will establish a more systematic approach for revenue measurement and recognition. The standard was endorsed by the EU in September 2016 and the effective date of implementation is 1 January 2018. Any assessments completed to date have shown that the adoption of the standard does not have a significant impact.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. Under the new requirements, lessees would be required to recognise assets and liabilities arising from both operating and finance leases on the balance sheet. The effective date is 1 January 2019 and will result in the operating leases held by the Bank being reported on the Balance Sheet.

Foreign currency translation

The Bank applies IAS 21 The Effects of Changes in Foreign Exchange Rates. Transactions and balances in foreign currencies are translated into euro at the rate ruling on the date of the transaction. Foreign currency balances are translated into euro at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement.

Financial assets and liabilities

The Bank applies IAS 39 Financial Instruments: Recognition and Measurement for the recognition, classification and measurement and de-recognition of financial assets and financial liabilities, for the impairment of financial assets.

Recognition

The Bank recognises financial assets and liabilities when it becomes a party to the terms of the contract, which is the trade date or the settlement date.

Classification and measurement

Financial assets and liabilities are initially recognised at fair value and may be held at fair value or amortised cost depending on the Bank's intention towards the assets and the nature of the assets and liabilities, as determined by their contractual terms.

The Bank's policies for determining the fair values of the assets and liabilities are set out in note 30.

De-recognition

The Bank derecognises a financial asset, or a portion of a financial asset, from its balance sheet where the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, and with them either substantially all the risks and rewards of the asset or significant risks and rewards, along with the unconditional ability to sell or pledge the asset. Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished.

Impairment

In accordance with IAS 39, the Bank assesses at each balance sheet date whether there is objective evidence that loan assets will not be recovered in full and, wherever necessary, recognises an impairment loss in the income statement.

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. These events include:

- becoming aware of significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Bank, for economic or legal reasons relating to the borrowers' financial difficulty, grants a concession that it would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; and
- observable data at a portfolio level indicating that there is a measurable decrease in the estimated future cash flows, although the decrease cannot yet be ascribed to individual financial assets in the portfolio – such as adverse changes in the payment status of borrowers in the portfolio or national or local economic conditions that correlate with defaults on the assets in the portfolio.

Impairment assessments are conducted individually for significant assets. For the purposes of the assessment, loans with similar credit risk characteristics are grouped together generally on the basis of their product type, industry, geographical location, collateral type, past due status and other factors relevant to the evaluation of future cash flows.

The impairment assessment includes estimating the expected future cash flows from the asset or the group of assets, which are then, discounted using the original effective interest rate calculated for the asset. If this is lower than the carrying value of the asset or the portfolio, an impairment allowance is raised.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

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 income statement.

Following impairment, interest income continues to be recognised at the original effective interest rate on the unimpaired amount.

Uncollectable loans are written off against the related allowance for loan impairment on completion of the Bank's internal processes and all recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

Interest income and expense

The Bank applies IAS 39 Financial Instruments: Recognition and Measurement. Interest income on loans and advances at amortised cost, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Bank to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

Fee and commission income and expense

The Bank applies IAS 18 Revenue. Fees and commissions charged for services provided to or received by the Bank are recognised as the services are provided, for example on completion of the underlying transaction.

Trading income

In accordance with IAS 39, trading positions are held at fair value and the resulting gains and losses are included in the income statement.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates.

Income tax

The Bank applies IAS 12 Income Taxes in accounting for taxes on income. Income tax payable on taxable profits ('current tax') is recognised as an expense in the period in which the profits arise. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Derivative financial instruments

The Bank applies IAS 39 for derivative financial instruments. All financial instruments are initially recognised at fair value on the date of recognition. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

The Bank's derivative financial instruments are primarily forward foreign exchange contracts. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. All derivative instruments are held at fair value through profit or loss.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment

The Bank applies IAS 16 Property Plant and Equipment. Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in an enhancement to the asset.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. The Bank uses the following annual rates in calculating depreciation:

<i>Annual rates in calculating depreciation</i>	<i>Depreciation rate</i>
Fixtures, plant & equipment	10-20%

Where a leasehold property has a remaining useful life of less than 15 years, costs of adaptation and installed equipment are depreciated over the remaining life of the lease.

Intangible assets

The accounting standard that the Bank applies in accounting for intangible assets is IAS 38. Intangible assets comprise internally generated software, other software and licences. They are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and where it is probable that future economic benefits attributable to the assets will flow from their use.

Intangible assets are stated at cost less amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally over 4-5 years. Intangible assets are reviewed for impairment when there are indications that impairment may have occurred.

Operating leases

The Bank applies IAS 17 Leases, for operating leases. An operating lease is a lease where substantially all of the risks and rewards of the leased assets remain with the lessor. Rentals payable are recognised as an expense in the income statement on a straight-line basis over the lease term.

Provisions

The Bank applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for non-financial liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

Provision is made for undrawn loan commitments if it is probable that the facility will be drawn and results in the recognition of an asset at an amount less than the amount advanced.

Subordinated debt

Subordinated debt is measured at amortised cost using the effective interest method under IAS 39.

Share based payments

The Bank applies IFRS 2 Share Based Payments in accounting for employee remuneration in the form of shares of its listed parent. Employee incentives include awards in the form of shares and share options, as well as offering employees the opportunity to purchase shares on favourable terms.

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 employees provide services, generally the period in which the award is granted or notified and the vesting date of the shares or options. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price,

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions - such as continuing to make payments into a share based savings scheme.

Retirement benefit obligations

The Bank operates a defined contribution scheme and a defined benefit scheme.

Defined contribution schemes – the Bank recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

Defined benefit schemes – the Bank recognises its obligation to members of the scheme at the period end, less the fair value of the scheme assets. Actuarial gains and losses are recognised in other comprehensive income in the reporting period in which they occur. Each scheme's obligations are calculated using the projected unit credit method on the assumptions set out. Scheme assets are stated at fair value as at the year end.

Changes in pension scheme liabilities or assets ('re-measurements') that do not arise from regular pension cost, interest on net defined benefit liabilities or assets, past service costs, plan amendment, settlements or contributions to the plan, are recognised in other comprehensive income. A plan amendment occurs when the Bank introduces, or withdraws, a defined benefit plan, or changes the benefits payable under an existing plan.

Re-measurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the outflow of economic resources is remote.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting judgements, estimates and assumptions

Impairment of financial assets

The calculation of the impairment allowance involves the use of judgement, based on the Bank's experience of managing credit risk.

For individually significant assets, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account (for example, the business prospects for the customer, the realisable value of collateral, the Bank's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process).

The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Subjective judgements are made in the calculation of future cash flows. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

Further information on impairment allowances and related credit information is set out in note 30.

Retirement benefit obligations

The Bank operates a defined benefit pension scheme. In determining the actual pension cost, the actuarial values of the liabilities of the scheme are calculated by external actuaries. This involves modelling their future growth and requires management to make assumptions as to discount rates, price inflation, salary and pensions increases, employee mortality and other demographic assumptions. There are acceptable ranges in which these estimates can validly fall. The impact on the results for the period and financial position could be materially different if alternative assumptions were used. An analysis of the sensitivity of the defined benefit pension liability to changes in the key assumptions is set out in note 22 on retirement benefit obligations.

4. Interest and similar income

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Loans and advances to banks	24,875	19,188
Loans and advances to customers	31,422	32,465
Interest and similar income	56,297	51,653

Included in Loans and advances to banks income is €119 thousand (2016: €170 thousand) relating to income earned on borrowings from BBPLC due to negative interest rates.

5. Interest and similar expenses

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Cash and balances with central banks	1,774	1,443
Deposits from banks	17,143	14,492
Deposits from customers	4,201	2,042
Subordinated debt	1,272	1,320
Interest and similar expenses	24,390	19,297

The interest expense on cash and balances with central banks is incurred due to the negative interest rate charge being applied to the funds placed. Included in the Deposits from banks expense is €2,265 thousand (2016: €1,000 thousand) relating to interest expense on funds placed with BBPLC due to negative interest rates.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

6. Fee and commission income

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Loan related fee income	5,092	5,097
Transactional banking fee income	1,273	795
Private Bank fee income	5,068	4,969
Trade finance & guarantee fee income	2,398	2,156
Merchant acquiring fee income	631	1,317
Other fee income	14	207
Fee and commission income	14,476	14,541

7. Trading and foreign exchange income

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Trading income	2,711	5,253
Foreign exchange on balance sheet re-translation	(29)	(48)
Net foreign exchange income	2,682	5,205

Trading income represents the net margin earned on spot and forward foreign exchange transactions.

8. Fee and other expenses

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Pension Finance Cost (see note 22)	305	261
Large Exposure Guarantee Costs (see note 31)	4,504	4,479
Fee and other Expenses	4,809	4,740

9. General and administrative expenses

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Staff costs	13,568	13,050
Other administrative expenses	4,957	3,986
Administrative expenses	18,525	17,036

Total staff costs are analysed as follows:

Wages and salaries	11,556	10,894
Social insurance costs	1,028	1,214
Retirement benefit costs (defined benefit plan)	85	80
Retirement benefit costs (defined contribution plan)	899	862
Total staff costs including retirement benefit	13,568	13,050

At 31 December 2017, the number of staff was 119 (31 December 2016: 99). The average number of staff during the financial year was 106 (financial year ended 31 December 2016: 102). Other administrative expenses includes an amount of €518 thousand (financial year ended 31 December 2016: €480 thousand) relating to operating lease payments at Two Park Place Hatch Street.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Auditors' remuneration (including expenses and excluding VAT):

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Statutory audit	110	100
Other assurance services	-	-
Taxation services	-	-
Other non-audit services	-	-
Auditors' remuneration	110	100

The figures in the above table relate to fees paid to KPMG in 2017 and PricewaterhouseCoopers (PwC) in 2016.

10. Depreciation and amortisation expense

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Depreciation of property, plant & equipment (note 16)	4	207
Amortisation of intangible assets (note 17)	278	499
Depreciation and amortisation expense	282	706

11. Loan impairment release

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Loans and advances to customers release	(46)	(404)
Loans and advances to customers recoveries	-	(689)
Loan impairment release	(46)	(1,093)

An analysis of impairment charges for the financial year is included in note 14.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

12. Income tax expense

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Current tax – Irish corporation tax:		
Current year	2,762	3,880
Adjustment in respect of prior years	(171)	(492)
Adjustment for Deferred tax credit	423	(423)
Income tax expense	3,014	2,965

The reconciliation of tax on the profit before taxation at the standard Irish corporation tax rate to the Bank's actual tax charge for the financial years ended 31 December 2017 and 31 December 2016 is as follows:

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Profit before tax multiplied by the standard rate of corporation tax in Ireland of 12.5% (2016: 12.5%)	3,187	3,416
Effects of:		
Adjustments in respect of prior years	(171)	(492)
Adjustment for Deferred tax credit	423	(423)
Other adjustments for tax purposes	(425)	464
Income tax expense	3,014	2,965

The effective taxation rate on a statutory profit basis for the financial year ended 31 December 2017 is 11.8% (financial year ended 31 December 2016: 10.9%).

The tax effects relating to each component of other comprehensive income are as follows:

	Year ended 31 December 2017			Year ended 31 December 2016		
	Pre-tax €'000	Tax €'000	Net of tax €'000	Pre-tax €'000	Tax €'000	Net of tax €'000
Re-measurement of retirement benefit obligation	3,478	(569)	2,909	(1,563)	89	(1,474)
Other comprehensive income / (loss) for the financial year	3,478	(569)	2,909	(1,563)	89	(1,474)

13. Loans and advances to banks

	31 December 2017 €'000	31 December 2016 €'000
Placements with other banks	1,392,480	835,663
Mandatory deposits with Central Bank of Ireland	-	21
Loans and advances to banks	1,392,480	835,684
Maturity less than a year	1,389,980	833,163

Mandatory deposits with Central Bank of Ireland are currently nil in 2017. This relates to the Bank's deposit protection requirement (31 December 2016: €21 thousand).

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

14. Loans and advances to customers

	31 December 2017 €'000	31 December 2016 €'000
Loans and advances to customers	1,288,781	1,500,926
Less allowance for impairment charges on loans and advances to customers	(1,435)	(1,481)
Loans and advances to customers	1,287,346	1,499,445
Maturity less than a year	261,431	205,471

The following tables show the movement in the impairment provisions on total loans and advances to customers during the financial year ended 31 December 2017 and 31 December 2016.

31 December 2017	Financial services €'000	Construction & property €'000	Wholesale & retail trade €'000	Transport, postal & other €'000	Energy & water €'000	Total €'000
Provision at 1 January 2017	52	1,108	169	73	79	1,481
(Release) / charge in income statement	(31)	(16)	7	21	(27)	(46)
Amounts written off	-	-	-	-	-	-
Provision at 31 December 2017	21	1,092	176	94	52	1,435

31 December 2016	Financial services €'000	Construction & property €'000	Wholesale & retail trade €'000	Transport, postal & other €'000	Energy & water €'000	Total €'000
Provision at 1 January 2016	57	604	265	146	1,044	2,116
Charge in income statement	(5)	504	(96)	(73)	(734)	(404)
Amounts written off	-	-	-	-	(231)	(231)
Provision at 31 December 2016	52	1,108	169	73	79	1,481

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

Provisions utilised reflect impairment provisions which have been utilised against the related loan balance; the utilisation of a provision does not, of itself, alter a customer's obligations nor does it impact on the Bank's rights to take relevant enforcement action.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

15. Derivative financial instruments

The Bank's use of objectives and policies on managing the risks that arise in connection with derivatives are included in the financial risk management section of note 30. The notional amounts of certain types of derivatives 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 risk. The derivative instruments give rise to assets or liabilities as a result of fluctuations in market rates or prices relative to their terms.

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

31 December 2017	Contract / Notional amount €'000	Fair values	
		Assets €'000	Liabilities €'000
<u>Derivatives held for trading</u>			
Foreign exchange forward contracts	160,128	2,570	(2,519)
Total derivative assets / liabilities held for trading	160,128	2,570	(2,519)
Maturity less than a year		2,421	(2,376)
<u>31 December 2016</u>			
	Contract / Notional amount €'000	Fair values Assets €'000	Liabilities €'000
<u>Derivatives held for trading</u>			
Foreign exchange forward contracts	360,082	9,907	(9,826)
Total derivative assets / liabilities held for trading	360,082	9,907	(9,826)
Maturity less than a year		9,437	(9,355)

Derivatives held for trading above comprise derivatives entered into with an economic hedging intent to which the Bank does not apply hedge accounting.

16. Property, plant and equipment

	Fixtures, plant & equipment €'000	Total €'000
<u>Cost</u>		
At 1 January 2017	595	595
Additions	-	-
Disposals / write-offs	-	-
At 31 December 2017	595	595
<u>Accumulated depreciation</u>		
At 1 January 2017	576	576
Charge in the year	4	4
At 31 December 2017	580	580
Net book value at 31 December 2017	15	15

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

	Fixtures, plant & equipment €'000	Total €'000
<u>Cost</u>		
At 1 January 2016	595	595
Additions	-	-
Disposals / write-offs	-	-
At 31 December 2016	595	595
<u>Accumulated depreciation</u>		
At 1 January 2016	369	369
Charge in the year	207	207
At 31 December 2016	576	576
Net book value at 31 December 2016	19	19

Operating leases

The Bank leases an office premises at Hatch Street to carry out its business. Minimum future rentals are the rentals payable under operating leases up to the next available break option where this exists or to expiry date of the lease. Both the required break option notice period and the amount of any penalty rent have been included in the amounts payable below.

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

	31 December 2017 €'000	31 December 2016 €'000
Not later than 1 year	593	480
Later than 1 year and not later than 5 years	2,373	1,919

17. Intangible assets

	Internally generated software €'000	Total €'000
<u>Cost</u>		
At 1 January 2017	1,739	1,739
Additions	-	-
At 31 December 2017	1,739	1,739
<u>Accumulated depreciation</u>		
At 1 January 2017	1,343	1,343
Charge in the year	278	278
At 31 December 2017	1,621	1,621
Net book value at 31 December 2017	118	118

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

	Internally generated software €'000	Total €'000
<u>Cost</u>		
At 1 January 2016	1,739	1,739
Additions	-	-
At 31 December 2016	1,739	1,739
<u>Accumulated depreciation</u>		
At 1 January 2016	844	844
Charge in the year	499	499
At 31 December 2016	1,343	1,343
Net book value at 31 December 2016	396	396

Intangible assets predominantly comprise computer software that is developed internally by the Bank and purchased computer software.

Impairment review – intangible assets

Intangible assets have been reviewed for any indication that impairment may have occurred. Where any such indication exists impairment has been measured by comparing the carrying value of the intangible asset to its recoverable amount. There was no impairment identified in the financial year ended 31 December 2017 and 31 December 2016.

18. Deferred tax assets

	31 December 2017 €'000	31 December 2016 €'000
The movement on the deferred tax account is as follows:		
At beginning of financial year	1,932	1,420
Income statement credit / (charge) for financial year	-	-
Pension and other retirement benefits	(569)	89
Provisions	(423)	423
At end of financial year	940	1,932

Deferred tax assets are attributable to the following items:

Deferred tax assets

Pension and other post-retirement benefits	940	1,509
Provisions	-	423
Deferred tax assets	940	1,932

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

19. Other assets

	31 December 2017 €'000	31 December 2016 €'000
Credit related fees receivable	791	620
Amounts receivable from group companies	1,483	100,078
Amounts receivable from VISA	-	532,557
Other debtors and prepaid expenses	3,671	544
Other assets	5,945	633,799
Maturity less than a year	2,788	632,887

Amounts receivable from VISA in 2017 are nil (31 December 2016: €532,557 thousand). This relates to the pending settlement of non-domestic merchant acquiring transactions. With effect from 1 July 2017, the Bank terminated its cross-border merchant acquiring services provided to the card acquiring division of Barclays Bank PLC.

In relation to the merchant acquiring services the amounts receivable from group companies in 2017 is nil (31 December 2016: €98,452 thousand). This relates to the pending settlement of domestic acquiring transactions. With effect from 1 July 2017, the Bank terminated its cross-border merchant acquiring services provided to the card acquiring division of Barclays Bank PLC. Included in Other debtors and prepaid expenses are costs of €2,700 thousand relating to the new lease for the premises at One Molesworth Street, Dublin 2.

20. Deposits from banks

	31 December 2017 €'000	31 December 2016 €'000
Deposits from banks	67,298	56,390
Deposits from banks	67,298	56,390
Maturity less than a year	67,298	56,390

An analysis of the contractual maturity profile of deposits by banks is set out in note 30.

21. Deposits from customers

	31 December 2017 €'000	31 December 2016 €'000
Term deposits	870,262	1,002,321
Demand deposits	80,918	50,366
Notice Deposits	327,410	-
Current accounts	1,474,101	1,330,400
Deposits from customers	2,752,691	2,383,087
Maturity less than a year	2,752,691	2,383,087

An analysis of the contractual maturity profile of deposits by customer is set out in note 30.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

22. Retirement benefit obligations

The Bank operated a defined benefit scheme under which pension entitlements of certain employees arise. Contributions are made annually by the Bank to a separately administered pension fund. The cost to the Bank for the financial year ended 31 December 2017 was €85 thousand (financial year ended 31 December 2016: €80 thousand).

Barclays Bank Irish Retirement and Life Assurance Plan

The Bank operates a defined benefit ("DB") scheme that was closed to new entrants and future accrual on 31 May 2013. The scheme is funded and provides retirement benefits on the basis of the members' salary as at the time of closure and are determined by an independent actuary, Willis Towers Watson ("WTW"), on the basis of triennial valuations. The latest full actuarial valuation of the DB scheme was carried out as at 31 December 2014, with the next full valuation to be carried out as at 31 December 2017. At 31 December 2017, the Bank has recorded 100% of the scheme's assets and future obligations (31 December 2016: 78%), following on from the take-on of the assets and liabilities relating to the insurance entities that were disposed by Barclays group in 2017.

Amounts recognised

The following tables include amounts recognised in the income statement and an analysis of benefit obligations and scheme assets for the DB scheme. The net position is recognised on the balance sheet.

Income statement charge	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Current service cost	85	80
Net finance cost	305	261
Past service cost – plan amendments	3,323	-
Total charge	3,713	341

Statement of other comprehensive income	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Impact of re-measurement, gross of tax (see note 12)	(3,478)	1,563
Total	(3,478)	1,563

Balance sheet reconciliation	31 December 2017 €'000	31 December 2016 €'000
Benefit obligation at beginning of the financial year	(44,836)	(42,549)
Current service cost	(85)	(80)
Interest costs on scheme liabilities	(1,170)	(993)
Re-measurement – experience gain / (loss)	1,817	(425)
Transfer of Liabilities	(12,225)	-
Changes in assumptions	(1,320)	(1,548)
Benefits paid	959	759
Benefit obligation at end of the financial year	(56,860)	(44,836)
Fair value of scheme assets at beginning of the financial year	32,765	31,187
Interest income on scheme assets	865	732
Employer contribution	4,785	1,195
Transfer of Assets	8,902	-
Re-measurement – return on plan assets greater than discount rate	2,981	410
Benefits paid	(959)	(759)
Fair value of scheme assets at the end of the financial year	49,339	32,765
Net deficit	(7,521)	(12,071)

All figures above are shown before deferred tax.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Assets

A long-term investment strategy has been set for the DB scheme, with its asset allocation comprising a mixture of equities, bonds, property and other appropriate assets. This recognises that different asset classes are likely to produce different long-term returns and some asset classes may be more volatile than others. The long-term investment strategy seeks to ensure, amongst other aims, that investments are adequately diversified.

The value of the assets of the schemes and their percentage in relation to total scheme assets were as follows:

	31 December 2017 €'000	% of assets	31 December 2016 €'000	% of assets
Equity	22,987	46.6%	14,810	45.2%
Fixed interest	22,057	44.7%	14,318	43.7%
Property	1,717	3.5%	1,245	3.8%
Other (including cash)	2,578	5.2%	2,392	7.3%
	49,339	100%	32,765	100%

Included within the fair value of scheme assets were: €25 thousand (31 December 2016: €22 thousand) relating to shares in Barclays PLC. Scheme assets do not include any of Bank's own financial instruments, or any property occupied by the Bank.

Assumptions

Actuarial valuation of the schemes' obligation is dependent upon a series of assumptions, below is a summary of the main financial and demographic assumptions adopted for the DB scheme.

	2017 % p.a.	2016 % p.a.
Discount rate	2.00%	2.00%
Inflation rate	1.75%	1.75%
Rate of increase for pensions	1.75%	1.75%

The discount rate assumption for 2017 and 2016 are taken based on the single equivalent discount rate implied by the Willis Towers Watson RATE Link model.

Assumptions regarding future mortality are set based on advice from published statistics and represent the Bank's best estimate of future experience. The table below shows the assumed life expectancy at 60, for members of the DB scheme:

Assumed life expectancy	2017 years	2016 years
Life expectancy at 60 for current pensioners		
- Males	25.9	25.8
- Females	28.6	28.5
Life expectancy at 60 for future pensioners currently aged 40		
- Males	28.9	28.4
- Females	30.8	30.7

Sensitivity analysis on actuarial assumptions

The sensitivity analysis has been calculated by valuing the liabilities using the amended assumptions shown in the table below and keeping the remaining assumptions the same as disclosed in the assumptions table above:

	2017 €'000	2016 €'000
0.5% increase in discount rate (reduces defined benefit obligations)	(6,206)	(4,793)
0.5% increase in inflation rate (increases defined benefit obligations)	7,094	5,490

Funding

The latest triennial funding valuation of the DB scheme was carried out with an effective date of 31 December 2014. This was completed in 2015 and showed a deficit of €5,400 thousand and a funding level of 88%. The Bank and trustee agreed a scheme-specific plan to fund the deficit.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Defined benefit contributions paid with respect to the DB scheme were as follows:

	€'000
2017	4,785
2016	1,195

The Bank's total employer contributions of €4,785 thousand in 2017 include regular contributions of €1,085 thousand and a special contribution of €3,700 thousand related to the take-on of the assets and liabilities of the insurance entities that were disposed by Barclays group in 2017.

The Bank's expected regular contribution in respect of the DB scheme in 2018 is €1,085 thousand (2017: €1,085 thousand).

An escrow account was set up in 2013 which may be used to provide further resources to meet obligations in certain circumstances. The expected value of contributions by the Bank to the escrow account in 2018 is €500 thousand (2017: €500 thousand) and the value of this escrow account is €2,500 thousand and is included within Loans and advances to banks.

23. Provisions

	31 December 2017 €'000	31 December 2016 €'000
Disposal of a business	-	3,387

As at 31 December 2016, the Bank had a constructive obligation to make a payment to the Barclays Bank Irish Retirement & Life Assurance Scheme arising from the disposal of Barclays Assurance and Insurance Dublin businesses to a third party. This obligation was fully utilised in 2017.

24. Other liabilities

	31 December 2017 €'000	31 December 2016 €'000
Amounts payable to group companies	803	632,780
Staff costs payable	3,410	3,427
Other creditors and accrued expenses	1,238	1,296
Other liabilities	5,451	637,503
Maturity less than a year	5,451	637,503

Included in the amount payable to group companies is nil in 2017 (31 December 2016: €632,245 thousand) for the VISA acquiring payable to Barclays Bank PLC.

25. Subordinated debt

	31 December 2017 €'000	31 December 2016 €'000
Dated loan capital		
€50 million Floating Rate Notes 2023	50,049	50,056

On 16 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%. The Bank may, with the prior approval of the Central Bank of Ireland, elect to prepay the debt in whole or in part after 16 December 2018, or with the prior approval of the Central Bank of Ireland at any period before this date if there has been a change in the regulatory classification or applicable tax treatment which was not reasonably foreseeable at the time of issuance.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

26. Share capital

Authorised	31 December 2017 €'000	31 December 2016 €'000
5 billion units of ordinary stock of €1 each	5,000,000	5,000,000

Allotted, called up and fully paid	31 December 2017 €'000	31 December 2016 €'000
138,446,218 units (2016: 138,446,218) of ordinary stock at €1 each	138,446	138,446

27. Capital contribution

	31 December 2017 €'000	31 December 2016 €'000
Capital contribution	121,000	121,000

On 24 June 2005, the Bank received a capital contribution of €121 million from its parent, Barclays Bank PLC, for on-going use in its operations. The Bank has no repayment obligation in respect of this contribution.

28. Share based payments

The Bank, as part of Barclays PLC, engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The cost of all share based payments to the Bank for the financial year ended 31 December 2017 was €19 thousand (financial year ended 31 December 2016: €63 thousand) and is included in general and administrative expenses.

The terms of the main current plans are as follows:

Sharesave

Under this scheme, eligible 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 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.

Share Value Plan (SVP)

The SVP was introduced in March 2010 and approved by shareholders (for Executive Director participation and use of new issue shares) at the 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 for 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. All awards are subject to potential forfeiture in certain leaver scenarios.

Other schemes

In addition to the Sharesave scheme and SVP, the Group operates a number of other schemes, none of which are individually or in aggregate material in relation to the charge for the financial year. Included within other schemes are the Barclays Long Term Incentive Plan and the Executive Share Award Scheme.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Share option and award plans

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

	Weighted average fair value per award granted in year		Weighted average share price at exercise / release during year	
	2017	2016	2017	2016
	£	£	£	£
SVP	2.30	1.66	2.29	1.66
Other	0.41-2.30	0.61 – 1.67	1.99-2.30	1.65 – 1.88

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 is based on the market value at that date.

Movements in options and awards

The movement in the number of options and awards for the major schemes and the weighted average exercise price of options was:

	SVP ¹		Sharesave			
	Number		Number		Weighted avg. ex. price	
	2017	2016	2017	2016	2017	2016
Outstanding at start of year	51,071	36,320	232,604	231,089	1.53	1.86
Granted in the year	35,520	33,311	67,809	141,327	1.53	1.40
Exercised in the year	(23,647)	(18,560)	(36,196)	(8,043)	1.49	1.76
Transferred in the year	-	-	31,769	(26,395)	-	-
Less: forfeited in the year	-	-	(45,821)	(90,562)	1.53	1.95
Less: expired in the year	(16,512)	-	(12,275)	(14,812)	-	-
Outstanding at end of year	46,432	51,071	237,890	232,604	1.50	1.54

¹ Nil cost award and therefore the weighted average exercise price was nil.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

29. Contingent liabilities and commitments

The table below gives the contract amounts of contingent liabilities and commitments. The maximum exposure to credit loss under contingent liabilities and commitments is the contractual amount of the instrument in the event of non-performance by the other party where all counter claims, collateral or security prove worthless.

	31 December 2017 Contract amount €'000	31 December 2016 Contract amount €'000
Contingent liabilities		
Guarantees and irrevocable letters of credit	302,847	247,656
Other contingent liabilities	89,399	98,527
	392,246	346,183
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend	1,045,127	973,893

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities primarily include performance bonds and are generally short term commitments to third parties which are not directly dependent on the customers' credit worthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

30. Financial risk management

Responsibility for risk management policies and limits on the level of risk assumed by the Bank lies with the Board of Directors. The Bank's approach to risk management is derived from that of its holding company, which has a separate function dedicated to risk management. The risk management 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, market risk, liquidity risk and operational risk.

(a) Credit risk management

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 granting of credit is one of the Bank's major sources of income and the Bank dedicates considerable resources to its control. 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 who in turn report to the Bank's Chief Operating Officer. The Associate Credit Director reports to the Bank's Chief Credit Officer who reports to the Chief Risk Officer, a member of the Board.

The Bank's Sanctioning Committee is the Ireland Credit Committee which is the highest level credit sanctioning forum in the Bank. 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 loans 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.

Asset credit quality

All loans and advances are categorised as either 'neither past due nor impaired', 'past due but not impaired', or 'past due and impaired', which includes restructured loans. For the purposes of the credit risk disclosures:

- A loan is considered past due when the borrower has failed to make a payment when due under the terms of the loan contract.
- The impairment allowance includes allowances against financial assets that have been individually impaired. Loans neither past due nor impaired consist of corporate loans that are performing. These loans, although unimpaired, may carry an unidentified impairment provision.
- Impaired loans that are individually assessed consist of corporate loans that are past due and for which an individual allowance has been raised.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

The Bank uses the following internal measures to determine credit quality for loans that are performing:

Default Grade	Credit Quality 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%+

For loans that are performing, these descriptions can be summarised as follows:

Strong: there is a very high likelihood of the asset being recovered in full.

Satisfactory: while there is a high likelihood that the asset will be recovered and therefore, of no cause for concern to the Bank, the asset 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 obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. There may also be concerns over the value of collateral or security provided. However, the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

Loans that are past due are monitored closely, with impairment allowances raised as appropriate and in line with the Bank's impairment policies. These loans are all considered higher risk for the purpose of this analysis of credit quality.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Balance sheet credit quality

The following tables present the credit quality of the Bank's financial assets exposed to credit risk.

As at 31 December 2017	Neither Past due nor individually impaired €'000	Past due but not individually impaired €'000	Individually impaired €'000	Impairment allowance		Total carrying value €'000
				Total €'000	€'000	
Cash and balances at central bank	528,265	-	-	528,265	-	528,265
Loans and advances to banks	1,392,480	-	-	1,392,480	-	1,392,480
Loans and advances to customers	1,287,781	-	1,000	1,288,781	(1,435)	1,287,346
Derivative financial instruments	2,570	-	-	2,570	-	2,570
Other assets	3,199	-	-	3,199	-	3,199
Total	3,214,295	-	1,000	3,215,295	(1,435)	3,213,860

As at 31 December 2016	Neither Past due nor individually impaired €'000	Past due but not individually impaired €'000	Individually impaired €'000	Impairment allowance		Total carrying value €'000
				Total €'000	€'000	
Cash and balances at central bank	523,792	-	-	523,792	-	523,792
Loans and advances to banks	835,684	-	-	835,684	-	835,684
Loans and advances to customers	1,499,926	-	1,000	1,500,926	(1,481)	1,499,445
Derivative financial instruments	9,907	-	-	9,907	-	9,907
Other assets	633,799	-	-	633,799	-	633,799
Total	3,503,108	-	1,000	3,504,108	(1,481)	3,502,627

The above tables do not include non-financial assets.

The impairment allowance above includes allowances against financial assets that have been individually impaired and those that are 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.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Credit quality of financial assets neither past due nor individually impaired

As at 31 December 2017	Strong €'000	Satisfactory €'000	Higher risk €'000	Total €'000
Cash and balances at central bank	528,265	-	-	528,265
Loans and advances to banks	1,392,480	-	-	1,392,480
Loans and advances to customers	1,125,294	162,486	-	1,287,780
Derivative financial instruments	2,570	-	-	2,570
Other assets	3,199	-	-	3,199
Total	3,051,808	162,486	-	3,214,294

As at 31 December 2016	Strong €'000	Satisfactory €'000	Higher risk €'000	Total €'000
Cash and balances at central banks	523,792	-	-	523,792
Loans and advances to banks	835,684	-	-	835,684
Loans and advances to customers	1,365,985	133,940	1	1,499,926
Derivative financial instruments	9,907	-	-	9,907
Other assets	633,799	-	-	633,799
Total	3,369,167	133,940	1	3,503,108

The above tables do not include non-financial assets.

The Bank's maximum exposure to credit risk is the carrying value of the assets with the exception of Loans and advances to customers. The maximum exposure to credit risk for Loans and advances to customers includes utilised balances of €1,287,780 thousand (2016: €1,499,926 thousand) and unutilised balances of €1,045,127 thousand (2016: €973,893 thousand) as per Note 29. The likely total credit exposure is less due to collateral, credit enhancements and other actions taken to mitigate the Bank's exposure.

Credit risk mitigation, collateral and security

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. The Bank's policy is to establish that loans are within the customer's capacity to repay, rather than to rely excessively on security.

The Bank actively manages its credit exposures. When weakness in exposures is 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 / or, 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 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, security and parental guarantees provided by Barclays Bank PLC are an important mitigation of credit risk. The Bank 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. All exposures afforded to the property sector are fully secured by property collateral. As at 31 December 2017 approximately 37% (2016: 35%) of the maximum exposures to Loans and advances to customers is mitigated by cash, land and property, debentures, other collateral and guarantees held by the Bank.

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.

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.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Industrial concentration of credit risk

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 Bank implements limits on concentrations in order to mitigate the risk. An analysis of the Bank's credit risk concentration by industrial sector is set out below.

As at 31 December 2017	Government & central banks €'000	Financial services €'000	Construction & property €'000	Agriculture, Manufacturing & wholesale & retail trade €'000	Transport, postal & communications and business & other services €'000	Energy & water €'000	Total €'000
<i>On balance sheet:</i>							
Cash and balances at central bank	528,265	-	-	-	-	-	528,265
Loans and advances to banks	-	1,392,480	-	-	-	-	1,392,480
Loans and advances to customers	-	7,514	450,142	440,625	208,205	180,860	1,287,346
Derivative financial instruments	-	1,940	-	630	-	-	2,570
Other Assets	-	5,040	242	514	149	-	5,945
<i>Off balance sheet:</i>							
Guarantees and letters of credit	-	142,849	12,668	17,606	88,832	40,892	302,847
Other contingent liabilities	-	6,941	1,070	62,227	7,209	11,952	89,399
Undrawn commitments	25,000	9,480	148,666	541,465	292,159	28,357	1,045,127
Total	553,265	1,566,244	612,788	1,063,067	596,554	262,061	4,653,979

As at 31 December 2016	Government & central banks €'000	Financial services €'000	Construction & property €'000	Agriculture, Manufacturing & wholesale & retail trade €'000	Transport, postal & communications and business & other services €'000	Energy & water €'000	Total €'000
<i>On balance sheet:</i>							
Cash and balances at central bank	523,792	-	-	-	-	-	523,792
Loans and advances to banks	-	835,684	-	-	-	-	835,684
Loans and advances to customers	-	17,709	399,694	565,731	264,781	251,530	1,499,445
Derivative financial instruments	-	8,979	-	928	-	-	9,907
Other Assets	-	633,179	33	454	16	117	633,799
<i>Off balance sheet:</i>							
Guarantees and letters of credit	-	129,823	11,425	17,131	66,974	22,303	247,656
Other contingent liabilities	-	3,662	465	78,263	4,134	12,003	98,527
Undrawn commitments	-	69,855	131,440	530,187	217,278	25,133	973,893
Total	523,792	1,698,891	543,057	1,192,694	553,183	311,086	4,822,703

Analysis of problem loans

Loans and advances past due but not impaired

The following tables present an age analysis of loans and advances that are past due but not impaired and loans that are assessed as impaired. These loans are reflected in the balance sheet credit quality tables as being Higher Risk.

As at 31 December 2017 and 31 December 2016 there were no financial assets past due and not individually impaired.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Loans and advances assessed as impaired

The following tables present an age analysis of loans and advances collectively impaired, total individually impaired loans, and total impairment allowance.

As at 31 December 2017	Past due up to 1 month €'000	Past due 1-2 months €'000	Past due 2-3 months €'000	Past due 3-6 Months €'000	Past due 6 months and over €'000	Individually assessed for impairment €'000	Total assessed for impairment €'000
Loans and advances to customers							
- Corporate loans	-	-	-	-	-	1,000	1,000
Total	-	-	-	-	-	1,000	1,000

As at 31 December 2016	Past due up to 1 month €'000	Past due 1-2 months €'000	Past due 2-3 months €'000	Past due 3-6 Months €'000	Past due 6 months and over €'000	Individually assessed for impairment €'000	Total assessed for impairment €'000
Loans and advances to customers							
- Corporate loans	-	-	-	-	-	1,000	1,000
Total	-	-	-	-	-	1,000	1,000

impairment allowance

2017	At beginning of year €'000	Amounts written off €'000	Amounts charged / reversed €'000	Balance at 31 December €'000
Loans and advances to customers				
- Corporate loans	1,481	-	(46)	1,435
Total	1,481	-	(46)	1,435

2016	At beginning of year €'000	Amounts written off €'000	Amounts charged / (reversed) €'000	Balance at 31 December €'000
Loans and advances to customers				
- Corporate loans	2,116	(231)	(404)	1,481
Total	2,116	(231)	(404)	1,481

(b) Market risk

Market risk is the risk of loss arising from potential adverse changes in the value of the Bank's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations. The Bank does not hold market positions and is not subject to market risk with the exception of open foreign exchange positions for operational purposes which are managed within agreed limits set in line with risk appetite.

Non-Traded Market risk

Interest rate risk in the banking book (IRRBB) is the risk that the Bank is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. IRRBB arises primarily within the Bank from its fixed rate money market deposits and loan book. Fluctuations in interest rates are reflected in interest margins and earnings.

Risk Measurement and Assessment

Daily Value at Risk (DVaR) is a key measure of traded and non-traded market risk. The measurement technique used to measure and control market risk is daily value at risk. 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 with Barclays Group models using the historical simulation method with a historical sample of two years.

The average daily FX DVaR on open FX positions for 2017 was €4 thousand with the average daily Interest Rate risk DVaR being €110 thousand.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

The VaR model in some instances may not appropriately measure some market risk exposures, especially for market moves that are not directly observable via prices. When reviewing VaR estimates, the following considerations are taken into account:

- the historical simulation uses the most recent two years of past data to generate possible future market moves, but the past may not be a good indicator of the future.
- the one-day time horizon may not fully capture the market risk of positions that cannot be closed out or hedged within one day.
- VaR is based on positions as at close of business and consequently, it is not an appropriate measure for intra-day risk arising from a position bought and sold on the same day.
- VaR does not indicate the potential loss beyond the VaR confidence level.

31 December 2017	Less than 3 months €'000	3-6 Months €'000	6 months to 1 year €'000	1-5 years €'000	Greater than 5 years €'000	Non-interest bearing €'000	Total €'000
Assets							
Cash and balances at central bank	528,265	-	-	-	-	-	528,265
Loans and advances to banks	1,300,535	91,945	-	-	-	-	1,392,480
Loans and advances to customers	1,231,487	55,859	-	-	-	-	1,287,346
Derivative financial instruments	-	-	-	-	-	2,570	2,570
Property, plant and equipment	-	-	-	-	-	15	15
Intangible assets	-	-	-	-	-	118	118
Deferred income tax assets	-	-	-	-	-	940	940
Other assets	-	-	-	-	-	5,945	5,945
Total assets	3,060,287	147,804	-	-	-	9,588	3,217,679
Liabilities							
Deposits from banks	(67,298)	-	-	-	-	-	(67,298)
Deposits from customers	(1,058,664)	(275,469)	(91,698)	-	-	(1,326,860)	(2,752,691)
Derivative financial instruments	-	-	-	-	-	(2,519)	(2,519)
Retirement benefit obligations	-	-	-	-	-	(7,521)	(7,521)
Current income tax liabilities	-	-	-	-	-	(16)	(16)
Other liabilities	-	-	-	-	-	(5,451)	(5,451)
Subordinated debt	(50,049)	-	-	-	-	-	(50,049)
Total liabilities	(1,176,011)	(275,469)	(91,698)	-	-	(1,342,367)	(2,885,545)
Equity	-	-	-	-	-	(332,134)	(332,134)
Total equity and liabilities	(1,176,011)	(275,469)	(91,698)	-	-	(1,674,501)	(3,217,679)
Interest rate repricing gap	1,884,276	(127,665)	(91,698)	-	-	(1,664,913)	-
Cumulative gap	1,884,276	1,756,611	1,664,913	1,664,913	1,664,913	-	-

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016	Less than 3 months €'000	3-6 Months €'000	6 months to 1 year €'000	1-5 years €'000	Greater than 5 years €'000	Non-interest bearing €'000	Total €'000
Assets							
Cash and balances at central bank	523,792	-	-	-	-	-	523,792
Loans and advances to banks	835,684	-	-	-	-	-	835,684
Loans and advances to customers	1,442,095	57,350	-	-	-	-	1,499,445
Derivative financial instruments	-	-	-	-	-	9,907	9,907
Current income tax assets	-	-	-	-	-	390	390
Property, plant and equipment	-	-	-	-	-	19	19
Intangible assets	-	-	-	-	-	396	396
Deferred income tax assets	-	-	-	-	-	1,932	1,932
Other assets	-	-	-	-	-	633,799	633,799
Total assets	2,801,571	57,350	-	-	-	646,443	3,505,364
Liabilities							
Deposits from banks	(56,390)	-	-	-	-	-	(56,390)
Deposits from customers	(711,563)	(276,217)	(204,334)	-	-	(1,190,973)	(2,383,087)
Derivative financial instruments	-	-	-	-	-	(9,826)	(9,826)
Retirement benefit obligations	-	-	-	-	-	(12,071)	(12,071)
Provisions	-	-	-	-	-	(3,387)	(3,387)
Other liabilities	-	-	-	-	-	(637,503)	(637,503)
Subordinated debt	(50,056)	-	-	-	-	-	(50,056)
Total liabilities	(818,009)	(276,217)	(204,334)	-	-	(1,853,760)	(3,152,320)
Equity	-	-	-	-	-	(353,044)	(353,044)
Total equity and liabilities	(818,009)	(276,217)	(204,334)	-	-	(2,206,804)	(3,505,364)
Interest rate repricing gap	1,983,562	(218,867)	(204,334)	-	-	(1,560,361)	-
Cumulative gap	1,983,562	1,764,695	1,560,361	1,560,361	1,560,361	-	-

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Foreign currency risk

The Bank is exposed to foreign exchange risk represented by exposures on assets and liabilities, denominated in currencies other than the functional currency of the Bank. The Bank's risk management policies prevent the holding of significant open positions in foreign currencies. The below tables summarises the Bank's exposure to foreign currencies at 31 December 2017 and 31 December 2016:

31 December 2017	Euro €'000	British pounds €'000	US dollars €'000	Other €'000	Total €'000
Assets					
Cash and balances at central banks	528,265	-	-	-	528,265
Loans and advances to banks	845,494	97,762	434,724	14,500	1,392,480
Loans and advances to customers	1,134,718	121,627	28,518	2,483	1,287,346
Derivative financial instruments	2,567	3	-	-	2,570
Other assets	6,966	52	-	-	7,018
Total assets	2,518,010	219,444	463,242	16,983	3,217,679

Liabilities					
Deposits from banks	65,325	20	340	1,613	67,298
Deposits from customers	2,055,804	219,067	462,663	15,157	2,752,691
Derivative financial instruments	2,516	3	-	-	2,519
Retirement benefit obligations	7,521	-	-	-	7,521
Current income tax liabilities	16	-	-	-	16
Other liabilities	5,321	108	22	-	5,451
Subordinated debt	50,049	-	-	-	50,049
Total liabilities	2,186,552	219,198	463,025	16,770	2,885,545
Equity	332,134	-	-	-	332,134
Total equity and liabilities	2,518,686	219,198	463,025	16,770	3,217,679

31 December 2016	Euro €'000	British pounds €'000	US dollars €'000	Other €'000	Total €'000
Assets					
Cash and balances at central banks	523,792	-	-	-	523,792
Loans and advances to banks	471,438	144,407	190,318	29,521	835,684
Loans and advances to customers	1,232,556	109,973	128,038	28,878	1,499,445
Derivative financial instruments	9,903	4	-	-	9,907
Current income tax assets	390	-	-	-	390
Other assets	4,938	631,208	-	-	636,146
Total assets	2,243,017	885,592	318,356	58,399	3,505,364

Liabilities					
Deposits from banks	31,850	25	138	24,377	56,390
Deposits from customers	1,778,437	253,045	317,859	33,746	2,383,087
Derivative financial instruments	9,824	2	-	-	9,826
Retirement benefit obligations	12,071	-	-	-	12,071
Provisions	3,387	-	-	-	3,387
Other liabilities	5,205	632,237	29	32	637,503
Subordinated debt	50,056	-	-	-	50,056
Total liabilities	1,890,830	885,309	318,026	58,155	3,152,320
Equity	353,044	-	-	-	353,044
Total equity and liabilities	2,243,874	885,309	318,026	58,155	3,505,364

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

(c) Liquidity risk

Liquidity risk is the risk that the Bank, although solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure such resources only at excessive cost. This also results in the Bank's inability to meet regulatory liquidity requirements. This risk is inherent in all banking operations and can be affected by a range of Bank-specific and market-wide events.

The liquidity risk management process ensures that the Bank is able to honour all of its financial commitments as they fall due. 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 Bank holds high quality liquid assets that can be utilised against any unforeseen interruption to cash flow. 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 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 impacted by 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.

The table below presents the cash flows payable by the Bank under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities (i.e. nominal values). The balances in the below table do 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 as well as those associated with all future coupon payments.

The Bank is subject to negative interest rates on the Deposits from customers and these future cash flows have been offset against this balance.

As at 31 December 2017	On demand €'000	Within 3 Months €'000	3 months to 1 year €'000	1-5 years €'000	Over 5 years €'000	Total €'000
<i>Financial liabilities:</i>						
Deposits from banks	(65,182)	(502)	(1,619)	-	-	(67,303)
Deposits from customers	(1,550,021)	(835,742)	(367,826)	-	-	(2,753,589)
Derivative financial instruments – pay leg	-	(76,608)	(66,135)	(16,539)	-	(159,282)
Derivative financial instruments – receive leg	-	76,624	66,164	16,545	-	159,333
Other liabilities	-	(5,451)	-	-	-	(5,451)
Subordinated debt	-	(313)	(957)	(5,083)	(51,218)	(57,571)
Total cash outflows	(1,615,203)	(841,992)	(370,373)	(5,077)	(51,218)	(2,883,863)

As at 31 December 2016	On demand €'000	Within 3 Months €'000	3 months to 1 year €'000	1-5 years €'000	Over 5 years €'000	Total €'000
<i>Financial liabilities:</i>						
Deposits from banks	(31,510)	(24,848)	-	-	-	(56,358)
Deposits from customers	(1,380,765)	(522,035)	(481,087)	-	-	(2,383,887)
Derivative financial instruments – pay leg	-	(126,944)	(219,883)	(9,995)	-	(356,822)
Derivative financial instruments – receive leg	-	126,972	219,938	9,993	-	356,903
Other liabilities	-	(637,503)	-	-	-	(637,503)
Subordinated debt	-	(315)	(963)	(5,114)	(52,503)	(58,895)
Total cash outflows	(1,412,275)	(1,184,673)	(481,995)	(5,116)	(52,503)	(3,136,562)

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis of off-balance sheet commitments given

The table below presents the maturity split of the Bank's off balance sheet commitments given at the balance sheet date. The amounts disclosed in the table are the undiscounted cash flows (i.e. nominal values) on the basis of earliest opportunity at which they are available.

As at 31 December 2017	On demand €'000	Within 3 Months €'000	3 months to 1 year €'000	1-5 years €'000	Over 5 years €'000	Total €'000
<i>Off balance sheet:</i>						
Guarantees and letters of credit	302,847	-	-	-	-	302,847
Other contingent liabilities	89,399	-	-	-	-	89,399
Commitments	985,027	-	5,000	55,100	-	1,045,127
Total cash outflows	1,377,273	-	5,000	55,100	-	1,437,373

As at 31 December 2016	On demand €'000	Within 3 Months €'000	3 months to 1 year €'000	1-5 years €'000	Over 5 years €'000	Total €'000
<i>Off balance sheet:</i>						
Guarantees and letters of credit	247,656	-	-	-	-	247,656
Other contingent liabilities	98,527	-	-	-	-	98,527
Commitments	973,893	-	-	-	-	973,893
Total cash outflows	1,320,076	-	-	-	-	1,320,076

(d) 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.

(e) Fair value

Fair value refers to the price that would be received to sell an asset or the price that would be paid to transfer a liability in an arm's length transaction with a willing counterparty, which may be an observable market price or, where there is no quoted price for the instrument, may be an estimated based on available market data.

IFRS 13 Fair Value Measurement requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below:

Quoted market prices – Level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Valuation technique using significant unobservable inputs – Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

The following tables show the Bank's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification.

As at 31 December 2017	Quoted Market prices (Level 1) €'000	Observable inputs (Level 2) €'000	Significant unobservable inputs (Level 3) €'000	Total €'000
Assets				
Derivative financial instruments	-	2,570	-	2,570
Total assets	-	2,570	-	2,570
Liabilities				
Derivative financial instruments	-	2,519	-	2,519
Total liabilities	-	2,519	-	2,519

As at 31 December 2016	Quoted Market prices (Level 1) €'000	Observable inputs (Level 2) €'000	Significant unobservable inputs (Level 3) €'000	Total €'000
Assets				
Derivative financial instruments	-	9,907	-	9,907
Total assets	-	9,907	-	9,907
Liabilities				
Derivative financial instruments	-	9,826	-	9,826
Total liabilities	-	9,826	-	9,826

Derivative financial instruments

These are FX forward contracts linked to the foreign exchange (FX) market. All are traded as OTC derivatives and observable inputs to valuation are FX forward rates.

The following tables summarises the fair value of financial assets and liabilities measured at amortised cost on the Bank's balance sheet:

As at 31 December 2017	Carrying value €'000	Fair Value €'000	Quoted Market prices (Level 1) €'000	Observable inputs (Level 2) €'000	Significant unobservable inputs (Level 3) €'000
Assets					
Loans and receivables					
Cash and balances at central bank	528,265	528,265	-	528,265	-
Loans and advances to banks	1,392,480	1,392,480	-	1,392,480	-
Loans and advances to customers	1,287,346	1,271,125	-	-	1,271,125
Other assets	5,945	5,945	-	5,945	-
Total assets	3,214,036	3,197,815	-	1,926,690	1,271,125
Liabilities					
Other financial liabilities					
Deposits from banks	67,298	67,298	-	67,298	-
Deposits from customers	2,752,691	2,752,691	-	2,752,691	-
Other liabilities	5,451	5,451	-	5,451	-
Subordinated debt	50,049	50,049	-	-	50,049
Total liabilities	2,875,489	2,875,489	-	2,825,440	50,049

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2016

	Carrying value €'000	Fair Value €'000	Quoted Market prices (Level 1) €'000	Observable inputs (Level 2) €'000	Significant unobservable inputs (Level 3) €'000
Assets					
Loans and receivables					
Cash and balances at central bank	523,792	523,792	-	523,792	-
Loans and advances to banks	835,684	835,684	-	835,684	-
Loans and advances to customers	1,499,445	1,481,452	-	-	1,481,452
Other assets	633,799	633,799	-	633,799	-
Total assets	3,492,720	3,474,727	-	1,993,275	1,481,452
Liabilities					
Other financial liabilities					
Deposits from banks	56,390	56,390	-	56,390	-
Deposits from customers	2,383,087	2,383,087	-	2,383,087	-
Other liabilities	637,503	637,503	-	637,503	-
Subordinated debt	50,056	50,056	-	-	50,056
Total liabilities	3,127,036	3,127,036	-	3,076,980	50,056

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a wide range of valuation techniques are available, it may not be appropriate to directly compare this fair value information to independent market or other financial institutions. Different valuation methodologies and assumptions can have a significant impact on fair values which are based on unobservable inputs.

Loans and advances to banks

The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Where market data or credit information on the underlying borrowers is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rates. There is minimal difference between the fair value and carrying amount due to the short term nature of the lending (i.e. predominantly overnight deposits) and the high credit quality of counterparties.

Loans and advances to customers

The fair value of loans and advances to customers, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. The fair value of corporate loans is calculated by the use of discounted cash flow techniques where the gross loan values are discounted at a rate of difference between contractual margins and hurdle rates or spreads where Barclays charges a margin over LIBOR depending on credit quality and loss given default and years to maturity.

Deposits from banks and customers

In many cases, the fair value disclosed approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently such as customer accounts and other deposits and short term debt securities. The fair value for deposits with longer term maturities such as time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities. Consequently the fair value discount is minimal.

Subordinated liabilities

Fair values for dated non-convertible loan capital are based on significant inputs that are not based on observable market data (unobservable inputs), being determined via reference to quoted market rates for instruments issued with similar terms, being determined on an agreed but not observable spread over the three month Euribor rate.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

(f) Capital Management (unaudited)

The Bank's capital consists of the sum of the following elements:

- Tier 1 capital (all qualifies as Common Equity Tier 1 (CET1)), which includes ordinary share capital, retained earnings and a capital contribution.
- Tier 2 capital in the form of sub-ordinated debt.

Tier 1	2017	2016
Ordinary Share Capital	138,446	138,446
Capital Contribution	121,000	121,000
Retained Earnings	72,688	93,598
Total Tier 1 Capital	332,134	353,044
Tier 2		
Subordinated Debt	50,049	50,056
Total Tier 2 Capital	50,049	50,056

The above balance sheet capital positions are not equal to the regulatory capital positions for the same end periods due to regulatory capital adjustments, such as the exclusion of current year profits until audited.

31. Related party disclosures

The holding company of the Bank is Barclays Bank PLC, which holds 100% of the issued ordinary shares of the Bank. The ultimate controlling party of the Bank is Barclays PLC.

Related party transactions

Barclays Group

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operation decisions, or one party controls both. The definition includes the holding and ultimate holding company and fellow subsidiaries, associates, joint ventures and pension schemes of the Barclays Group.

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 €75 million to cover any excesses above the 25% limit. The guarantee remains in place and Barclays Bank PLC has provided a number of amended and restated guarantees to provide further credit risk mitigation for new and increased loan facilities. As at 31 December 2017 the guarantee limit was €400 million. This was reduced to €300 million on 4 January 2018.

Barclays Bank PLC provided an additional parental guarantee for GBP£1.6 billion on 1 January 2015 specifically to cover the receivable arising from its VISA business to ensure compliance with large exposures rules at all times. This is no longer in place as the underlying activity is now conducted by Barclaycard International Payments Ltd.

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Amounts included in the financial statements, in aggregate, by category of related party transactions carried out at "arm's length basis" are as follows:

	Parent company €'000	Other group companies €'000	Defined benefit scheme €'000	Total €'000
For the financial year ended and as at 31 December 2017				
Net interest income	5,500	-	-	5,500
Fee, commission & other income	6,564	-	-	6,564
General and administrative expenses	(2,543)	-	(21)	(2,564)
Provisions	-	-	-	-
Fee and other expenses	(4,504)	-	(305)	(4,809)
	5,017	-	(326)	4,691
Loans and advances to banks	1,389,450	-	2,500	1,391,950
Derivative financial instruments	1,939	-	-	1,939
Other assets	1,483	-	-	1,483
Deposits by banks	(1,613)	-	-	(1,613)
Deposits by customers	-	-	(608)	(608)
Derivative financial instruments	(618)	-	-	(618)
Retirement benefit obligations	-	-	(7,521)	(7,521)
Other liabilities	(803)	-	-	(803)
Subordinated debt	(50,049)	-	-	(50,049)
	1,339,789	-	(5,629)	1,334,160

	Parent company €'000	Other group companies €'000	Defined benefit scheme €'000	Total €'000
For the financial year ended and as at 31 December 2016				
Net interest income	2,373	(76)	-	2,297
Fee, commission & other income	7,203	180	-	7,383
General and administrative expenses	(2,480)	-	(80)	(2,560)
Provisions	-	-	(3,387)	(3,387)
Fee and other expenses	(4,479)	-	(261)	(4,740)
	2,617	104	(3,728)	(1,007)
Loans and advances to banks	742,362	-	2,000	744,362
Derivative financial instruments	8,414	-	-	8,414
Other assets	99,993	85	-	100,078
Deposits by banks	(24,366)	-	-	(24,366)
Deposits by customers	-	(36,870)	(1,314)	(38,184)
Derivative financial instruments	(1,609)	-	-	(1,609)
Retirement benefit obligations	-	-	(12,071)	(12,071)
Provisions	-	-	(3,387)	(3,387)
Other Liabilities	(632,780)	-	-	(632,780)
Subordinated debt	(50,056)	-	-	(50,056)
	141,958	(36,785)	(14,772)	90,401

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

Key Management Personnel

The Bank's Key Management Personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank (directly or indirectly) and comprise the Directors of the Bank and certain pre-approved control functions.

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Short-term employee benefits	1,958	1,791
Post-employment benefits	117	116
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
	<u>2,075</u>	<u>1,907</u>

There were no loans, deposits or commitments with Key Management Personnel during the financial year ended or as at 31 December 2017 (financial year ended or as at 31 December 2016: none).

Directors' remuneration

	Year ended 31 December 2017 €'000	Year ended 31 December 2016 €'000
Directors remuneration		
- For services as directors	-	-
- For other services	1,267	1,171
Gain on exercise of share options during the financial year	-	-
Benefits under long-term incentive schemes	-	-
Contributions to retirement benefits schemes:		
- Defined contribution	63	69
- Defined benefit	-	-
Compensation for loss of office paid by the Bank and other termination payments	-	-
Fees paid to non-executive directors	<u>309</u>	<u>170</u>
	<u>1,639</u>	<u>1,410</u>

As at 31 December 2017, there were no Directors accruing benefits under a defined benefit scheme (2016: €nil).

BARCLAYS BANK IRELAND PLC

NOTES TO THE FINANCIAL STATEMENTS

32. Post balance sheet events

In February 2018, in line with the Bank's plans to serve Barclays European customers, the Bank signed a twenty-year lease for additional office space at One Molesworth Street, Dublin 2. Other Assets (Note 19) as at 31 December 2017, includes €2.7m in costs relating to the new lease that will be released to the Income Statement over the lease term.

The large exposures guarantee limit (Note 31) was reduced from €400 million to €300 million on 4 January 2018.

33. Approval of financial statements

The Board of Directors approved the financial statements on 23 March 2018.