BARCLAYS BANK IRELAND PLC

Directors' Report and Financial Statements

Year Ended 31 December 2011

Barclays Bank Ireland PLC is regulated by the Central Bank of Ireland.
Registered Office: Two Park Place, Hatch Street, Dublin 2. Registered in Ireland. Registered No: 396330.

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BARCLAYS BANK IRELAND PLC

FINANCIAL STATEMENTS

31 DECEMBER 2011

We hereby certify that the Auditors Report, Director's Report, Balance Sheet, Profit and Loss Account and Notes to the Accounts are a true copy of those laid before the members at the Annual General Meeting

Dated this 8th day of August 2012 C D

JAMES KELLY
DIRECTOR

CONOR DOYLE
COMPANY SECRETARY

DIRECTORS AND OTHER INFORMATION

Board of Directors

Donal Roche, Chairman and Independent Non-Executive Director

Chris Cullen, Independent Non-Executive Director and Chairman of the Audit Committee

John David Stuart, Group Non-Executive Director

Andrew Stewart Hastings, Chief Executive Officer

James Kelly, Finance Director

Secretary

Conor Doyle

Audit Committee

Members for the period 1st January to the 9th December 2011;

Chris Cullen, Chairman of the Committee and Non-Executive Director

Donal Roche, Non-Executive Director

For the period 9th December to the 31 March 2012 the Board of Directors, as a five person board, acted as the Audit Committee under section 18.1 of the Central Bank of Ireland's Corporate Governance Code. This was an interim measure pending the appointment of an additional Independent Non-Executive Director to act as an audit committee member.

Registered Office and Business Address

Two Park Place
Hatch Street
Dublin 2
Registered Number 396330

Solicitors

Matheson Ormsby Prentice
70 Sir John Rogerson's Quay
Dublin 2

Arthur Cox
Earlsfort Court
Earlsfort Terrace
Dublin 2

Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1

DIRECTORS' REPORT FOR THE YEAR

The Directors present their annual report and audited financial statements for the year ended 31st December 2011.

Principal Activities

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

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

Ratings

Standard & Poor's have assigned the Bank a long-term debt and counterparty rating of 'A-' with a 'negative' outlook, and a short term rating of 'A-2'.

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

Board of Directors

The names of persons who were Directors at any time during the year ended 31st December 2011, or who have been appointed since that date, are set out below.

Donal Roche, Chairman and Independent Non-Executive Director

Chris Cullen, Independent Non-Executive Director and Chairman of the Audit Committee

John David Stuart, Group Non-Executive Director

Andrew Stewart Hastings, Chief Executive Officer (appointed 22 July 2011)

James Kelly, Finance Director

Helen Calder, Risk Director (resigned 12 August 2011)

DIRECTORS' REPORT FOR THE YEAR

Risk management and control

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

Credit risk

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

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

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

Operational risk

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

Market and liquidity risk

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

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

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

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

Foreign currency risk

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

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

Profits and losses earned / incurred by the Bank from foreign currency are converted to euro.

DIRECTORS' REPORT FOR THE YEAR

Results and dividend

The Bank achieved a profit after tax for the year to 31st December 2011 of €23m versus €20m in the prior year period, a strong performance in the face of challenging economic conditions. The Directors do not propose to make a dividend payment for the year ended 31st December 2011.

Business review

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

The Bank advises, leads, underwrites and participates in debt transactions and also provides operational banking and treasury services. The Bank can also offer leveraged finance, project finance, and finance to Public Private Partnerships. The Bank also introduces Irish companies to the debt capital raising and risk management structuring capability of Barclays Capital, a leader in the global investment banking market.

The Bank reported to the Central Bank of Ireland at 31st December 2011 a tier 1 capital ratio of 17.9%, a ratio well in excess of the minimum 8% regulatory capital requirement, thus giving significant capacity to conservatively expand the balance sheet. On 23rd March 2012 when the board and the external auditors approved the annual financial statements, the tier one capital ratio as at 31st December 2011 increased to 21.6% as audited profit after tax is included in the ratio.

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

The profit after loan impairment provisions for the current financial year was ahead of the Board's expectations due to lower than expected impairment charges. One of the drivers of the 17% increase in net interest income was the full calendar year effect of securing improved deposit interest rates from Barclays Bank plc for funds deposited.

Net margins on current and call deposit accounts remained low throughout the year as the ECB maintained a low base rate and money market deposit margins remained under significant pressure as participants in the interbank market bid up high value fixed time deposits.

Fee income fell by 18% in 2011 to €10.2m as a result of fewer one-off transactions generating high fees than was the case in 2010. There was a 1% increase in 2011 costs but the cost income ratio fell to 29% in 2011 from a rate of 30% in 2010.

Customer deposits fell by 12% in 2011 to €1,137m. A number of corporate customers moved deposit funds to Barclays Bank plc in the UK. The decrease in deposits, coupled with a rise of 6% in lending to customers, resulted in the customer loan to customer deposit ratio rising from 47% in 2010 to 55% at the end of 2011. A ratio of 55% reflects the position that the Bank was fully self-funding and did not need to access our parent bank or the wholesale interbank market for funding.

The Bank in conjunction with Barclays Assurance and Barclays Insurance in Dublin operate a shared defined benefit pension scheme. In summary at the end of 2011, the Bank had a net liability of €5.2m between the fair value of the scheme assets and the present value of the schemes liabilities versus a prior year liability of €1.5m. These liabilities are stated net of deferred taxation.

The Bank has a proactive approach to early and active management of early warning list customers and as a result is very close to events at companies that are encountering trading difficulties. The Bank utilises the advice of group experts to manage such situation. The Bank suffered total impairment charges of €4.4m in 2011 versus a total charge of €6.2m in the prior year. The total balance sheet impairment provision of €26.1m at the end of 2011 is made up of specific provisions of €25.1m and model driven provisions of €1.0m.

The Bank has the ability to predict its liquidity position on a daily basis as the balance sheet asset and liability maturity profile changes with each new asset or liability booked. The Bank has significant buffers over the required minimum levels of daily liquidity necessary to meet the Central Bank of Ireland's liquidity rules, having invested €519m in readily realisable liquid assets in the form of Barclay's certificates of deposit. In addition the Bank has the ability to borrow from Barclays Group Treasury should the need arise.

DIRECTORS' REPORT FOR THE YEAR

The Bank has a detailed liquidity funding plan in place and has access to the Barclays Group liquidity contingency funding policy and expert personnel, if a need were to arise.

In accordance with the business strategy, the Bank plans to continue to provide a wide range of banking services to corporate entities.

Directors' responsibilities statement for the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 2009, and the European Communities (Credit Institutions: Accounts) Regulations, 1992. The measures taken by the Directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of accounts are kept at the company's registered office. 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.

Books and accounting records

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

Political Donations

The Electoral Act, 1997 requires companies to disclose all political donations over €5,079 in aggregate made during the year. The directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Bank during the year to 31st December 2011.

DIRECTORS' REPORT FOR THE YEAR

Code of Corporate Governance

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

Going Concern

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

Directors and Secretary's Interest

The Directors' and Secretary's Interest is disclosed in note 30 to the Financial Statements.

Fair value of financial instruments

Disclosure in relation to fair values is included in note 35 to the Financial Statements.

Events since the year end

There have been no significant events affecting the Bank since the year end.

Auditors

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

On behalf of the board

Director

pwc

Independent auditors' report to the members of Barclays Bank Ireland Plc

We have audited the financial statements on pages 10 to 48. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on page 6.

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2009 and the European Communities (Credit Institutions: Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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Chartered Accountants

pwc

Independent auditors' report to the members of Barclays Bank Ireland Plc - continued

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2009, the European Communities (Credit Institutions: Accounts) Regulations, 1992.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report on pages 3 to 7 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet on page 11 are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2011 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Ivan McLoughlin

Ivan McLoughlin
For and on Behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

23 March 2012

PROFIT AND LOSS ACCOUNT

Year to 31 December 2011

	Notes	2011 €'000	2010 €'000
Interest receivable		53,300	39,228
Interest payable		(21,605)	(12,179)
Net interest income		31,695	27,049
Fee and commission income		10,201	12,449
Foreign exchange income	3	1,356	1,871
Other finance (expense) / income		(36)	161
Total operating income		43,216	41,530
Administrative expenses	4	(12,457)	(12,327)
Depreciation and amortisation	14	(57)	(64)
Operating expenses		(12,514)	(12,391)
Impairment charges	6	(4,380)	(6,237)
Profit on ordinary activities before taxation		26,322	22,902
Taxation on profit on ordinary activities	7	(3,324)	(2,841)
Profit for the financial year		22,998	20,061

Profit on ordinary activities arose solely from continuing operations.

The notes on page 13 to 48 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 48 were approved by the Board of Directors on 23 March 2012.

On behalf of the board

D. A. ... Director — James Kelly Director

Director — Company Secretary

BALANCE SHEET
As at 31 December 2011

	Notes	2011 €'000	2010 €'000
Assets			
Cash and balance at central banks	10	136,669	35,525
Loans and advances to banks	11	745,048	936,342
Loans and advances to customers	12	624,833	586,113
Available for sale financial instruments	13	520,361	500,021
Tangible fixed assets	14	152	158
Other assets, prepayments and accrued income	15	10,843	7,079
Derivative financial instruments	16	22,463	5,432
Total Assets		2,060,369	2,070,670
Liabilities			
Deposits by banks	17	639,831	537,903
Customer deposits	18	1,137,494	1,292,584
Accruals and deferred income	19	14,359	12,336
Retirement Benefit Obligations	20	5,164	1,479
Derivative financial instruments	16	22,354	5,341
Total Liabilities		1,819,202	1,849,643
Shareholders' Funds			
Called up share capital	22	12,446	12,446
Capital contribution	24	121,000	121,000
Available for sale reserve	24	907	18
Profit and loss account	24	106,814	87,563
Total Shareholders Funds		241,167	221,027
Total liabilities and shareholders' funds		2,060,369	2,070,670
Memorandum Items			
Guarantees and irrevocable letters of credit	25	183,631	168,773
Commitments	25	300,512	369,652

The notes on pages 13 to 48 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 48 were approved by the Board of Directors on 23 March 2012.

On behalf of the board

D. A. Rue Co
Director

James Kelly
Director

Director

Company Secretary

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year to 31 December 2011

	Notes	2011 €'000	2010 €'000
Profit for the financial year		22,998	20,061
Actuarial losses on the pension scheme	29	(4,274)	(3,189)
Fair value gains / (losses) on available for sale financial instruments	13	1,016	(950)
Movement on tax relating to pension deficit		527	361
Deferred tax relating to available for sale financial instruments	13	(127)	119
Total recognised gains relating to the year		**20,140**	**16,402**

The notes on pages 13 to 48 form an integral part of these Financial Statements.

The Financial Statements as set out on pages 10 to 48 were approved by the Board of Directors on 23 March 2012.

On behalf of the board

D. A. Lunc G
Director

James Kelly
Director

Director

Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts 1963 to 2009, the European Communities (Credit Institutions: Accounts) Regulations, 1992. Accounting Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accounts in Ireland and issued by the Accounting Standards Board.

Foreign currencies

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

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

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

Loans and advances

Loans and advances are stated in the balance sheet at cost after deduction of impairment charges.

Financial Assets

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

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

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

Impairment of financial assets

The Bank assesses at each balance sheet date whether there is objective evidence that loans and receivables or available for sale financial investments are impaired. These are impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

a) significant financial difficulty of the issuer or obligor;

b) a breach of contract, such as a default or delinquency in interest or principal payments;

c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

NOTES TO THE FINANCIAL STATEMENTS

Impairment of financial assets (continued)

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

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

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

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

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

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

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

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

When a loan is uncollectable, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit and loss account.

Deferred taxation

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

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

Deferred taxation is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS

Revenue Recognition

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

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

Tangible fixed assets

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

Motor vehicles	20%
Fixtures, plant and equipment	10% / 20%

Retirement benefits

The company is a contributor to the Barclays Bank Irish Retirement and Life Assurance Plan, which is a funded, defined benefit scheme.

Defined benefit pension scheme assets are measured at fair value (bid price). Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit method. The excess of scheme liabilities over scheme assets is presented on the balance sheet as a liability net of related deferred tax. The defined benefit pension charge to operating profit comprises the current service cost and past service costs. The excess of the expected return on scheme assets over the interest cost on the scheme liabilities is presented in the profit and loss account as other finance income. Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the statement of total recognised gains and losses for the year in which they occur. The pension cost relating to this scheme is assessed in accordance with the advice of a qualified actuary.

Accounting Convention

The financial statements are prepared under the historical cost convention, with the exception of available for sale instruments and derivative financial instruments, as set out in Notes 13 and 16 respectively.

Changes in accounting policy

The financial statements have been prepared using the same accounting policies as set out in the financial statements for the year ended 31st December 2010.

NOTES TO THE FINANCIAL STATEMENTS

Share based payments

The Company as part of Barclays Bank Plc engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that the services are received, which is the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the income statement reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

2 Operating profit	2011 €'000	2010 €'000
Operating profit for the year is stated after charging:		
Depreciation	57	64
Auditors' remuneration (stated exclusive of VAT)		
Statutory Audit	93	91
Tax Advisory Services	12	5
Other Non- Audit Services	-	20
	105	116
Redundancy charges	35	84

3 Foreign Exchange Income

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

4 Administrative expenses	2011 €'000	2010 €'000
Administrative expenses comprise:		
Staff costs	10,213	10,231
Other administrative expenses	2,244	2,096
	12,457	12,327
Staff costs comprise		
Wage and salaries	8,434	8,330
Social welfare costs	694	774
Redundancy costs	35	84
Pensions costs	953	836
Recruitment costs	97	207
	10,213	10,231

	2011 Number	2010 Number
The average number of persons employed by the Bank during the year was as follows:	86	82

NOTES TO THE FINANCIAL STATEMENTS

5 Emoluments of Directors

	2011 €'000	2010 €'000
Emoluments for executive Directors		
For services as directors	-	-
For other services	634	612
Pension contributions	34	75
Fees to Non-Executive Directors	120	85
Loss of office (inclusive of fair value of share options)	-	486
Number of Directors to whom retirement benefits are accruing under defined benefit schemes	1	2

Performance related bonuses are awarded on the basis of measuring annual performance against certain specified financial targets, which include both corporate performance objectives and key strategic objectives.

Details of Barclays Bank PLC share options held and exercised by Directors are separately disclosed in note 30 to the Financial Statements.

6 Impairment charges

	2011 €'000	2010 €'000
At 1st January	26,683	27,845
Impairment Provision Charge	4,380	6,237
Impairment provision write offs	(4,946)	(7,399)
At 31st December	26,117	26,683

An analysis of the impairment charges by class of financial instrument is included in Note 33 'Credit risk'.

7 Taxation on profit on ordinary activities

	2011 €'000	2010 €'000
Current Corporation tax charge for the year at 12.5%	3,324	2,841
The current tax charge for the year is higher than the current charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities. The reasons for differences are set out below:		
Profit on ordinary activities before tax	26,322	22,902
Profit on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5%	3,290	2,863
Over accrual for tax in prior year	116	-
Other timing differences	(82)	(22)
The actual amount of current tax	3,324	2,841

8 Dividends

The directors have not recommended any dividends to be paid in respect of the year to 31st December 2011 (2010: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

9 Assets and liabilities	2011 €'000	2010 €'000
Assets denominated by currency:		
Denominated in EUR	1,529,944	1,473,537
Denominated in currencies other than EUR	530,425	597,133
Total assets	2,060,369	2,070,670
Liabilities denominated by currency:		
Denominated in EUR	1,529,951	1,473,543
Denominated in currencies other than EUR	530,418	597,127
Total liabilities and shareholders' funds	2,060,369	2,070,670

10 Cash Balances at central banks	2011 €'000	2010 €'000
Balances at Central Banks include the minimum reserve requirement and Deposit protection account		
Overnight Deposit account	100,000	-
Minimum reserve requirement	33,897	33,569
Deposit Protection Account	2,772	1,956
	136,669	35,525

11 Loans and advances to banks	2011 €'000	2010 €'000
Repayable on demand or at short notice	304,506	936,342
Other deposits by banks, remaining maturity:		
3 months or less	368,929	-
1 year or less but over 3 months	71,613	-
	745,048	936,342
Amounts include: Due from Barclays undertakings	745,048	907,090

12 Loans and advances to customers

	2011 €'000	2010 €'000
Repayable on demand or short notice	10,525	53,929
Remaining maturity:		
3 months or less	43,035	7,198
1 year or less but over 3 months	66,106	16,185
5 years or less but over 1 year	323,653	333,798
Over 5 years	207,631	201,686
	650,950	612,796
Less allowance for impairment losses on loans & advances to customers	(26,117)	(26,683)
	624,833	586,113

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

13 Available for Sale Financial Instruments	2011 €'000	2010 €'000
At 31st December 2010	500,021	400,971
Purchased	519,324	500,000
Matured	(500,000)	(400,000)
Gains / (Losses) from movement in fair value	1,016	(950)
At 31 December 2011	**520,361**	**500,021**

Movement in Available for Sale Reserves	2011 €'000	2010 €'000
Fair value gain / (loss)	1,016	(950)
Deferred Tax	(127)	119
	889	**(831)**

Available for sale financial instruments are certificates of deposits purchased from Barclays Bank plc. These certificates of deposits are readily marketable financial assets purchased for liquidity purposes.

14 Tangible fixed assets	Fixtures, plant and equipment €'000	Motor Vehicles €'000	Total €'000
Net book value			
At 31st December 2010	88	70	158
Additions	14	50	64
Disposals	-	(13)	(13)
Depreciation charge for the year	(31)	(26)	(57)
At 31 December 2011	71	81	152

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

15 Other assets, prepayments and accrued income	2011 €'000	2010 €'000
Interest receivable	8,193	4,885
Corporation tax	92	720
Other debtors	2,558	1,474
	10,843	7,079

16 Derivative Financial Instruments

Financial instruments - Forward Foreign Exchange

The Bank's objectives and policies on managing the risks that arise in connection with its forward foreign exchange derivatives, including the policies for hedging, are included in Note 32, Note 33 and Note 34 under the headings "Market Risk", "Credit Risk" and "Liquidity Risk".

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on and, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.

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

		2011 Fair value			2010 Fair value	
As at 31st December Derivatives held for trading	Notional contract amount €'000	Assets €'000	Liabilities €'000	Notional contract amount €'000	Assets €'000	Liabilities €'000
Foreign exchange derivatives	802,636	22,463	(22,354)	420,795	5,432	(5,341)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

17 Deposits by banks

	2011 €'000	2010 €'000
Repayable on demand	-	164
Other deposits by banks, remaining maturity:		
3 months or less	120,506	37,739
1 year or less but over 3 months	519,325	500,000
	639,831	**537,903**
Amounts include: Due to Barclays undertakings	**523,183**	**500,000**

18 Customer deposits

	2011 €'000	2010 €'000
Repayable on demand	394,612	387,847
3 months or less but not repayable on demand	669,634	843,005
1 year or less but over 3 months	73,248	61,732
	1,137,494	**1,292,584**
Amounts include: Due to Barclays undertakings	**58,716**	**67,365**

19 Accruals and deferred income

	2011 €'000	2010 €'000
Accruals	3,725	4,016
Interest Payable	5,533	2,829
Deferred income	4,972	5,491
Deferred tax on available for sale financial instruments	129	-
	14,359	**12,336**

20 Retirement Benefit Obligations

	2011 €'000	2010 €'000
Pension Deficit (see note 29)	5,164	1,477
Other	-	2
	5,164	**1,479**

21 Called up share capital

	2011 €'000	2010 €'000
Authorised		
5,000,000,000 ordinary shares of EUR 1 each	**5,000,000**	**5,000,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

22 Allotted, called up and fully paid

	2011 €'000	Ordinary shares of €1 each
Issued share capital at beginning of year	12,446	12,446,218
Issued during the year	-	
Balance at end of year	**12,446**	**12,446,218**

23 Reconciliation of movement in shareholders' funds

	2011 €'000	2010 €'000
Shareholders' funds at beginning of year	221,027	204,625
Profit for financial year	22,998	20,061
Available for sale reserve	889	(831)
Actuarial losses on the pension scheme	(3,747)	(2,828)
Shareholders' funds at end of the year	**241,167**	**221,027**

24 Reserves

	Profit & Loss €'000	Capital Contribution €'000	Available For sale reserve €'000	Total €'000
Opening reserves 1st January 2011	87,563	121,000	18	208,581
Profit for the year	22,998	-	-	22,998
Actuarial (loss) on pension scheme	(3,747)	-	-	(3,747)
Available for sale gain	-	-	889	889
	106,814	**121,000**	**907**	**228,721**

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

25 Memorandum items

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

25 Memorandum items (continued)

	2011	2010
	Contract Amount €'000	**Contract Amount €'000**
Contingent liabilities		
Guarantees and irrevocable letters of credit	183,631	168,773
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend ; - irrevocable with original maturity over 1 year	300,512	369,652

26 Investor compensation

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

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

The Bank contributed to the fund €3,979 for the fund year ended 31st July 2011 and €4,040 for the fund year ended 31st July 2012.

27 Cashflow statement

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

28 Related party transactions

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

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

All disclosures relating to Director emoluments and Director interest in shares are set out in Notes 5 and 30. There are no transactions to disclose in relation to key management personnel.

It is Barclays Group policy for subsidiary companies to join a hedge programme to protect the income earned on credit balances on current accounts during a period of low interest rates by replacing floating rate interest receivable with a fixed rate interest receivable. This hedge is managed on a global basis by Barclays Group Treasury, but is not the subject of formal swap documentation between Barclays Bank Ireland Plc and Barclays Bank Plc. As at 31 December 2011 the total notional principal of the hedge in place was €125m (2010: €110m), with net interest income received of €2.1m (2010: €2.6m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

29 Retirement benefits

The company, in conjunction with Barclays Insurance Dublin, operates a defined benefit pension scheme, the Barclays Bank Irish Retirement and Life Assurance Plan. The assets of the scheme are held in a separate trustee administered fund. The scheme provides retirement benefits on the basis of the members' final salary. The contributions are determined by a qualified actuary on the basis of triennial valuations.

A full actuarial valuation was carried out as at 31 December 2011, on which the amounts recognised in the financial statements are based.

The amounts recognised in the balance sheet are as follows:

	2011 €'000	**2010 €'000**
Fair value of scheme assets	20,193	20,327
Present value of scheme liabilities	(26,095)	(22,015)
Pension deficit	(5,902)	(1,688)
Related deferred tax asset	738	211
Net pension deficit	**(5,164)**	**(1,477)**

The amounts recognised in the profit and loss account are as follows:	**2011 €'000**	**2010 €'000**
Interest cost	1,264	910
Expected return on scheme assets	(1,228)	(1,071)
Other finance expense /(income)	36	(161)
Current service cost – included in operating expenses	953	836
Net total recognised in the profit and loss account	**989**	**675**

	2011 €'000	**2010 €'000**
Actual less expected return on scheme assets	(1,986)	1,448
Experience losses on liabilities	(689)	(1,169)
Change in the assumptions underlying the present value of the scheme liabilities	(1,599)	(3,468)
Actuarial losses recognised in the statement of recognised gains and losses	(4,274)	(3,189)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

29 Retirement benefits (continued)

The amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL) are as follows:

The cumulative actuarial loss recognised in the statement of total recognised gains and losses up to and including the financial year ended 31 December 2011 is €6,723,000. The cumulative net pension deficit as at 31 December 2011 is €5,164,000 (2010: €1,477,000).

Movement in scheme assets and liabilities

	Scheme Assets €'000	Scheme Liabilities €'000
At 1 January 2010	**17,329**	**(16,130)**
Current service cost	-	(836)
Interest on scheme liabilities	-	(910)
Expected return on scheme assets	1,071	-
Actual less expected return on scheme assets	1,448	-
Experience losses on liabilities	-	(1,169)
Change in assumptions	-	(3,468)
Benefits paid	(498)	498
Employer contributions paid	977	-
At 31 December 2010	**20,327**	**(22,015)**
Current service cost	-	(953)
Interest on scheme liabilities	-	(1,264)
Expected return on scheme assets	1,228	-
Actual less expected return on scheme assets	(1,986)	-
Experience losses on liabilities	-	(689)
Change in assumptions	-	(1,599)
Benefits paid	(425)	425
Employer contributions paid	1,049	-
At 31 December 2011	**20,193**	**(26,095)**

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

Risk and rewards arising from the assets

At 31 December 2011 the scheme assets were invested in managed funds, with a diversified portfolio of investments that consisted primarily of equity, fixed-interest securities and other investments. The fair value of the scheme assets as percentages of the total assets are set out below:

	2011	2010
Equity	70.4%	71.3%
Fixed-interest	21.3%	16.9%
Property	2.6%	2.4%
Other	5.7%	9.4%

Scheme assets do not include any of Barclays Bank Ireland own financial instruments, or any property occupied by Barclays Bank Ireland.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

29 Retirement benefits (continued)

Basis of expected return on scheme assets

The managed funds run by the investment managers contain a mix of assets with different expected rates of return. Thus a range of different assumptions were used to estimate the expected return.

For equities the long term rate of return is expected to exceed fixed interest investment by a margin, the "risk premium". In assessing the equity risk premium, past returns have been analysed giving a risk premium of 2.3% above long dated fixed interest returns, giving an assumed return of 6.7%. The rate of return on fixed interest investments was assumed to be 4.4% and returns on other assets to be 2.3%. Thus, the overall expected return on scheme assets as at 31 December 2011 is 5.9% (2010: 6.0%).

The Finance (No. 2) Act ("the Act") was signed into law on 22 June 2011 and introduces a four-year annual levy of 0.6% on private pension funds (2011: €153,172). The levy was paid from the plan's assets during the year. It has been treated as an experience item in 2011. In future years, it will be treated as a reduction in the expected return on assets.

	Long-term rate of return expected at 31/12/11	Value at 31/12/11 €'000	Long-term rate of return expected at 31/12/10	Value at 31/12/10 €'000
Equity	6.70%	14,224	6.75% p.a.	14,493
Fixed Interest	4.40%	4,299	4.40% p.a	3,435
Property	6.00%	527	5.00% p.a	488
Other	2.30%	1,143	3.00% p.a.	1,911

The principal actuarial assumptions at the balance sheet date:

	2011	2010
Discount rate at 31 December	5.5%	5.8%
Future salary increases	3.5%	3.5%
Future pension increases		
Entrants after 31 July 1997	2.0%	2.0%
Entrants before 31 July 1997	5.0%	5.0%

Assumptions regarding future mortality are set based on advice from published statistics and represent the Bank's best estimate of future experience. In 2010 the assumed future pension scheme increases for entrants before 31 July 1997 was increased from 2% to 5% in line with the rules of the scheme.

The mortality assumptions are based on standard mortality tables.

Longevity at 60 for current pensioners:	2011	2010
Male	26.8	26.6
Female	28.4	28.3

Longevity at 60 for members retiring in 20 years time	2011	2010
Male	29.4	28.2
Female	30.6	30.5

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

29 Retirement benefits (continued)

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

	2011	2010	2009	2008	2007
Present value of the scheme liabilities (€'000)	(26,095)	(22,015)	(16,130)	(15,108)	(14,904)
Present value of scheme assets (€'000)	20,193	20,327	17,329	13,833	20,385
Pension (deficit) /surplus (€'000)	**(5,902)**	**(1,688)**	**1,199**	**(1,275)**	**5,481**
Experience adjustments on scheme liabilities as a percentage of scheme liabilities at the balance sheet date	(2.6%)	5.3%	(6.2%)	3.0%	5.5%
Experience adjustments on scheme assets as a percentage of scheme assets at the balance sheet date	(9.8%)	7.1%	11.8%	(57.7%)	(6.8%)

30 Directors' and Secretary's interests

The Directors and Secretary of the company at 31st December 2011 had no interest in the shares or debentures or loan stock of the Bank or associated Group companies other than those set out below:

	Ordinary shares in Barclays Bank PLC 31st December 2011	Ordinary shares in Barclays Bank PLC 31st December 2010
Chris Cullen	1,650	1,650
James Kelly	8,578	2,422
Andrew Stewart Hastings	41,517	-

Options to subscribe for shares in Barclays Bank PLC 31st December 2011

	Andrew Stewart Hastings	James Kelly	John David Stuart
At 31st December 2010	–	21,883	100,372
Options released during the year	–	(2,872)	(35,826)
Options granted during the year	59,525	1,378	231,944
Adjustments to options	–	–	39,741
Options lapsed during the year	–	–	(7,228)
At 31st December 2011	59,525	20,389	329,003

Andrew Stewart Hastings had no interest in the shares or debentures or loan stock of the Bank or associated Group companies as at the date of his appointment on 22 July 2011.

James Kelly holds a beneficial interest in 9,516 shares held in trust under the Ireland Profit Sharing scheme as at 31 December 2011 (2010: 8,215). There were no other beneficial interests held by the Directors in any other Barclays Group Companies and no loans were outstanding with directors during the year (2010: Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

31 Share based payments

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

Share value plan (SVP)
The Share Value Plan (SVP) was introduced in March 2010 and approved by shareholders (for executive Director participation and use of new issue shares) at the AGM in April 2011. SVP Awards are granted to participants in the form of a conditional right to receive Barclays shares (awards granted prior to May 2011 were granted as provisional allocations of Barclays shares) which vest 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 vesting of a SVP award. SVP awards are also made to eligible employees for recruitment purposes. From 2010, the portion of a business unit LTIP award that was previously granted under ESAS is normally granted under SVP. All awards are subject to potential forfeiture in certain leaver scenarios.

Executive share award scheme (ESAS)
For certain employees of the Group an element of their annual bonus is in the form of a deferred award of a provisional allocation of Barclays PLC shares under ESAS. The total value of the bonus made to the employee of which ESAS is an element is dependent upon the business unit, Group and individual employee performance. The ESAS element of the annual bonus must normally be held for at least three years. Additional bonus shares are subsequently awarded to recipients of the provisional allocation and vest upon achieving continued service for three and five years from the date of award. ESAS awards are also made to eligible employees for recruitment purposes under JSAP (Joiners Share Award Plan).. All awards are subject to potential forfeit if the individual resigns and commences work with a competitor business. LTIP plans are cash and equity performance plans which after 3 years (dependant on performance) pay half in cash and the remaining half in shares which are placed ESAS for a further 1 or 2 years.

Other schemes
In addition to the above schemes, the Barclays operates a number of other schemes including schemes operated by and settled in the shares of subsidiary undertakings, none of which are individually or in aggregate material in relation to the charge for the year or the dilutive effect of outstanding share options. Included within other schemes are the Performance Share Plan, Incentive Share Plan, Sharesave, Sharepurchase, and the Barclays Long Term Incentive Plan which was introduced at the AGM in April 2011.

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

	Weighted average fair value per award granted in year		Weighted average share price at exercise/release during year	
	2011 £	2010 £	2011 £	2010 £
SVP	2.80	3.54	3.08	3.10
ESAS	2.84	2.88	2.87	3.39
Others	0.65 - 2.77	1.29 - 3.55	2.18 - 3.03	3.02 - 3.46

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

31 Share based payments (continued)

As described above, the terms of the ESAS scheme require shares to be held for a set number of years from the date of the vest. The calculation of the vest date fair value of such awards includes a reduction for this post-vesting restriction.
This discount is determined by calculating how much a willing market participant would rationally pay to remove the restriction using a Black-Scholes option pricing model.

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

Sharesave

	Number	Weighted average Exercise Price (Stg£)
	2011	**2011**
Outstanding at beginning of year	189,996	1.79
Transferred within the Year	(189,996)	-
Released in year	-	-
Granted in year	-	-
Less: forfeited/expired in year	-	-
Outstanding at end of year	-	-

ESAS

	Number	Weighted average Exercise Price (Stg£)
	2011	**2011**
Outstanding at beginning of year	12,464	3.11
Transferred Within the year	-	-
Exercised in year	-	-
Released in year	(11,506)	3.11
Less: forfeited/expired in year	(394)	3.11
Outstanding at end of year	**564**	**3.11**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

31 Share based payments (continued)

ISOP

	Number	Weighted average Exercise Price (Stg£)
	2011	**2011**
Outstanding at beginning of year	14,374	2.49
Granted in year	-	-
Transferred within the Year	-	-
Released in year	-	-
Less: forfeited/expired in year	-	-
Outstanding at end of year	14,374	2.49

ISP

	Number	Weighted average Exercise Price (Stg£)
	2011	**2011**
Outstanding at beginning of year	19,366	2.69
Granted in year	-	-
Transferred within the Year	2,708	-
Exercised in year	-	-
Released in year	(6,093)	4.25
Less: forfeited/expired in year	-	-
Outstanding at end of year	15,981	2.36

SVP

	Number	Weighted average Exercise Price (Stg£)
	2011	**2011**
Outstanding at beginning of year	5,250	3.55
Granted in year	84,670	2.20
Transferred within the Year	-	-
Exercised in year	-	-
Released in year	(1,750)	3.24
Less: forfeited/expired in year	-	-
Outstanding at end of year	88,170	2.24

The cost of all the share based payments in 2011 was €61,088 (2010: €46,475).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

32 Risk management

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

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

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

Capital Risk

All regulatory capital requirements were complied with over the course of 2011.

Market risk

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

Market risk management and control responsibilities

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

Market risk measurement

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

Daily value at risk (DVAR)

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

Interest rate sensitivity gap analysis

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

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

The tables below summarise these repricing mismatches on the Bank's book as at 31st December 2011 and for the prior year as at 31st December 2010. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the maturity date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

32 **Risk Management continued:**
31 December 2011

Interest rate repricing	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but not More than five years	More than five years	Non-interest Bearing	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assets:							
Cash and balances at central bank	136,669	-	-	-	-	-	136,669
Loans and advances to banks	673,435	21,138	50,475	-	-	-	745,048
Loans and advances to customers	532,180	89,653	3,000	-	-	-	624,833
Available for sale financial instruments	-	200,546	319,815	-	-	-	520,361
Derivative financial instruments	-	-	-	-	-	22,463	22,463
Other assets	-	-	-	-	-	10,995	10,995
Total assets	**1,342,284**	**311,337**	**373,290**	-	-	**33,458**	**2,060,369**
Liabilities:							
Deposits by banks	(120,506)	(200,000)	(319,325)	-	-	-	(639,831)
Customer accounts	(790,638)	(22,737)	(50,510)	-	-	(273,609)	(1,137,494)
Accruals and deferred income	-	-	-	-	-	(14,359)	(14,359)
Other liabilities	-	-	-	-	-	(5,164)	(5,164)
Derivative financial instruments	-	-	-	-	-	(22,354)	(22,354)
Shareholders' funds	-	-	-	-	-	(241,167)	(241,167)
Total liabilities	**(911,144)**	**(222,737)**	**(369,835)**	-	-	**(556,653)**	**(2,060,369)**
Interest rate re-pricing gap	431,140	88,600	3,455	-	-	(523,195)	-
Cumulative gap	431,140	519,740	523,195	523,195	523,195	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

32 Risk Management continued:

31 December 2010

Interest rate repricing	Not more than three months	More than three months but not more than six months	More than six months but not more than one year	More than one year but not More than five years	More than five years	Non-interest Bearing	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Assets:							
Cash and balances at central bank	35,525	-	-	-	-	-	35,525
Loans and advances to banks	936,342	-	-	-	-	-	936,342
Loans and advances to customers	521,718	55,843	2,521	5,831	200	-	586,113
Available for sale financial instruments	-	200,021	300,000	-	-	-	500,021
Derivative financial instruments	-	-	-	-	-	5,432	5,432
Other assets	-	-	-	-	-	7,237	7,237
Total assets	**1,493,585**	**255,864**	**302,521**	**5,831**	**200**	**12,669**	**2,070,670**
Liabilities:							
Deposits by banks	(37,878)	(200,000)	(300,000)	-	-	(25)	537,903
Customer accounts	(883,463)	(25,035)	(36,697)	-	-	(347,389)	1,292,584
Accruals and deferred income	-	-	-	-	-	(12,336)	12,336
Other liabilities	-	-	-	-	-	(1,479)	1,479
Derivative financial instruments	-	-	-	-	-	(5,341)	5,341
Shareholders' funds	-	-	-	-	-	(221,027)	221,027
Total liabilities	**(921,341)**	**(225,035)**	**(336,697)**	-	-	**(587,597)**	**(2,070,670)**
Interest rate re-pricing gap	572,244	30,829	(34,176)	5,831	200	(574,928)	-
Cumulative gap	572,244	603,073	568,897	574,728	574,928	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

33 Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfill their contractual obligations to the Bank. Credit risk arises mainly from commercial loans, advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided by the Bank such as financial guarantees, letters of credit, endorsements and acceptances.

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

Credit risk management and control responsibilities

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

The credit risk function encompasses the sanctioning of individual exposures (via the Bank's Chief Credit Officer, Head of Credit and the Bank's Credit Committee) and the subsequent control of exposures (via the Bank's Risk Control Unit). The Head of Credit and the Head of Risk Control Unit report to the Bank's Chief Credit Officer who reports to the Chief Executive Officer, a member of the Bank's board.

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

The Bank's Credit Risk Management Committee exercises oversight through regular review of the Bank's credit portfolio examining, in particular, the constitution of the portfolio in terms of sectoral 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 Risk Board as a standard agenda item.

Corporate and commercial lending

Corporate accounts which are identified as showing signs of credit stress / deterioration are recorded on graded problem exposure lists known as early-warning or 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.

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 3 watch list categories based on the degree of concern. By the time an account becomes impaired it will normally have passed through all 3 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 immediately placed into the appropriate category. All customers, regardless of financial health, are subject to a full review of all facilities on, at least, an annual basis. More frequent interim reviews may be undertaken should circumstances dictate.

Settlement risk

The Bank is exposed to settlement risk in its dealings with customers/counterparties. These risks arise, for example, in foreign exchange transactions when the Bank pays away its side of the transaction to another bank or other counterparty before receiving payment from the other side. The risk is that the counterparty may not meet its obligation.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

33 Credit Risk (continued)

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

Credit risk measurement

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

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

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

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

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

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

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

Corporate and Commercial lending

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

33 Credit Risk (continued)

Financial statement descriptions can be summarised as follows:

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

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

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

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

Credit risk mitigation

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

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

Collateral and security

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

33 Credit Risk (continued)

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

The Bank also has a €200m Guarantee in place from Barclays Bank Plc. This allows the Bank to lend to individual counterparties amounts over the large exposure limits imposed by the Central Bank of Ireland.

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

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

The following table presents the maximum exposure at 31 December 2011 and 2010 to credit risk of on balance sheet and off balance sheet financial instruments, before taking account of any collateral and security held or other credit enhancements and after allowance for impairment and netting where appropriate.

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

	2011 €'000	2010 €'000
On balance sheet:		
Cash and balances at central banks	136,669	35,525
Loans and advances to banks	745,048	936,342
Loans and advances to customers	624,833	586,113
AFS financial instruments	520,361	500,021
Derivative financial instruments	22,463	5,432
Other assets	10,843	7,237
Off balance sheet:		
Guarantees and letters of credit pledged as collateral security	183,631	168,773
Commitments	300,512	369,652
Total maximum exposure at 31st December	2,544,360	2,609,095

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

33 Credit Risk (continued)

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

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

Credit risk concentrations

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

33 **Credit Risk (continued)**

Analyses of the Group's credit exposure are set out below:

	2011						
	Government & Central Banks €'000	**Financial Services €'000**	**Transport, Postal & comms and business and other services €'000**	**Agriculture, Manufacturing & wholesale & retail trade €'000**	**Construction & property €'000**	**Energy & water €'000**	**Total €'000**
On Balance sheet:							
Cash & balances at central banks	136,669	-	-	-	-	-	136,669
Loans & advances to banks	-	745,048	-	-	-	-	745,048
Loans & advances to customers	-	21,828	139,332	178,923	109,119	175,631	624,833
AFS financial instruments	-	520,361	-	-	-	-	520,361
Derivative financial instruments	-	21,331	61	989	17	65	22,463
Off balance sheet:							
Guarantees and letters of credit pledged as collateral security	-	77,577	30,993	74,942	-	119	183,631
Commitments	-	12,780	95,161	166,007	1,078	25,486	300,512
Total	**136,669**	**1,398,925**	**265,547**	**420,861**	**110,214**	**201,301**	**2,533,517**

Credit risk concentrations by industrial sector

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

Credit risk concentration by industrial sector

	2010						
	Government & Central Banks €'000	Financial Services €'000	Transport, Postal & comms and business and other services €'000	Agriculture, Manufacturing & wholesale & retail trade €'000	Construction & property €'000	Energy & water €'000	Total €'000
On Balance sheet:							
Cash & balances at central banks	35,525	-	-	-	-	-	35,525
Loans & advances to banks	-	936,342	-	-	-	-	936,342
Loans & advances to customers	-	15,962	94,705	218,656	78,878	177,912	586,113
AFS financial instruments	-	500,021	-	-	-	-	500,021
Derivative financial instruments	-	5,432	-	-	-	-	5,432
Off balance sheet:							
Guarantees and letters of credit pledged as collateral security	-	79,088	21,512	64,842	-	3,331	168,773
Commitments	-	-	93,926	174,450	1,078	100,198	369,652
Total	**35,525**	**1,536,845**	**210,143**	**457,948**	**79,956**	**281,441**	**2,601,858**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

33 Credit Risk (continued)

Financial assets subject to credit risk:

	As at December 31st 2011					
	Neither past due nor individually impaired €'000	Past due but not individually impaired €'000	Individually impaired €'000	Total €'000	Impairment allowance €'000	Total carrying value €'000
Cash & balances at central bank	136,669	-	-	136,669	-	136,669
Loans and advances to banks	745,048	-	-	745,048	-	745,048
Loans and advances to customers	387,526	227,230	36,194	650,950	(26,117)	624,833
AFS financial instruments	520,361	-	-	520,361	-	520,361
Derivative financial instruments	22,463	-	-	22,463	-	22,463
Other assets	10,843	-	-	10,843	-	10,843
Total	**1,822,910**	**227,230**	**36,194**	**2,086,334**	**(26,117)**	**2,060,217**

	As at December 31st 2010					
	Neither past due nor individually impaired €'000	Past due but not individually impaired €'000	Individually impaired €'000	Total €'000	Impairment allowance €'000	Total carrying value €'000
Cash & balances at central bank	35,525	-	-	35,525	-	35,525
Loans and advances to banks	936,342	-	-	936,342	-	936,342
Loans and advances to customers	339,186	241,118	32,492	612,796	(26,683)	586,113
AFS financial instruments	500,021	-	-	500,021	-	500,021
Derivative financial instruments	5,432	-	-	5,432	-	5,432
Other assets	7,237	-	-	7,237	-	7,237
Total	**1,823,743**	**241,118**	**32,492**	**2,097,353**	**(26,683)**	**2,070,670**

Derivatives, and available for sale instruments are not subject to impairment allowances as credit losses are fully reflected in their fair values.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

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

The credit quality of financial assets subject to credit risk, that were neither past due nor impaired, based on the credit ratings in note 33, was as follows:

	2011			
	Strong €'000	**Satisfactory €'000**	**Higher Risk €'000**	**Total €'000**
Cash & balances at central banks	136,669	-	-	136,669
Loans & advances to banks	745,048	-	-	745,048
Loans & advances to customers	312,861	74,665	-	387,526
AFS financial instruments	520,361	-	-	520,361
Derivative financial instruments	22,463	-	-	22,463
Other assets	10,843	-	-	10,843
Total financial assets neither past due nor individually impaired	**1,748,245**	**74,665**	-	**1,822,910**

	2010			
	Strong €'000	**Satisfactory €'000**	**Higher Risk €'000**	**Total €'000**
Cash & balances at central banks	35,525	-	-	35,525
Loans & advances to banks	936,342	-	-	936,342
Loans & advances to customers	254,649	84,537	-	339,186
AFS financial instruments	500,021	-	-	500,021
Derivative Financial Instruments	5,432	-	-	5,432
Other assets	7,237	-	-	7,237
Total financial assets neither past due nor individually impaired	**1,739,206**	**84,537**	-	**1,823,743**

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

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

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

The Bank expends considerable effort in monitoring overdue assets. Assets may be overdue for a number of reasons, including late processing of payments or documentation, for example, over weekends and holiday periods. Where assets are considered to be uncollectable they are subject to individual impairment. Available for sale instruments and derivative assets are measured on a fair value basis such that their carrying amount reflects expected defaults. Amounts that are past due as a result of counterparty credit issues are not significant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

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

	2011					
	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	Total €'000
Loans and advances to customers	136,836	50,687	31,362	8,345	-	227,230
Total financial assets past due but not individually impaired	**136,836**	**50,687**	**31,362**	**8,345**	-	**227,230**

As at 31 December 2011 there were total arrears of €3.5m relating to the €227m facilities marked as past due but not impaired. €3.4m of the arrears related to capital and interest payments and €0.1m to lending fees. As at the signing date of 23 March 2012 €0.1m of the €3.5m remained outstanding.

In addition there are €147m of undrawn facilities connected to these past due facilities which can be drawn by customers.

There are no facilities at the year-end that moved from being classified as past due or impaired due to the loan facility being renegotiated.

	2010					
	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	Total €'000
Loans and advances to customers	135,528	64,882	-	40,708	-	241,118
Total financial assets past due but not individually impaired	**135,528**	**64,882**	-	**40,708**	-	**241,118**

(c) Impaired financial assets

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

	2011			2010		
	Gross carrying amount €'000	Impairment allowance €'000	Net carrying amount €'000	Gross carrying amount €'000	Impairment allowance €'000	Net carrying amount €'000
Loans & advances to customers	36,194	(25,086)	11,108	32,492	(25,620)	6,872
Total loans and advances to customers individually impaired	**36,194**	**(25,086)**	**11,108**	**32,492**	**(25,620)**	**6,872**
Collective impairment allowance	-	**(1,031)**	-	-	**(1,063)**	-
Total impairment allowance	-	**(26,117)**	-	-	**(26,683)**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

34 Liquidity Risk

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

Liquidity risk management and measurement

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

Intraday liquidity

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

Liquid Assets

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

Structural liquidity

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

Stress tests

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

34 Liquidity Risk As at December 31st 2011

The tables below summarise the maturity profile of the Bank's Financial Instrument liabilities at 31 December 2011 and 31 December 2010 based on contractual, undiscounted payment obligations. The Bank does not manage liquidity risk on the basis of contractual maturity but on the basis of expected cash flows. The balances will not agree directly to the balances in the Balance Sheet as the table incorporates all cash flows on an undiscounted basis, related to both principal and interest payments.

	As at December 31st 2011					
	On Demand €'000	Within three months €'000	Over three months but less than one year €'000	Over one year but less than five years €'000	Over five years €'000	Total €'000
Liabilities						
Deposits from other banks*	(227)	(120,671)	(529,643)	-	-	(650,541)
Customer accounts	(394,054)	(671,004)	(74,537)	-	-	(1,139,595)
Gross Settled Derivatives						
Pay Leg	-	283,543	506,677	35,695	-	825,915
Received Leg	-	(283,572)	(506,755)	(35,697)	-	(826,024)
Net Cashflows	-	**(29)**	**(78)**	**(2)**	-	**(109)**
Total financial liabilities	**(394,281)**	**(791,704)**	**(604,258)**	**(2)**	-	**(1,790,245)**
Off balance sheet items						
Loan commitments	(300,512)	-	-	-	-	(300,512)
Guarantees and irrevocable letters of credit	(183,631)	-	-	-	-	(183,631)
Total off balance sheet items	**(484,143)**	-	-	-	-	**(484,143)**
Total financial liabilities and off balance sheet items	**(878,424)**	**(791,704)**	**(604,258)**	**(2)**	-	**(2,274,388)**

* Includes €530m of funds received and invested in Certificates of Deposits at identical maturities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

34 **Liquidity Risk continued**

	As at December 31st 2010					
	On Demand €'000	**Within three months €'000**	**Over three months but less than one year €'000**	**Over one year but less than five years €'000**	**Over five years €'000**	**Total**
Liabilities						
Deposits from other banks*	(174)	(37,756)	(505,850)	-	-	(543,779)
Customer accounts	(387,933)	(843,207)	(62,212)	-	-	(1,293,353)
Gross Settled Derivatives						
Pay Leg	-	910,202	323,091	-	-	1,233,293
Received Leg	-	(911,759)	(321,786)	-	-	(1,233,545)
Net Cashflows	-	**(1,557)**	**1,305**	-	-	**(252)**
Total financial liabilities	**(388,107)**	**(882,520)**	**(566,758)**	-	-	**(1,837,385)**
Off balance sheet items						
Loan commitments	(369,652)	-	-	-	-	(369,652)
Guarantees and irrevocable letters of credit	(168,775)	-	-	-	-	(168,775)
Total off balance sheet items	**(538,427)**	-	-	-	-	**(538,427)**
Total financial liabilities and off balance sheet items	**(926,534)**	**(882,520)**	**(566,758)**	-	-	**(2,375,812)**

* Includes €406m of funds received and invested in Certificates of Deposits at identical maturities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

35 Fair Value

	2011		2010	
Financial assets:	**Carrying amount €'000**	**Fair value €'000**	**Carrying amount €'000**	**Fair value €'000**
Cash and balances at central banks (a)	136,669	136,669	35,525	35,525
Derivative financial instruments (b)	22,463	22,463	5,432	5,432
Loans and advances to banks (a)	745,048	745,048	936,342	936,342
Loans and advances to customers (c)	624,833	607,135	586,113	575,540
Available for sale financial instruments;				
- Debt securities (b)	520,361	520,361	500,021	500,021
Financial liabilities:				
Deposits from banks (a)	639,831	639,831	537,903	537,903
Customer accounts:				
- Current and demand accounts (a)	339,237	339,237	266,849	266,849
- Other time deposits (a)	798,257	798,257	1,025,735	1,025,735
Derivative financial instruments (b)	22,354	22,354	5,341	5,341

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

(b) The Bank holds derivative financial instruments and debt securities at fair value on the balance sheet at year end. As the fair value of these assets are calculated using valuation techniques based on market observable data, all are considered to be within level 2 of the hierarchy table as prescribed under FRS 29, as the instruments are liquid but not traded in an active market. Fair value of financial instruments is determined using discounted cash flows, applying market derived interest and foreign exchange rates.

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

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

36 Large Exposure Guarantee

The Bank has a small number of large exposures which are in excess of 25% of its capital base. On 20/12/07 Barclays Bank PLC provided an irrevocable and unconditional guarantee to a maximum amount of €200m to the Bank for any loss occurring with that large loan exposure in excess of 25% of the Banks capital base.

37 Segmental analysis

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

38 Ultimate Parent Company

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

39 Approval of financial statements

The financial statements were approved by the Board of Directors on 23 March 2012.